

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

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

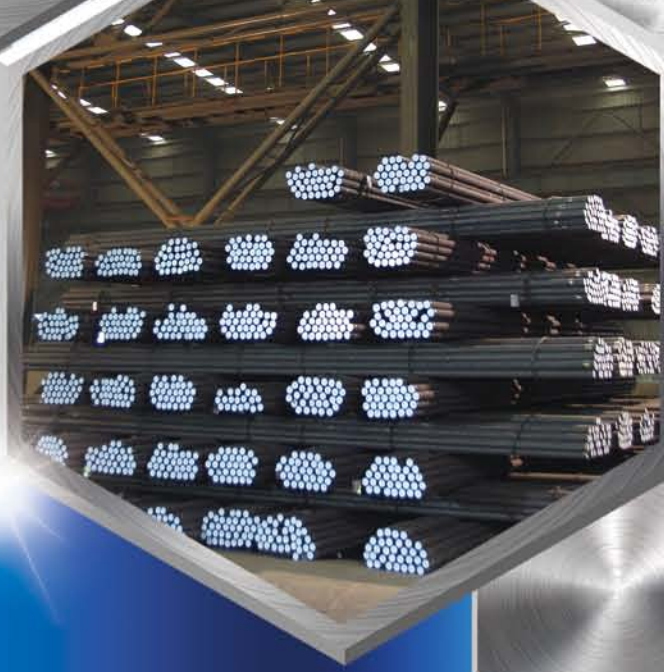
Stock code 股份代號：2889

ANNUAL REPORT  
二零一六年年度報告

2016

鎳資源有限公司  
責任無限





## NICKEL RESOURCES INTERNATIONAL

Nickel Resources International Holdings Company Limited (formerly known as China Nickel Resources Holdings Company Limited) is a leading integrated hi-tech special steel, non-ferrous metal and mineral enterprise in the People's Republic of China (the "PRC"). The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in 2005 (stock code: 2889.HK) and is the first non-state-owned mineral-resources exploration, development, and processing enterprises, and is the first hi-tech special steel producer in the PRC listed abroad. Our businesses are now vertically integrated from mining to ferrous and non-ferrous metal production. We have successfully transformed from a traditional special steel manufacturer to a leading integrated mineral-resources exploration and processing enterprise in the PRC. Our businesses include ore trading, ore processing, ferrous and non-ferrous metallurgy. Our products have been extended to stainless steel, tool steel, bearing steel, gearing steel, and high strength alloy steel; and these products are widely used in metallurgy, automobile, ship-building, petrochemical, buildings, bridges, animal husbandry uses, railway transportation and infrastructures. The Group has successfully developed a number of innovative and patented technologies. For example, we used our own technology to extract valuable metals from the multi-element low-grade ore; which is able to produce high strength and high-value-added NiCr based alloy steel products from inferior ore resources. The Group capitalises on its own exclusive offtake right on mineral resources and technological advantages to enter into the mineral resources and ore processing industries. With the long-term exclusive offtake agreement entered into with an Indonesia mine, the Group is actively expanding in the PRC and overseas and is seeking iron and nickel mine investment and partnership opportunities in Southeast Asia. Currently, the Group has subsidiaries and offices in the PRC, Hong Kong, Singapore, and Indonesia with a global workforce of about 1,100 people.

## 鎳資源國際

鎳資源國際控股有限公司(前稱中國鎳資源控股有限公司)為中華人民共和國(「中國」)一家領先的高科技特鋼、有色金屬及礦業綜合企業。公司於二零零五年在香港聯合交易所有限公司(「聯交所」)主板上市(股份代號:2889.HK),是中國第一家非國有礦產資源勘探、開發和加工企業;也是中國第一家在境外上市的高科技特鋼生產商。集團現已形成從採礦到黑色和有色金屬冶金的垂直整合,由傳統的特鋼生產商成功轉型為中國領先的礦產資源勘探和加工綜合企業;業務包括礦石貿易、礦石加工、黑色以及有色金屬冶金;產品品種已擴展至不銹鋼、工模具鋼、軸承鋼、齒輪鋼及高強度合金鋼,該等產品廣泛應用於冶金、汽車、造船、石化、建築、橋樑、畜牧業、鐵路交通、和大型裝備。集團也成功研發多項創新和專利技術,例如從多元素低品位共生礦中提取有價金屬;並利用劣質礦資源產出高附加價值的含鎳鉻成份的高強度合金鋼產品。集團依托自身的礦產資源獨家採礦權和技術優勢進入礦產資源和礦石加工行業。透過與印尼一個礦場訂立的長期獨家採購協議,集團正在中國和海外積極擴展,並在東南亞地區尋找鐵、鎳礦山的投資及合夥機會。目前,集團在中國、香港、新加坡及印尼均設有附屬公司及辦事處;全球員工約1,100人。



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# Corporate Information

## 公司資料

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Dong Shutong (*Chairman and Chief Executive Officer*)

Mr. Dong Chengzhe (*Deputy Chief Executive Officer*)

Mr. Wang Ping (*Deputy Chief Executive Officer*)

Mr. Song Wenzhou

Mr. Yang Fei

#### Non-executive Director

Mr. Yang Tianjun

#### Independent Non-executive Directors

Mr. Bai Baohua

Mr. Huang Changhuai

Mr. Wong Chi Keung

Mr. Fahmi Idris

### AUDIT COMMITTEE

Mr. Wong Chi Keung (*Committee Chairman*)

Mr. Huang Changhuai

Mr. Bai Baohua

### REMUNERATION COMMITTEE

Mr. Huang Changhuai (*Committee Chairman*)

Mr. Dong Shutong

Mr. Bai Baohua

Mr. Wong Chi Keung

### NOMINATION COMMITTEE

Mr. Dong Shutong (*Committee Chairman*)

Mr. Bai Baohua

Mr. Huang Changhuai

Mr. Wong Chi Keung

### COMPANY SECRETARY

Mr. Choi Kwok Keung Sanvic

### AUTHORISED REPRESENTATIVES

Mr. Dong Shutong

Mr. Yang Fei

### REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### HEAD OFFICE IN HONG KONG

Room 1705

West Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan

Hong Kong

### 董事會

#### 執行董事

董書通先生 (*主席兼總裁*)

董誠喆先生 (*副總裁*)

王平先生 (*副總裁*)

宋文州先生

楊飛先生

#### 非執行董事

楊天鈞先生

#### 獨立非執行董事

白葆華先生

黃昌淮先生

黃之強先生

法米先生

#### 審核委員會

黃之強先生 (*委員會主席*)

黃昌淮先生

白葆華先生

#### 薪酬委員會

黃昌淮先生 (*委員會主席*)

董書通先生

白葆華先生

黃之強先生

#### 提名委員會

董書通先生 (*委員會主席*)

白葆華先生

黃昌淮先生

黃之強先生

#### 公司秘書

蔡國強先生

#### 授權代表

董書通先生

楊飛先生

#### 註冊辦事處

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

#### 香港總辦事處

香港

上環

干諾道中 168-200 號

信德中心

西座

1705 室

# Corporate Information

## 公司資料

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 7, Block F  
Runhua Business Garden  
No. 24 Jinshui Road, Jinshui District  
Zhengzhou City, Henan Province  
The PRC 450012

### AUDITOR

PricewaterhouseCoopers

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

#### Hong Kong:

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

#### The PRC:

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

#### Singapore:

Citibank Singapore Limited  
China CITIC Bank International Limited

### WEBSITE

ir.nickelholdings.com

### STOCK CODE

2889

### 中國主要營業地點

中國河南省  
鄭州市金水區金水路24號  
潤華商務花園F座7號  
郵編450012

### 核數師

羅兵咸永道會計師事務所

### 股份過戶登記總處

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

### 股份過戶登記處香港分處

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東183號  
合和中心17M樓

### 主要往來銀行

#### 香港：

中信銀行(國際)有限公司  
香港上海滙豐銀行有限公司

#### 中國：

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

#### 新加坡：

花旗銀行新加坡有限公司  
中信銀行(國際)有限公司

### 網站

ir.nickelholdings.com

### 股份代號

2889

# Five-Year Financial Summary

## 五年財務概要

### SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of Nickel Resources International Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred as to the "Group") for the last five financial years prepared on the basis set out in the note below is as follows:

### 財務資料概要

鎳資源國際控股有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)於過去五個財政年度依據下文附註所載基準編製之已公佈業績、資產、負債及非控股權益，概要如下：

### Results

### 業績

		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
<b>Revenue</b>	<b>收益</b>	<b>176,760</b>	38,697	336,403	1,635,170	1,810,036
Cost of sales	銷售成本	<b>(156,389)</b>	(123,840)	(501,897)	(1,664,620)	(1,656,057)
<b>Gross profit/(loss)</b>	<b>毛利/(損)</b>	<b>20,371</b>	(85,143)	(165,494)	(29,450)	153,979
Other gains/(loss), net	其他收益/(虧損) 淨額	<b>74,281</b>	50,272	18,855	49,477	(100,414)
Selling and distribution costs	銷售及分銷成本	<b>(3,897)</b>	(2,579)	(10,036)	(5,196)	(19,225)
Administrative expenses	行政開支	<b>(232,410)</b>	(191,315)	(176,980)	(284,672)	(243,040)
Finance income	融資收入	<b>3,240</b>	8,064	145,079	17,735	20,546
Finance costs	融資成本	<b>(320,186)</b>	(451,264)	(559,261)	(280,927)	(356,547)
Other expenses	其他開支	<b>(133,200)</b>	(110,891)	(36,740)	(67,737)	(10,981)
Gain on disposal of a subsidiary	出售一間附屬公司之盈利	–	–	–	–	675,291
Impairment losses on property, plant and equipment	物業、廠房及設備減值虧損	<b>(54,434)</b>	(440,356)	(597,392)	(726,185)	(151,883)
Provision for impairment of loan to an associate	貸款予一間聯營公司之減值撥備	–	–	(56,975)	–	–
Share of (loss)/profit of an associate	應佔一間聯營公司(虧損)/溢利	–	–	(26,474)	(13,508)	851
<b>Loss before income tax</b>	<b>除所得稅前虧損</b>	<b>(646,235)</b>	(1,223,212)	(1,465,418)	(1,340,463)	(31,423)
Income tax (expense)/credit	所得稅(開支)/抵免	<b>(443)</b>	(1,141)	11,205	(25,043)	(248,293)
<b>Loss for the year</b>	<b>年度虧損</b>	<b>(646,678)</b>	(1,224,353)	(1,454,213)	(1,365,506)	(279,716)
Attributable to:	屬於：					
Equity holders of the Company	本公司權益持有人	<b>(645,992)</b>	(1,222,916)	(1,453,133)	(1,366,411)	(278,301)
Non-controlling interests	非控股權益	<b>(686)</b>	(1,437)	(1,080)	905	(1,415)
		<b>(646,678)</b>	(1,224,353)	(1,454,213)	(1,365,506)	(279,716)
<b>Dividends</b>	<b>股息</b>	–	–	–	–	23,043

# Five-Year Financial Summary

## 五年財務概要

### Assets, Liabilities and Non-controlling Interests

### 資產、負債及非控股權益

		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
Total assets	總資產	<b>3,423,972</b>	3,779,417	5,367,597	6,316,918	7,824,022
Total liabilities	總負債	<b>3,686,429</b>	3,541,771	3,973,220	3,498,941	3,819,426
Non-controlling interests	非控股權益	<b>6,006</b>	6,682	8,465	9,450	18,905
Net (liabilities)/assets	淨(負債)/資產	<b>(262,457)</b>	237,646	1,394,377	2,817,977	4,004,596

Note:

The consolidated results of the Group for the years ended 31 December 2012, 2013, 2014 and 2015 were extracted from the Annual Report 2012, 2013, 2014 and 2015 of the Company respectively (as restated from RMB to HK\$ wherever applicable) while those for the year ended 31 December 2016 were prepared based on the consolidated income statement and consolidated statement of financial position as set out on page 79 and pages 81 to 82, respectively. This summary does not form part of the audited financial statements.

附註：

本集團於截至二零一二年、二零一三年、二零一四年及二零一五年十二月三十一日止年度之綜合業績乃分別摘錄自本公司二零一二年、二零一三年、二零一四年及二零一五年度報告（並由人民幣重列為港幣（如適用）），而截至二零一六年十二月三十一日止年度之綜合業績乃分別基於第79頁及第81頁至第82頁之綜合收益表及綜合財務狀況表編製。此概要並不構成經審核財務報表之一部分。

# Corporate Responsibility

## 企業責任

### UNLIMITED COMMITMENT WITH LIMITED RESOURCES

It is the responsibility of an enterprise to utilise limited resources in an efficient way and protect the environment with dedication and creativity. Aiming to fulfil unlimited commitment with limited resources, the Group has devoted efforts in the research and development of new and green technologies and products in order to realise the targets of high recovery rate, low emission as well as resources recycling with effective and comprehensive use of resources. The management believes that the Group is able to bring satisfactory economic returns for the investors through proper use of limited resources.

### 資源有限 責任無限

企業有責任盡力及有創意地善用有限資源及保護環境。本集團過去一直秉承「資源有限 責任無限」這一信念，專注於研發嶄新環保的技術和產品，務求實現對資源的高效綜合利用，以達到高回收率、低排放量及資源再生使用等目標。管理層相信，本集團能透過善用有限資源為投資者帶來滿意的經濟回報。



# Recognition and Awards 榮譽及獎項

## AWARD 獎項



- Best Managed Company in Asia (Metals & Mining) 2013 from Euromoney
- 《Euromoney》二零一三年「亞洲最佳管理公司(金屬及礦產行業)」
- Singapore 1000 Company 2012 from DP Information Group
- DP資訊集團「新加坡1000強·2012」
- The Asset Triple A Awards — The China's Most Promising Companies in Mining 2011 from the Asset
- 《財資》二零一一年度「最具潛力中國礦產企業」

## RECOGNITION 榮譽



- Certification for exporting and selling steel bar products in Indonesia
- 於印尼出口及銷售鋼筋產品之證書

Chairman's Statement  
主席報告書

Striving for  
Better Achievement  
精益求精 自強不息



董書通  
Dong Shutong

主席兼總裁  
Chairman & CEO

# Chairman's Statement

## 主席報告書

Dear Shareholders,

I am pleased to present the Annual Report of the Company for the year ended 31 December 2016 and extend my gratitude to all the shareholders on behalf of the Board of Nickel Resources International Holdings Company Limited.

### REVIEW

2016 continues to be a challenging year full of uncertainties for both the PRC's steel market and the Group. The over-supply situation had not fundamentally improved amid the increasingly fierce competition from similar products in the steel market although the PRC's government has started to study the appropriate solutions to mitigate such over-supply situation continuously.

During the year, despite the recent rebound of the PRC steel market, the steel price was persisting weak. Together with the Export Ban which was implemented in early 2014 by the relevant governmental authorities of Indonesia has continuously casted significant doubt on the Group's financial performance and cash flows position in 2016.

Following the new orders obtained from customers in 2016 and in the first quarter of 2017, the continuous development of the high strength stainless structural special steel products by the Group and the successful of the launching market strategies for household, electricity, communications, photovoltaic and animal husbandry uses which will generate higher margin with lesser impact affected by macro economy, we expect the Group may have new products bringing to the higher margin market in the future.

The above unfavourable factors continuously brought substantial negative impacts to the Group's future operational and financial performance. During the year ended 31 December 2016, despite the Group's turnover increased substantially when compared with last year, the Group still recorded a substantial loss mainly due to the provision for impairment losses of property, plant and equipment of HK\$54.4 million as well as the significant finance cost of HK\$320.2 million.

列位股東：

本人謹代表鎳資源國際控股有限公司董事會欣然提呈本公司截至二零一六年十二月三十一日止年度之年度報告，並向各股東致意。

### 回顧

對於中國鋼鐵市場及本集團而言，二零一六年仍然充滿挑戰及不確定性。儘管中國政府已開始研究供應過剩情況對鋼鐵市場造成的嚴重影響，但鋼鐵市場面對來自類近產品的競爭日趨激烈，導致供應過剩問題並無實質改善。

年內，雖然鋼鐵市場於近期有所反彈，鋼鐵價格依然疲弱。加上印尼有關政府部門於二零一四年初實施的出口禁運，繼續使本集團二零一六年的財務業績和現金流狀況受到嚴重質疑。

繼於二零一六年年內及二零一七年第一季收到顧客的新訂單後，本集團持續開發高強度不銹結構特鋼產品及成功推出家居、電力、通信、光伏及畜牧等高利潤且受宏觀經濟影響較小的產業所適用的市場策略後，我們預期本集團可能會於日後向高利潤市場推出新產品。

上述種種不利因素繼續對集團的未來營運和財務表現造成重大不利影響。截至二零一六年十二月三十一日止年度，儘管本集團的銷售額雖較去年大幅上升，但仍錄得了重大虧損，其中主因是就物業、廠房及設備作出54.4百萬港元之高額減值撥備，及重大融資成本320.2百萬港元。

# Chairman's Statement

## 主席報告書

### PROSPECTS

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

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

We believe that after the technology industrialisation and modernization of special steel products, the Group will have a stronger competitive advantage in the industry.

Also, we are considering and seeking for any possible alternatives and financing sources to facilitate the development of the Indonesia project, that is, for building up special steel mills in Indonesia in the foreseeable future.

I have confident to achieve our restated performance targets through the cooperation with all staff and the potential investors to bring fruitful returns to our shareholders.

**Dong Shutong**  
Chairman & CEO

Hong Kong, 30 March 2017

### 未來展望

我們預計中國經濟將持續健康成長，集團鋼鐵產品的需求及盈利能力也將反彈。

長遠而言，我們預計中國將繼續走現代化及城鎮化之路向，公共基礎設施和裝備製造業因而會穩步增長，進而帶動對高品質特鋼產品的需求。這無疑會為集團帶來龐大商機。

我們深信，完成特鋼產品的技術產業化和現代化後，集團在業內將穩佔更大競爭優勢。

此外，我們現正考慮及尋求任何潛在替代方案及融資來源，以促進印尼項目發展（即於可見未來在印尼建立特鋼廠）。

本人有信心集團憑藉與所有員工及潛在投資者團結一心，可達成重整之業績目標，為股東創造豐厚回報。

主席兼總裁  
董書通

香港，二零一七年三月三十日



**Management Discussion  
And Analysis  
管理層討論與分析**

**Maintain & Focus On  
Cost Controls In The Coming Years  
降低生產成本 未來發展重點**

# Management Discussion and Analysis

## 管理層討論與分析

For the year ended 31 December

截至十二月三十一日止年度

2016 2015

二零一六年 二零一五年

HK\$'000 HK\$'000

千港元 千港元

Revenue	收益	<b>176,760</b>	38,697
Gross Profit/(Loss)	毛利/(損)	<b>20,371</b>	(85,143)
Loss before Interest, Tax, Depreciation and Amortisation <sup>#</sup>	除利息、稅項、折舊及攤銷前之虧損 <sup>#</sup>	<b>(187,356)</b>	(244,264)
Loss before Tax	除稅前虧損	<b>(646,235)</b>	(1,223,212)
Loss Attributable to Equity Holders of the Company	本公司權益持有人應佔虧損	<b>(645,992)</b>	(1,222,916)
Gross Profit/(Loss) Margin	毛利/(損)率	<b>11.5%</b>	(220.0%)
LBITDA Margin	LBITDA率	<b>(106.0%)</b>	(631.2%)

<sup>#</sup> Loss before Interest, Tax, Depreciation and Amortisation ("LBITDA") also excluded impairment losses of property, plant and equipment of HK\$54.4 million (2015: HK\$440.4 million).

<sup>#</sup> 除利息、稅項、折舊及攤銷前虧損(「LBITDA」)亦不包括物業、廠房及設備的減值虧損54.4百萬港元(二零一五年：440.4百萬港元)。

### OPERATING ENVIRONMENT ANALYSIS

#### Impact of Export Ban

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

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

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

#### 經營環境分析

##### 出口禁運的影響

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

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

出口禁運實施後，本集團的礦石貿易業務於二零一六年繼續停頓。

# Management Discussion and Analysis

## 管理層討論與分析

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

### Operating environment in 2016

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

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

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

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

### 於二零一六年的營運環境

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

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

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

# Management Discussion and Analysis

## 管理層討論與分析

### BUSINESS REVIEW

#### Project Progress

##### In the PRC

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

Due to the Export Ban and the continuation of over-supply and the persisting weak steel price under fierce competition in the steel market, the production of iron ores related products was affected substantially. The management has decided to suspend the production plan to a later period. Because of the Export Ban, the expected recoverable amount of the plant continually decreased since 2013. As a result, the Directors made a further provision for impairment of the property, plant and equipment of the plant amounted to HK\$54.4 million in 2016.

##### In Indonesia

PT. Mandan Steel, our wholly-owned subsidiary incorporated in Indonesia, is our future processing and manufacturing arm in overseas. PT. Mandan Steel is also recognised as a key iron and special steel mill construction project of Indonesia with strong support from Indonesia central government, and offers manufacturing capability that is valuable considering the new mining regulations in Indonesia. The special steel mill project will produce special steel bar for concrete reinforcement to capture the market opportunities in Indonesia. This processing facility can save shipping fee, loading and unloading charges and inland port charges. After the Export Ban which affected our cash flow position together with the delay in disposal of 30%

### 業務回顧

#### 項目進展

##### 在中國

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

由於出口禁運，加上鋼鐵市場競爭激烈，供應過剩問題持續以及鋼鐵價格持續疲軟，鐵礦石相關產品之生產明顯受到影響，管理層決定將生產計劃押後。由於出口禁運，廠房的預期可收回價值自二零一三年起持續減少，故董事於二零一六年為廠房的物業、廠房及設備作出額外減值撥備54.4百萬港元。

##### 在印尼

本公司在印尼註冊成立的全資附屬公司PT. Mandan Steel將成為本集團未來的海外加工及生產線。PT. Mandan Steel亦獲認定為印尼重點鐵及特鋼廠建設項目，得到印尼中央政府鼎力支持，且在印尼的新採礦規定下提供寶貴的產能。特鋼廠項目將生產特種鋼筋作加強混凝土之用，以抓緊印尼的市場機遇。此加工設施可節省船運成本、裝卸費用及內陸港口費用。影響本集團的現金流量狀況的出口禁運頒佈後，加上本公司全資附屬公司南洋礦業的30%股本權益出售延期，本集團現正尋求其他融資來源以協助項目發展。儘管本



# Management Discussion and Analysis

## 管理層討論與分析

equity interest of SEAM, a wholly-owned subsidiary of the Company, the Group is seeking other financing sources to facilitate the development of the project. Management is currently negotiating with the relevant parties to facilitate the completion of the proposed disposal despite longer than expected time was spent as a result of the rapid changes in the environment that SEAM operates in.

### Business Development

#### Ore trading business

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

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

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

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

#### Special steel-making operations

For the special steel-making operations of the Group, both the sales volume and profit margins of stainless steel products and Ni-Cr alloy steel ingots rebound during the year attributable to the reversal of the weak construction and the recovery of the PRC's property market in 2016. However, due to the over-supply under the intense competition on steel products market in the PRC, the Export Ban and the continuous weak demand in the iron and steel market in the PRC, the production plant of Zhengzhou Yongtong Special Steel Company Limited ("Yongtong Special Steel"), a subsidiary of the Company, suspended production from January 2016 to February 2016 and also suspended production from mid-July 2016 to mid-September 2016 when the Environmental Protection Bureau in Zhengzhou City, Henan Province taking measures to monitor and control the air pollution index since early July 2016.

公司全資附屬公司南洋礦業的經營環境出現急促變化，導致已耗費的時間比預期更多，管理層目前正與相關訂約方進行磋商，促使完成建議出售。

### 業務發展

#### 礦石貿易業務

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

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

印尼的相關採礦規例可能會有所修訂，但不保證出口禁運將於不久將來取消。

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

#### 特鋼製造業務

就本集團的特鋼製造業務而言，不銹鋼產品及鎳鉻合金鋼錠的銷量及溢利率於年內出現反彈，原因是於二零一六年疲軟的建築行業出現逆轉以及中國樓市的復甦。然而，由於中國鋼製品市場競爭激烈導致供應過剩、出口禁運及中國鋼鐵市場的需求持續疲軟，以及由於河南省鄭州市環境保護局自二零一六年七月初起已採取措施監督及監控空氣污染指數，本公司的附屬公司鄭州永通特鋼有限公司（「永通特鋼」）的生產廠房於二零一六年一月至二零一六年二月及二零一六年七月中旬至二零一六年九月中旬期間暫停生產。

# Management Discussion and Analysis

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While we expect the keen competition in the steel market of the PRC will continue in 2017, the demand for steel products will gradually pick up. Following the Environmental Protection Bureau taking measures to monitor and control the air pollution index in 2016, we expect the environmental protection issues will continue in 2017 and the supply of the stainless steel products market may be affected. Therefore, the Group will take this opportunity to produce substantially the market needed stainless steel products in near future. The Group is also actively developing new high value-added special steel products and identifying PRC and overseas markets with growth potentials to strengthen our product portfolio and reduce market concentration risk.

### Financing Arrangement

As at 31 December 2016, the Group had net current liabilities of approximately HK\$3,253.3 million. The Group has been actively negotiating with PRC and overseas banks and institutional investors for new borrowings and renewal of existing borrowings when they fall due. During the year, the Group had successfully obtained bank and other borrowings of HK\$1,283.9 million to finance its operation and for repayment of its borrowings when they fall due.

In addition, based on the framework agreement with a potential investor for the disposal of 30% equity interest of SEAM, a wholly-owned subsidiary of the Group, the aggregate consideration will be approximately US\$150 million (equivalent to approximately HK\$1.2 billion). The transaction is still in progress due to the rapid change in operating and regulatory environment of SEAM, and the potential investor needs more time for conducting due diligence work.

### Syndicated loans in PRC

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

儘管我們預期中國鋼鐵市場競爭激烈的情況於二零一七年仍會持續，鋼產品的需求將會逐步回復。由於環境保護局於二零一六年採取措施監督及監控空氣污染指數，我們預計二零一七年將會繼續實施環境保護措施，且不銹鋼製品市場的供應可能會受到影響。因此，本集團將會把握這個機會，在近期大力生產市場所需的不銹鋼製品。本集團亦正在積極發展新的高增值特鋼產品，並物色具增長潛力的中國及海外市場，以鞏固我們的產品組合，減低市場集中的風險。

### 融資安排

於二零一六年十二月三十一日，本集團之流動負債淨額為約3,253.3百萬港元。本集團已積極就新的借款及重續現有到期借款，與中國境內及海外銀行以及機構投資者展開磋商。年內，本集團已順利獲得1,283.9百萬港元之銀行貸款及其他借貸，以撥付本集團的經營資金及償還到期債務。

此外，按照就出售本集團全資附屬公司南洋礦業30%股本權益而與潛在投資者訂立的框架協議，代價總額約為150百萬美元(相當於約12億港元)。由於南洋礦業的經營環境及監管環境急變，該交易仍在進行中，而潛在投資者需要更多時間進行盡職審查。

### 中國銀團貸款

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

# Management Discussion and Analysis

## 管理層討論與分析

### Subscription agreement

References are made to the announcements of the Company dated 7 March 2016 and 29 September 2016 in respect of, among other things, the (i) proposed issue of Subscription Shares under the Specific Mandate; (ii) application for the Whitewash Waiver; and (iii) Special Deal (the “Subscription Announcements”). Unless otherwise stated, capitalised terms used in these announcements shall have the same meanings as defined in the Subscription Announcements.

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

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

### 認購協議

茲提述本公司日期為二零一六年三月七日及二零一六年九月二十九日之公告，內容有關(其中包括)(i)建議根據特定授權發行認購股份；(ii)採用清洗豁免；及(iii)特別交易(「認購公告」)。除非另有所指，該等公告所用之詞彙與認購公告所界定者具有相同涵義。

於二零一六年三月五日，本公司與一名潛在投資者(「潛在投資者」或「認購方」)訂立一份股份認購協議，據此，認購方同意按每股約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股(「認購股份」)，建議所得款項總額合計為275百萬港元(「認購事項」)，惟須受若干先決條件規限，包括但不限於以下各項：

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

# Management Discussion and Analysis

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- completion of a debt restructuring by the Company by way of the “Schemes” (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction of and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.
- 本公司透過「計劃」方式完成債務重組（「債務重組建議」）。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i) 削減及註銷債券的未償還本金額至少80%；(ii) 削減及註銷債券所有未償還應計利息；(iii) 解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv) 削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

On 29 September 2016, the Company and the Subscriber agreed to extend the Long Stop Date from 31 December 2016 to 30 September 2017.

於二零一六年九月二十九日，本公司與認購方同意將最後完成日期由二零一六年十二月三十一日延長至二零一七年九月三十日。

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

#### Bonds

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

### 有關債務重組建議的狀況及違約事件與交叉違約事件之最新情況

#### 債券

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

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

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

# Management Discussion and Analysis

## 管理層討論與分析

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

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

As at the date of this annual report, there was no new material development to report since the publication of the periodic announcement by the Company on 24 March 2017.

### Background of the meetings of the Bondholders

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

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

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

於本年報日期，自本公司於二零一七年三月二十四日刊發定期公告以來，並無新的重大進展需要提呈報告。

### 債券持有人大會背景

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

# Management Discussion and Analysis

## 管理層討論與分析

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

- the Convertible Bondholders to be treated as a separate and single class under the Schemes, not as part of the class of secured creditors of the Company, who are creditors under the Schemes nor as part of the same class as the Senior Bondholders;
- the Senior Bondholders to be treated as part of the same class as the existing unsecured creditors of the Company (including the 10% Bondholders), who are creditors under the Schemes;
- the cancellation of all outstanding principal on the Bonds;
- the cancellation of all outstanding interest, accrued and unpaid, on the Bonds; and
- the release and discharge of all of the Convertible Bonds Security and the Senior Bonds Security, respectively,

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

### Meetings of the Bondholders

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

- for the Convertible Bondholders and the Senior Bondholders, as the case may be, to agree, and to instruct the relevant bonds trustee and the Security Trustee, not to enforce the Security in relation to the Convertible Bonds and the Senior Bonds, as the case may be, from the date of the meeting to the date the Schemes become Effective, or if the Debt Restructuring Proposal is not approved at the Scheme Meetings, the completion of the Scheme Meetings;

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

- 可換股債券持有人被視作計劃項下獨立單一類別，而非為本公司有抵押債權人（為計劃項下債權人）類別的一部分，亦非為優先債券持有人同一類別的一部分；
- 優先債券持有人被視作本公司現有無抵押債權人（包括10厘債券持有人）（為計劃項下債權人）同一類別的一部分；
- 註銷債券所有未償還本金；
- 註銷債券所有應計及未付的未償還利息；及
- 分別解除及免除所有可換股債券抵押品及優先債券抵押品，

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

### 債券持有人大會

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

- 就可換股債券持有人及優先債券持有人（視情況而定）而言，同意及指示相關債券受託人及擔保受託人不得於大會日期起至計劃生效日期（或倘債務重組建議於計劃大會上不獲批准，則於計劃大會結束時）止就可換股債券及優先債券（視情況而定）執行抵押；

# Management Discussion and Analysis

## 管理層討論與分析

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

### Results, adjournment and dissolution of the meetings of the Bondholders

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

The Company announced that:

- (a) as a quorum was not present at the Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, such Meeting was adjourned in accordance with the terms of the Convertible Bonds Trust Deed to 6 July 2016 at 10:30 a.m. (Hong Kong time) at the same address as the original Meeting of the Convertible Bondholders, i.e. Room 3501, 35th Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The notice for the adjourned Meeting of the Convertible Bondholders will be published in accordance with the terms of the Convertible Bonds Trust Deed.
- (b) the Meeting of the Senior Bondholders convened and held at 11:00 a.m. (Hong Kong time) on 21 June 2016 was quorate at the first calling and the number of votes cast at such Meeting was as follows:

### 債券持有人大會結果、延期及解散

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

本公司宣佈：

- (a) 由於二零一六年六月二十一日上午十時三十分(香港時間)所召開及舉行可換股債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，有關大會已根據可換股債券信託契據條款延期至二零一六年七月六日上午十時三十分(香港時間)假座原訂可換股債券持有人大會相同地點舉行，地址為香港干諾道中168至200號信德中心招商局大廈35樓3501室。延期舉行的可換股債券持有人大會通告將根據可換股債券信託契據條款刊發。
- (b) 二零一六年六月二十一日上午十一時正(香港時間)所召開及舉行優先債券持有人大會於首次召開時已達法定人數，有關大會上投票表決的票數如下：

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

# Management Discussion and Analysis

## 管理層討論與分析

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

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

### Results of the adjourned meeting of the convertible bondholders

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

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

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	1,446	285
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	83.54%	16.46%
Votes as a percentage of all outstanding Convertible Bonds (%)	選票佔全部未償還可換股債券的百分比(%)	77.29%	15.23%

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

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

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

### 可換股債券持有人延期大會的結果

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

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

	FOR 贊成	AGAINST 反對
Total number of votes cast	1,446	285
Votes as a percentage of all votes cast (%)	83.54%	16.46%
Votes as a percentage of all outstanding Convertible Bonds (%)	77.29%	15.23%

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



# Management Discussion and Analysis

## 管理層討論與分析

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

### Third and Second Delisting Stage and Resumption Conditions

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

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

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

The Stock Exchange may impose further resumption conditions if necessary.

The Second Delisting Stage expired on 3 January 2017.

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

### 第三及第二階段除牌程序及復牌條件

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

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

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

如有需要，聯交所可施加更多復牌條件。

第二階段除牌程序已於二零一七年一月三日屆滿。

# Management Discussion and Analysis

## 管理層討論與分析

On 13 January 2017, the Stock Exchange issued a letter to the Company stating, among other things, that the Stock Exchange considered that the Company had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules. Accordingly, the Stock Exchange decided to place the Company into the third delisting stage under Practice Note 17 to the Listing Rules (the “Third Delisting Stage”).

The Company is required to submit a viable resumption proposal addressing the resumption conditions mentioned above at least 10 business days before the expiry of the Third Delisting Stage.

The viable resumption proposal must be clear, plausible and coherent, and contain sufficient details (including forecasts and clear plan for future business development) for the Stock Exchange’s assessment. The Company must demonstrate that it has business of substance and the business model is viable and sustainable. The resumption proposal should also comply with the Listing Rules and all applicable laws and regulations.

The Third Delisting Stage will expire on 24 July 2017. At the end of the Third Delisting Stage, if no viable resumption proposal is received by the Stock Exchange, the Company’s listing will be cancelled.

### SUBSEQUENT EVENT

During the year ended 31 December 2016, CNR Group Holdings Pte. Ltd. (“CNRG”) received a statutory demand letter dated 25 August 2016 from a legal adviser acting for the Comptroller of Singapore Income Tax (the “Comptroller”) demanding a sum of approximately S\$5,159,000 (equivalent to approximately HK\$28,756,000), comprising the unpaid income tax and penalties imposed by the Comptroller to be paid or secured or compounded to the Comptroller’s satisfaction within three weeks from the date of the statutory demand, failing which the legal advisor had instructions to commence winding-up proceedings against CNRG pursuant to section 254(1)(e) read with section 254(2)(a) of the Singapore Companies Act (Cap.50). These liabilities have been fully provided for by the Group as at 31 December 2016.

On 1 November 2016, CNRG was notified that an application was filed on 28 October 2016 to the High Court of the Republic of Singapore seeking the winding up of CNRG and appointment of liquidator of CNRG pursuant to Rule 31 of the Companies (Winding Up) Rules R1 (the “Winding Up Application”).

聯交所於二零一七年一月十三日來函通知本公司，(其中包括)，聯交所認為本公司並不符合上市規則第13.24條所要求證明有足夠營運或資產。故此，聯交所決定根據上市規則實務註釋17把本公司置於第三階段除牌程序(「第三階段除牌程序」)。

本公司須在第三階段除牌程序屆滿前至少十個工作日提交針對上述復牌條件之可行的復牌建議。

該可行的復牌建議必須清楚、合理及協調一致，並載有充足資料(包括日後業務發展的預測及清晰計劃)，以供聯交所作評估。本公司必須證明其具備實質業務，及其業務模式切實可行及可持續發展。復牌建議亦應符合上市規則及所有適用法律法規。

第三階段除牌程序將於二零一七年七月二十四日屆滿。若於第三階段除牌程序結束前聯交所未有收到可行的復牌建議，本公司的上市地位將被取消。

### 結算日後事項

於截至二零一六年十二月三十一日止年度，CNR Group Holdings Pte. Ltd. (「CNRG」) 於二零一六年八月二十五日接獲新加坡所得稅總監(「總監」)的法律顧問發出的法定付款要求通知書，要求支付合共約5,159,000新加坡元(相當於約28,756,000港元)的款項，包括欠繳所得稅及總監加徵的罰款，有關款項須由該法定付款要求日期起計三星期內支付或擔保或按複利計算以令總監滿意，否則法律顧問將按指示根據新加坡公司條例(第50章)第254(1)(e)條(連同第254(2)(a)條)對CNRG展開清盤程序。於二零一六年十二月三十一日，本集團已就該等負債作出全面撥備。

於二零一六年十一月一日，CNRG接獲通知，一份根據《公司(清盤)規則》R1第31條尋求對CNRG進行清盤並委任CNRG清盤人的申請(「清盤申請」)已經於二零一六年十月二十八日提交予新加坡共和國高等法院。

# Management Discussion and Analysis

## 管理層討論與分析

Subsequent to the year ended 31 December 2016, the Group received an Order of Court upon the hearing of the Winding Up Application at the High Court of the Republic of Singapore held on 6 March 2017. The High Court of the Republic of Singapore ordered that, amongst others, CNRG be wound up and a liquidator be appointed to commence the winding up proceedings. Up to the date of this annual report, the winding up proceedings are still in progress. The Directors consider that the winding up of CNRG would not result in any further material adverse effect to the Group's financial position.

於截至二零一六年十二月三十一日止年度之後，本集團於二零一七年三月六日在新加坡共和國高等法院就清盤申請舉行聆訊過後接獲法庭命令。新加坡共和國高等法院命令，其中包括，CNRG進行清盤並委任一名清盤人啟動清盤程序。截至本年報日期，清盤程序仍在進行中。董事認為CNRG的清盤將不會對本集團的財務狀況產生任何進一步的重大不利影響。

### FINANCIAL REVIEW

#### Turnover and sales volume

Major products of the Group were ferro-nickel alloys, Ni-Cr alloy steel ingot and stainless steel products. The table below sets out the turnover and sales volume of our products for the years indicated:

#### 財務回顧

##### 營業額及銷量

本集團之主要產品為鎳鐵合金、鎳鉻合金鋼錠及不銹鋼產品。下表載列本集團產品於所示年度之營業額及銷量：

#### Turnover

#### 營業額

		For the year ended 31 December 截至十二月三十一日止年度			
		2016 二零一六年		2015 二零一五年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
<b>Iron and Special Steel Products:</b>	<b>鐵及特鋼製品：</b>				
Stainless steel products	不銹鋼產品	20,872	12%	10,543	27%
Ferro-nickel alloy steel ingot and others	鎳鐵合金鋼錠及其他	82,083	46%	19,097	50%
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	73,805	42%	9,057	23%
<b>Total</b>	<b>總計</b>	<b>176,760</b>	<b>100%</b>	<b>38,697</b>	<b>100%</b>

#### Sales volume

#### 銷量

		For the year ended 31 December 截至十二月三十一日止年度			
		2016 二零一六年		2015 二零一五年	
		(tonnes) (公噸)	%	(tonnes) (公噸)	%
<b>Iron and Special Steel Products:</b>	<b>鐵及特鋼製品：</b>				
Stainless steel products	不銹鋼產品	3,035	7%	1,662	18%
Ferro-nickel alloy steel ingot and others	鎳鐵合金鋼錠及其他	18,233	40%	6,258	66%
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	23,677	53%	1,475	16%
<b>Total</b>	<b>總計</b>	<b>44,945</b>	<b>100%</b>	<b>9,395</b>	<b>100%</b>

# Management Discussion and Analysis

## 管理層討論與分析

In 2016, the turnover of the Group recorded a significant increase of HK\$138.1 million, or 356.8%, to HK\$176.8 million (2015: HK\$38.7 million) due to the recent rebound of the PRC steel market.

In 2016, nearly half of the revenue of the Group was contributed by sales of Ferro-nickel alloy steel ingot and others, which was increased by HK\$63.0 million or 329.8% to HK\$82.1 million (2015: HK\$19.1 million). The sales volume was increased by 11,975 tonnes or 191.4% to 18,233 tonnes (2015: 6,258 tonnes). The average selling price per tonne was increased by HK\$1,426, or 46.4% to HK\$4,502 (2015: HK\$3,076).

Another significant contributor to the Group revenue was sales of Ni-Cr alloy steel ingot, which was increased by HK\$64.7 million or 714.9% to HK\$73.8 million (2015: HK\$9.1 million). The sales volume was increased by 22,202 tonnes, or 1,505.2% to 23,677 tonnes (2015: 1,475 tonnes). The average selling price per tonne was decreased by HK\$3,023, or 49.2% to HK\$3,117 (2015: HK\$6,140).

The sales of stainless steel base materials and products also recorded an increase of HK\$10.4 million, or 98.0% to HK\$20.9 million (2015: HK\$10.5 million). The sales volume was increased by 1,373 tonnes, or 82.6% to 3,035 tonnes (2015: 1,662 tonnes). The average selling price per tonne was increased by HK\$533, or 8.4% to HK\$6,877 (2015: HK\$6,344).

### Cost of sales

The cost of sales in 2016 was increased by HK\$32.6 million, or 26.3%, to approximately HK\$156.4 million (2015: HK\$123.8 million). The increase in cost of sales was mainly due to increase in sales.

The unit costs of sales in 2016 for Ferro-nickel alloy steel ingot and others, Ni-Cr alloy steel ingot and stainless steel products were HK\$6,536 (2015: HK\$4,099) and HK\$2,666 (2015: HK\$6,112) and HK\$9,769 (2015: HK\$5,710) per tonne respectively.

### Gross profit/(loss)

The Group's recorded a gross profit amounted to HK\$20.4 million in 2016 (2015: gross loss of HK\$85.1 million). The gross profit margin in 2016 was 11.5% (2015: gross loss margin of 220.0%).

### Other gains, net

Other gains, net in 2016 were increased by HK\$24.0 million, or 47.8%, to HK\$74.3 million (2015: HK\$50.3 million). The increase was mainly due to foreign exchange gain, claims income received and gain on disposal of property, plant and equipment in 2016.

於二零一六年，由於近期中國鋼鐵市場回升，本集團營業額大幅增長138.1百萬港元或356.8%至176.8百萬港元(二零一五年：38.7百萬港元)。

二零一六年，本集團近半收入來自鎳鐵合金鋼錠及其他銷售，該項收入增加63.0百萬港元或329.8%至82.1百萬港元(二零一五年：19.1百萬港元)。銷量增加11,975公噸或191.4%至18,233公噸(二零一五年：6,258公噸)。平均每公噸售價增加1,426港元或46.4%至4,502港元(二零一五年：3,076港元)。

本集團的另一項主要收入來源是鎳鉻合金鋼錠銷售，該項收入增加64.7百萬港元或714.9%至73.8百萬港元(二零一五年：9.1百萬港元)。銷量增加22,202公噸或1,505.2%至23,677公噸(二零一五年：1,475公噸)。平均每公噸售價下降3,023港元或49.2%至3,117港元(二零一五年：6,140港元)。

不銹鋼基料及產品銷售亦增加10.4百萬港元或98.0%至20.9百萬港元(二零一五年：10.5百萬港元)。銷量增加1,373公噸或82.6%至3,035公噸(二零一五年：1,662公噸)。平均每公噸售價增加533港元或8.4%至6,877港元(二零一五年：6,344港元)。

### 銷售成本

於二零一六年，銷售成本增加32.6百萬港元或26.3%至約156.4百萬港元(二零一五年：123.8百萬港元)。銷售成本增加乃主要由於銷量增加所致。

於二零一六年，鎳鐵合金鋼錠及其他、鎳鉻合金鋼錠及不銹鋼產品的單位銷售成本分別為每公噸6,536港元(二零一五年：4,099港元)、2,666港元(二零一五年：6,112港元)及9,769港元(二零一五年：5,710港元)。

### 毛利/(損)

本集團於二零一六年錄得毛利20.4百萬港元(二零一五年：毛損85.1百萬港元)。二零一六年的毛利率為11.5%(二零一五年：毛損率220.0%)。

### 其他盈利淨額

二零一六年的其他盈利淨額增加24.0百萬港元或47.8%至74.3百萬港元(二零一五年：50.3百萬港元)。增加主要由於二零一六年外匯收益、收取申索收益以及出售物業、廠房及設備之盈利所致。

# Management Discussion and Analysis

## 管理層討論與分析

### Selling and distribution expenses

Selling and distribution expenses in 2016 were increased by HK\$1.3 million, or 51.1%, to HK\$3.9 million (2015: HK\$2.6 million), representing 2.2% of turnover (2015: 6.7%). Increase in selling and distribution expenses was mainly due to the increase in sales.

### Administrative expenses

Administrative expenses in 2016 increased by HK\$41.1 million, or 21.5%, to HK\$232.4 million (2015: HK\$191.3 million). The increase in administrative expense was mainly due to increase in legal and professional expenses and administrative related employment benefits expense as a result of increase in operating activities of the Group during the year.

### Finance income

Finance income in 2016 was decreased by HK\$4.9 million, or 59.8%, to HK\$3.2 million (2015: HK\$8.1 million).

### Finance costs

Finance costs in 2016 were decreased by HK\$131.1 million, or 29.0%, to HK\$320.2 million (2015: HK\$451.3 million). Decrease in finance cost was mainly due to decrease in notes payables and lower interest rate applicable to the syndicated loan obtained in 2016.

### Other expenses

Other expenses in 2016 were increased by HK\$22.3 million, or 20.1%, to HK\$133.2 million (2015: HK\$110.9 million). The increase was mainly due to increased provision for impairment of prepayments and other receivables in 2016, netted off by decrease in the provision for claims and disputes which was expensed in 2015 only.

### Impairment losses on property, plant and equipment

In 2016, the Group recorded impairment losses of HK\$54.4 million (2015: HK\$440.4 million) on its property, plant and equipment. Details of the background of the impairment were discussed above.

### Loss before income tax

As a result of the factors discussed above, the loss before income tax for the year ended 31 December 2016 was HK\$646.2 million (2015: HK\$1,223.2 million). The Group's loss before income tax margin was 365.6% (2015: 3,161.0%). The loss before interest, tax, depreciation and amortization (LBITDA) margin was 106.0% (2015: 631.2%).

### 銷售及分銷支出

二零一六年的銷售及分銷支出增加1.3百萬港元或51.1%至3.9百萬港元(二零一五年: 2.6百萬港元), 佔營業額的2.2%(二零一五年: 6.7%)。銷售及分銷支出增加主要由於銷售增加所致。

### 行政開支

二零一六年的行政開支增加41.1百萬港元或21.5%至232.4百萬港元(二零一五年: 191.3百萬港元)。行政開支增加主要由於本集團於年內營運活動增多導致法律及專業費用以及行政管理相關僱員福利開支增加所致。

### 融資收入

二零一六年的融資收入減少4.9百萬港元或59.8%至3.2百萬港元(二零一五年: 8.1百萬港元)。

### 融資成本

二零一六年的融資成本減少131.1百萬港元或29.0%至320.2百萬港元(二零一五年: 451.3百萬港元)。融資成本減少主要由於應付票據減少及於二零一六年取得的銀團貸款的利率較低所致。

### 其他開支

二零一六年的其他開支增加22.3百萬港元或20.1%至133.2百萬港元(二零一五年: 110.9百萬港元)。增加主要由於於二零一六年預付款項及其他應收款項減值撥備增加所致, 惟被僅於二零一五年列作開支的申索及糾紛撥備減少抵銷。

### 物業、廠房及設備減值虧損

於二零一六年, 本集團錄得其物業、廠房及設備減值虧損54.4百萬港元(二零一五年: 440.4百萬港元)。減值背景詳情已於上文討論。

### 除所得稅前虧損

基於以上所討論之因素, 截至二零一六年十二月三十一日止年度的除所得稅前虧損為646.2百萬港元(二零一五年: 1,223.2百萬港元)。本集團除所得稅前虧損率為365.6%(二零一五年: 3,161.0%)。除利息、稅項、折舊及攤銷前之虧損(LBITDA)率為106.0%(二零一五年: 631.2%)。

# Management Discussion and Analysis

## 管理層討論與分析

### Income tax expense

The applicable Hong Kong profits tax rate of the Company and its subsidiaries which operate in Hong Kong is 16.5% based on existing legislation. The entities within the Group which operate in the PRC, Singapore and Indonesia are subject to corporate income tax at rates of 17% to 25% for the year ended 31 December 2016.

### Loss for the year and loss attributable to shareholders

As a result of the factors discussed above, the Group's 2016 loss for the year was HK\$646.7 million (2015: HK\$1,224.4 million) and the 2016 loss attributable to owners of the Company was HK\$646.0 million (2015: HK\$1,222.9 million).

### Key financial ratios

### 所得稅開支

根據現行法例，本公司及其於香港經營之附屬公司所適用之香港利得稅稅率為16.5%。截至二零一六年十二月三十一日止年度，本集團於中國、新加坡及印尼經營之實體須按介乎17%至25%之稅率繳納企業所得稅。

### 年度虧損及股東應佔虧損

基於以上所討論之因素，本集團於二零一六年之年度虧損為646.7百萬港元(二零一五年：1,224.4百萬港元)及本公司擁有人應佔二零一六年虧損為646.0百萬港元(二零一五年：1,222.9百萬港元)。

### 主要財務比率

		For the year ended 31 December 截至十二月三十一日 止年度		
		Notes 附註	2016 二零一六年	2015 二零一五年
Current ratio	流動比率	1	12%	17%
Inventory turnover days	存貨週轉日數	2	538 days 日	673 days 日
Debtor turnover days	應收賬款週轉日數	3	55 days 日	68 days 日
Creditor turnover days	應付賬款週轉日數	4	284 days 日	1,039 days 日
Interest cover	盈利對利息倍數	5	-1.0 time 倍	-1.8 times 倍
Interest-bearing gearing ratio	計息資本負債比率	6	-886%	953%
Debt to LBITDA ratio	負債與LBITDA比率	7	-12.7 times 倍	-9.0 times 倍
Net debt/Capital and net debt ratio	淨負債／資本與淨負債比率	8	108%	93%

# Management Discussion and Analysis

## 管理層討論與分析

Note:

1. Current assets/Current liabilities x 100%
2.  $\frac{\text{Inventories}}{\text{Cost of sales}} \times 365 \text{ days}$
3.  $\frac{\text{Trade and notes receivables}}{\text{Turnover}} \times 365 \text{ days}$
4.  $\frac{\text{Trade and notes payables}}{\text{Cost of sales}} \times 365 \text{ days}$
5.  $\frac{\text{Loss before interest and tax}}{\text{Net interest expense}}$
6.  $\frac{\text{Interest-bearing loans and other borrowings (including convertible bonds)}}{\text{Equity attributable to the owners of the parent}} \times 100\%$
7.  $\frac{\text{Interest-bearing loans and other borrowings (including convertible bonds)}}{\text{LBITDA}}$
8.  $\frac{\text{Net debt}^*}{\text{Capital and net debt}} \times 100\%$

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

附註：

1. 流動資產／流動負債 x 100%
2.  $\frac{\text{存貨}}{\text{銷售成本}} \times 365 \text{ 日}$
3.  $\frac{\text{應收賬款及應收票據}}{\text{營業額}} \times 365 \text{ 日}$
4.  $\frac{\text{應付賬款及應付票據}}{\text{銷售成本}} \times 365 \text{ 日}$
5.  $\frac{\text{除利息及稅項前虧損}}{\text{利息開支淨額}}$
6.  $\frac{\text{計息貸款及其他借貸 (包括可換股債券)}}{\text{母公司擁有人應佔權益}} \times 100\%$
7.  $\frac{\text{計息貸款及其他借貸 (包括可換股債券)}}{\text{LBITDA}}$
8.  $\frac{\text{負債淨額}^*}{\text{股本及負債淨額}} \times 100\%$

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

### Property, plant and equipment

Property, plant and equipment as at 31 December 2016 mainly comprised plant and machinery. The decrease in balance by HK\$169.2 million or 27.3% to HK\$450.3 million (2015: HK\$619.5 million) was mainly due to the depreciation charges for the year.

### Intangible asset

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

### Inventories

The inventory turnover days decreased from 673 days in 2015 to 538 days in 2016. As at 31 December 2016, inventories balance increased by HK\$2.2 million, or 1.0%, to HK\$230.6 million (2015: HK\$228.4 million).

### Trade and notes receivables

The debtor turnover days decreased from 68 days in 2015 to 55 days in 2016. As at 31 December 2016, trade and notes receivables balances were increased by HK\$19.2 million, or 266.2%, to HK\$26.4 million (2015: HK\$7.2 million) mainly due to increase in sales.

### 物業、廠房及設備

於二零一六年十二月三十一日之物業、廠房及設備主要包括廠房及機器。有關結餘減少 169.2 百萬港元或 27.3% 至 450.3 百萬港元(二零一五年：619.5 百萬港元)乃主要歸因於年內折舊費用所致。

### 無形資產

無形資產僅指本集團於二零零七年五月獲得之 Yiwan 獨家採購權之未攤銷款項。

### 存貨

存貨週轉日數由二零一五年之 673 日減少至二零一六年之 538 日。於二零一六年十二月三十一日，存貨結餘增加 2.2 百萬港元或 1.0% 至 230.6 百萬港元(二零一五年：228.4 百萬港元)。

### 應收賬款及應收票據

應收賬款週轉日數由二零一五年之 68 日減少至二零一六年之 55 日。於二零一六年十二月三十一日，應收賬款及應收票據結餘增加 19.2 百萬港元或 266.2% 至 26.4 百萬港元(二零一五年：7.2 百萬港元)，主要由於銷售增加所致。

# Management Discussion and Analysis

## 管理層討論與分析

### Prepayments, deposits and other receivables

As at 31 December 2016, prepayments, deposits and other receivables balance decreased by HK\$70.6 million, or 32.8%, to HK\$144.7 million (2015: HK\$215.3 million). The decrease in balance was mainly due to provision made on the recoverable amount of prepayments to Yiwan.

### Cash and cash equivalents, pledged time deposits and restricted cash

The aggregate amount of cash and cash equivalents, pledged time deposits and restricted cash decreased by approximately HK\$122.6 million, or 84.9%, to HK\$21.8 million as at 31 December 2016 (2015: HK\$144.4 million). The decrease in the balance was mainly due to cash used in operations.

### Trade and notes payables

The creditor turnover days decreased from 1,039 days in 2015 to 284 days in 2016. As at 31 December 2016, trade and notes payables balance decreased by HK\$230.8 million, or 65.5%, to HK\$121.8 million (2015: HK\$352.6 million). The decrease in trade and notes payables balance was due to reduction of notes payables during the year. The trade payables are unsecured, interest-free and are normally settled on terms of 60 to 180 days while the bank bills are generally on terms of 90 to 180 days.

### Convertible bonds

Decrease in the convertible bonds from HK\$117.5 million as at 31 December 2015 to HK\$46.8 million as at 31 December 2016 was solely due to conversion of the convertible bonds during the year.

### Bank and other borrowings

As at 31 December 2016, total bank and other borrowings balance were increased by HK\$248.1 million, or 11.9%, to HK\$2,331.5 million (2015: HK\$2,083.4 million). Increase in the bank and other borrowings was mainly due to new financing for the Group during the year.

### Liquidity, going concern and capital resources

During the year ended 31 December 2016, the Group incurred a loss of approximately HK\$646.7 million and had a net operating cash outflow of approximately HK\$312.6 million. As at 31 December 2016, the Group's had a shareholders' deficit of HK\$262.5 million and current liabilities exceeded its current assets by HK\$3,253.3 million. Its total bank and other borrowings amounted to HK\$2,331.5 million are overdue or repayable on demand. The cash and cash equivalents of the Group amounted to HK\$20.1 million as at 31 December 2016.

### 預付款項、按金及其他應收款項

於二零一六年十二月三十一日，預付款項、按金及其他應收款項結餘減少70.6百萬港元或32.8%至144.7百萬港元(二零一五年：215.3百萬港元)。結餘減少主要歸因於就Yiwan預付款項之可回收金額作出撥備。

### 現金及現金等值物、已抵押定期存款及受限制現金

於二零一六年十二月三十一日之現金及現金等值物、已抵押定期存款及受限制現金總額減少約122.6百萬港元或84.9%至21.8百萬港元(二零一五年：144.4百萬港元)。結餘減少主要由於現金用於經營所致。

### 應付賬款及應付票據

應付賬款週轉日數由二零一五年之1,039日減少至二零一六年之284日。於二零一六年十二月三十一日，應付賬款及應付票據結餘減少230.8百萬港元或65.5%至121.8百萬港元(二零一五年：352.6百萬港元)。應付賬款及應付票據結餘減少乃由於年內應付票據減少所致。應付賬款為無抵押、免息及一般附有60至180天還款期，銀行票據的一般還款期為90至180天。

### 可換股債券

可換股債券由二零一五年十二月三十一日之117.5百萬港元減少至二零一六年十二月三十一日之46.8百萬港元完全是由於年內轉換可換股債券所致。

### 銀行貸款及其他借貸

於二零一六年十二月三十一日，總銀行貸款及其他借貸結餘增加248.1百萬港元或11.9%至2,331.5百萬港元(二零一五年：2,083.4百萬港元)。銀行貸款及其他借貸增加，主要由於本集團年內新融資所致。

### 流動資金、持續經營及資本資源

截至二零一六年十二月三十一日止年度，本集團產生約646.7百萬港元虧損，並有經營現金流出淨額約312.6百萬港元。於二零一六年十二月三十一日，本集團有股東虧絀262.5百萬港元及流動負債超出其流動資產3,253.3百萬港元。其總銀行貸款及其他借貸2,331.5百萬港元已逾期或須按要求償還。本集團於二零一六年十二月三十一日的現金及現金等值物為20.1百萬港元。



# Management Discussion and Analysis

## 管理層討論與分析

Following the Export Ban which has substantially affected the cash generating ability from operations of the Group, a series of remedial measures to mitigate the liquidity pressure were taken in 2016 to improve its financial and liquidity position of the Group, details of which are set out in the Board's consideration — Mitigation measures to going concern issue of this annual report. Please also refer to the details regarding uncertainties on the going concern of the Group as stipulated in the section headed "Going concern" in Note 2.1(a) to the consolidated financial statements.

The Group's working capital has been principally sourced from cash generated from operations and from long-term and short-term borrowings.

As at 31 December 2016, the Group had current liabilities of HK\$3,676.9 million, of which HK\$2,331.5 million were bank and other borrowings overdue or due for immediate repayment and HK\$1,144.0 million were other payables and accruals.

### Interest rate risk

The Group's bank borrowings mainly bear floating rates. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

### Foreign currency risk

The Group's purchase and sales for the year are mainly denominated in Renminbi ("RMB"). As at 31 December 2016, the bonds were denominated in Hong Kong dollar ("HK\$") while bank and other borrowings were mainly denominated in RMB, and other assets and liabilities of the Group are mainly denominated in RMB.

As at 31 December 2016, the Group did not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors considered the Group had no significant foreign currency risk. However, the Group will closely monitor the foreign currency risk and consider using necessary financial instruments for hedging purposes if they foresee the foreign currency risk is significant.

### Material acquisitions and disposals of investments

The Group did not undertake any material acquisitions or disposals of investments during the year under review.

發生出口禁運之後，本集團經營產生現金能力已大受影響，本集團於二零一六年採取一系列減輕流動資金壓力之補救措施，以改善本集團的財務及流動資金狀況，有關詳情載於本年報「董事會考慮 — 有關持續經營事宜的改善措施」一節。有關本集團持續經營涉及的不明朗因素詳情，另請參閱綜合財務報表附註2.1(a)「持續經營」一節。

本集團之營運資金主要來自經營活動之所得現金以及長期及短期借貸。

於二零一六年十二月三十一日，本集團之流動負債為3,676.9百萬港元，其中2,331.5百萬港元為已逾期或須即時償還之銀行貸款及其他借貸，而1,144.0百萬港元乃為其他應付款項及應計費用。

### 利率風險

本集團的銀行借貸主要按浮動利率計算。本集團已實施若干利率管理措施，包括(其中包括)，密切留意利率波動及為現有銀行融通進行再融資或在良好的定價機會出現時訂立新的銀行融通。

### 外匯風險

年內，本集團之買賣主要以人民幣(「人民幣」)計值。於二零一六年十二月三十一日，債券以港元(「港元」)計值，而銀行及其他借貸則主要以人民幣計值，以及本集團其他資產及負債主要以人民幣計值。

於二零一六年十二月三十一日，由於董事認為本集團並無重大外匯風險，故本集團並沒有為管理潛在外匯波動而進行任何對沖交易。然而，本集團將密切監控外匯風險，並在預見重大外匯風險時考慮利用必要的金融工具進行對沖。

### 重大收購及出售投資

本集團於回顧年度並無進行任何重大收購或出售投資。

# Management Discussion and Analysis

## 管理層討論與分析

### ENVIRONMENTAL ISSUES

The Board believes that a sound environmental, social and governance (“ESG”) structure is vital for continued sustainable development of the Group. Meanwhile, the Group wishes to enhance its transparency to achieve and uplift the sense of environmental protection and social caring amongst various stakeholders. The Group encourages employees, customers, business partners and other stakeholders to boost their ESG concerns in this sustainable development journey.

The Group strives to promote the overall standard of domestic environmental protection and contribute to its green sustainable development in order to meet the changing needs of an advancing society. During the year, designated staff are assigned to enforce and supervise the implementation of relevant ESG policies.

An ESG report is being prepared in accordance with the Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules and Guidance Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and will be published on the Company’s and the Stock Exchange’s websites. This ESG report is designed to allow the public to have a more comprehensive and profound understanding of the Group’s performance on environmental protection and corporate social responsibility.

### 環境問題

董事會相信，穩健之環境、社會及管治（「環境、社會及管治」）架構對本集團之可持續發展至關重要。同時，本集團亦希望增加透明度，以達致及提升各利益攸關者之環保及社會關懷意識。本集團鼓勵員工、客戶、業務合夥人及其他利益攸關者在可持續發展中加強對環境、社會及管治的關心。

本集團致力於提升國內環境保護的整體標準及推動綠色可持續發展，以滿足社會發展中不斷轉變的需要。年內，本集團委派特定員工執行有關環境、社會及管治政策和監督其施行情況。

本集團正在根據香港聯合交易所有限公司證券上市規則附錄27環境、社會及管治報告指引編製環境、社會及管治報告，並將刊載於本公司及聯交所網站。環境、社會及管治報告旨在讓公眾更全面深入地了解本集團在環保及企業社會責任方面的表現。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

### DIRECTORS

#### Executive Directors

**Mr. Dong Shutong**, aged 65, was appointed as Director of the Company on 16 March 2004 and is currently an Executive Director, the Chairman, the Chief Executive Officer, a member of the Remuneration Committee and the Chairman of the Nomination Committee of the Company. He is responsible for formulating the Group's overall business plans and strategies. Mr. Dong is the founder of the Group. He has been the Director of Yongtong Special Steel, an indirect wholly-owned subsidiary of the Company, and a number of subsidiaries of the Company since 1993. He was involved in the management and day-to-day operations on a full time basis. He served as the vice manager and senior economics and technology consultant of Ministry of Metallurgical Industry Metallurgy News Information Development Company (冶金工業部冶金報社信息開發公司) in 1989. Formerly, the said company was the Ministry's department responsible for news and major reports about the metallurgical industry. Mr. Dong was also appointed as the director of Synthesis Department of the World Metallurgical Products Exhibition in 1990. The said organization was primarily involved in the activities relating to exhibitions of metallurgical products. In 1992, he was appointed as the general manager of Henan Sanen Industry Sci-Tech Industrial Company (河南三恩工業科技實業公司). The said company was primarily involved in research and development of industrial technologies. Between October 1984 and April 2004, the business of refractory materials factory, a factory principally involved in production and management of refractory materials, was contracted out to and managed by Mr. Dong. He was both the plant manager and the sole legal representative of the refractory materials factory from 1984 to 2004. He has also served as a part-time associate professor in the field of economics at Wuhan University of Science and Technology since 2002. He graduated from the Metallurgy Department of Wuhan Iron and Steel College in 1989. He received his Trade and Economics Degree from Graduate School of the Chinese Academy of Social Sciences in 2000 too. During the years from 1985 to 1994, he has been honoured many times by various PRC government authorities for his outstanding achievement in advancement of technology. He has also been awarded the "Award for Achievement in Development of the World Patented Technologies" for his outstanding contribution to the area of patented technologies. In addition, he won a gold medal from Hong Kong Organising Committee of the International Patent Technology Expo for his project of condenser type bicomponent nozzle in 2001, and was named "The World's Outstanding Chinese Entrepreneur" by the World Chinese Entrepreneur Association in 2004. Moreover, he was appointed as a member of Zhengzhou Overseas Exchange Association, and was elected as a joint-committee member as well as the member representative of Zhengzhou Enterprises Association in 2003. In 2004, he was appointed as a representative of the Zhengzhou's Twelfth National People's Congress. Mr. Dong was awarded one of the Hundred Outstanding People of the Year in Industrial Economics by the People of the Year in China's Industrial Economics Award's Organising Committee in April 2005. Mr. Dong also published two books, 《新經濟的背後 — 精神經濟浮出水面》(What's behind the New Economy — The Emergence of Spiritual Economy) in 2001 and 《精神價值與中國經濟轉型》(Spiritual Value and the Transformation of the Chinese Economy) in 2002.

### 董事

#### 執行董事

**董書通先生**，65歲，於二零零四年三月十六日獲委任為本公司董事，現為本公司執行董事、主席、總裁、薪酬委員會成員及提名委員會主席。彼負責制訂本集團之整體業務計劃及策略。董先生為本集團創辦人。彼自一九九三年起擔任本公司間接全資附屬公司永通特鋼及多家附屬公司之董事，一直全職參與該等公司之管理及日常運作。彼於一九八九年擔任冶金工業部冶金報社信息開發公司之副經理及高級經濟技術顧問。該公司前身為冶金工業部負責冶金業之新聞及主要報告之部門。董先生於一九九零年亦獲委任為全國冶金產品博覽會綜合處處長，該組織主要從事與冶金產品展覽有關之活動。於一九九二年，彼獲委任為河南三恩工業科技實業公司之總經理，該公司主要從事工業技術之研發。於一九八四年十月至二零零四年四月期間，耐火廠之業務外包予董先生打理。耐火廠之主要業務為生產及管理耐火材料。彼於一九八四年至二零零四年間為耐火廠廠長兼唯一法定代表。彼自二零零二年起擔任武漢科技大學經濟學範疇之兼任副教授。彼於一九八九年在武漢鋼鐵學院冶金系畢業，亦於二零零零年取得中國社會科學院研究院之貿易及經濟學位。在一九八五年至一九九四年間，董先生在先進技術方面成就非凡，屢獲多個中國政府部門表揚。彼亦因為對有關專利技術之寶貴貢獻而獲得「開發全球專利技術成就獎」，其冷凝器型浸入式水口項目獲二零零一年國際專利技術博覽會之香港籌委會頒發金獎，於二零零四年獲世界華人企業家協會頒發「全球傑出華人企業家獎項」。此外，彼於二零零三年獲委任為鄭州海外交流協會成員及獲選為鄭州企業協會之聯席委員會成員及成員代表。於二零零四年，彼獲委任為鄭州市第十二屆人大代表。董先生於二零零五年四月獲中國工業經濟年度新聞人物徵評活動組織委員會頒發中國工業經濟百名年度傑出人物獎。董先生亦於二零零一年及二零零二年先後編著出版了《新經濟的背後 — 精神經濟浮出水面》及《精神價值與中國經濟轉型》兩本書籍。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

Mr. Dong is the father of Mr. Dong Chengzhe, an Executive Director of the Company. He is also the sole shareholder and sole director of Easyman Assets Management Limited (“Easyman”), and the substantial and controlling shareholder of the Company.

**Mr. Wang Ping**, aged 61, was appointed as an executive director of the Company on 10 October 2014. Mr. Wang joined the Company as deputy chief executive officer of the Company on 1 September 2014. Mr. Wang graduated from the University of Science and Technology Beijing with a doctor degree in 1991 and possessed certain technology patents related to metallurgy of iron and steel. Mr. Wang possesses over 24 years of experience in metallurgy of iron and steel.

Mr. Wang has held positions in various organisations, including being associate professor and professor of Ministry of Metallurgical Industry and commissioner of scientific research of University of Science and Technology Beijing from 1992 to 2000. From 2000 to 2004, Mr Wang was the general manager of Zhengzhou Yongtong Special Steel Company Limited, a wholly-owned subsidiary of the Company. From 2004 to 2006, Mr. Wang was the general manager of Shenyang Toyo Steel Company Limited and from 2007 to 2014, as the chief engineer and deputy chief executive officer of the metallurgy division under Hanking Industrial Group Co., Ltd. From 2013 to 2014, Mr. Wang acted as the executive director and chief executive officer of PT. Karyatama Kona Utara, PT. Konutara Prima and PT. Konutara Sejati, companies incorporated in Indonesia and are the subsidiaries of China Hanking Holdings Limited (stock code: 03788) whose shares are listed on the Stock Exchange, and was responsible for their overall management and daily operation.

From 2009 to 2013, Mr. Wang was also an non-executive director of Shandong Molong Petroleum Machinery Company Limited (stock code: 002490), which shares are listed on Shenzhen Stock Exchange.

**Mr. Dong Chengzhe**, aged 38, was appointed as an Executive Director of the Company on 12 March 2007 and was also appointed as Deputy Chief Executive Officer of the Group. He graduated from Wuhan University of Science and Technology with a Diploma in International Trade. He also obtained a Bachelor Degree in Accountancy from Royal Melbourne Institute of Technology and a Master Degree of International Finance from Deakin University in Australia. He joined the Group in 2007 and was responsible the finance and international trading activities of Yongtong Special Steel, an indirectly wholly-owned subsidiary of the Company. He was the general manager of Yongtong Special Steel, and also the director and general manager of CNR Group Holdings Pte. Ltd., an indirectly wholly-owned subsidiary of the Company. Prior to joining the Group, he was an owner of an international trading company in Australia. He is the son of Mr. Dong Shutong, Executive Director, Chairman, Chief Executive Officer and the substantial and controlling shareholder of the Company.

董先生為本公司執行董事董鉞喆先生之父。彼亦為Easyman Assets Management Limited (「Easyman」)的唯一股東及唯一董事以及本公司的主要及控股股東。

王平先生，61歲，於二零一四年十月十日獲委任為本公司之執行董事。彼於二零一四年九月一日加入本公司為副總裁。王先生於一九九一年畢業於北京科技大學，獲得博士學位，並擁有多項鋼鐵冶煉方面的技術專利。王先生於鋼鐵冶煉行業積累24年以上的經驗。

王先生曾於多個機構中任職，包括於一九九二年至二零零零年期間在北京科技大學冶金工業部任職副教授及教授以及科研處處長，於二零零零年至二零零四年期間在本公司之全資附屬公司鄭州永通特鋼有限公司擔任總經理一職。王先生於二零零四年至二零零六年期間曾擔任瀋陽東洋製鋼有限公司之總經理，及於二零零七年至二零一四年擔任罕王實業集團有限公司旗下冶金產業之總工程師及副總裁，並於二零一三年至二零一四年成為中國罕王控股有限公司(股份代號：03788)(其股份於聯交所上市)於印度尼西亞成立之三家附屬公司PT. Karyatama Kona Utara、PT. Konutara Prima及PT. Konutara Sejati的執行董事兼總裁，負責該等公司的整體管理與日常營運。

王先生亦於二零零九年至二零一三年期間擔任於深圳證券交易所上市之山東墨龍石油機械股份有限公司(股票代號：002490)之非執行董事。

**董鉞喆先生**，38歲，於二零零七年三月十二日獲委任為本公司執行董事，並獲委任為本集團副總裁。彼畢業於武漢科技大學，持有國際貿易文憑。彼亦取得澳洲Royal Melbourne Institute of Technology之會計學學士學位及迪肯大學國際金融碩士學位。董先生於二零零七年加入本集團，主要負責本公司間接全資附屬公司永通特鋼之財務及國際貿易活動，彼現為永通特鋼之總經理。彼亦為本公司間接全資附屬公司CNR Group Holdings Pte. Ltd.之董事及總經理。加入本集團前，他曾為一間澳洲國際貿易公司之擁有人。彼為本公司執行董事、主席、總裁兼主要及控股股東董書通先生之子。

## Directors, Senior Management and Audit Committee

### 董事、高級管理層及審核委員會

**Mr. Song Wenzhou**, aged 48, was appointed as an Executive Director of the Company on 2 May 2005 and is responsible for the Group's administrative, marketing and staff development matters. Prior to joining the Group in July 1995, he had been a teacher at the Zhengzhou Institute of Technology. He graduated from Beijing Open University in 1987 with a Bachelor Degree in Linguistics and Phonetics. He also received his Bachelor Degree in Chinese Language and Literature from Henan Normal University in 1992 and Bachelor Degree in Legal Studies from Central Broadcast and Television University in 2003. Since joining the Group in 1995 until February 2004, Mr. Song was also responsible for the administrative matters at the refractory materials factory.

**Mr. Yang Fei**, aged 39, was appointed as an Executive Director of the Company on 30 August 2010 and was also appointed as Authorised Representative of the Company on 1 August 2011. He has joined the Company as the assistant to the Chairman of the Company since 2006 and was also appointed as the Company Secretary and Authorised Representative of the wholly owned subsidiary, Zhengzhou Yongtong Special Steel Co., Ltd. Mr. Yang was the manager of the Information Technology Department (October 2002 to August 2003) and the general manager of the Market Development Department (August 2003 to August 2006) of China Life — CMG Life Assurance Company Limited. Prior to joining China Life — CMG Life Assurance Company Limited, Mr. Yang was the assistant manager of the International Business Department of Guangdong Branch, China Life Insurance Company Limited from August 1998 to June 2001. Mr. Yang graduated with a Bachelor Degree in Economics from Beijing University in June 1998 and a Master of Science Degree in Economics from London School of Economics and Political Science in June 2002.

宋文州先生，48歲，於二零零五年五月二日獲委任為本公司執行董事，負責本集團行政、市場推廣及員工發展事宜。彼於一九九五年七月加入本集團前，曾於鄭州工學院執教。彼於一九八七年在北京自修大學畢業，獲語言學及語音學學士學位。彼亦於一九九二年獲河南師範大學頒授漢語言學士學位，及後於二零零三年獲中央廣播電視大學之法律學士學位。自一九九五年加入本集團至二零零四年二月期間，宋先生亦負責耐火廠的行政事務。

楊飛先生，39歲，於二零一零年八月三十日獲委任為本公司執行董事，並於二零一一年八月一日獲委任為本公司之授權代表。彼自二零零六年起加入本公司，擔任本公司主席助理，並獲委任為本公司全資附屬公司鄭州永通特鋼有限公司之公司秘書及授權代表。楊先生於二零零二年十月至二零零三年八月期間以及二零零三年八月至二零零六年八月期間先後擔任中保康聯人壽保險有限公司信息技術部經理及市場發展部總經理。加入中保康聯人壽保險有限公司前，楊先生於一九九八年八月至二零零一年六月擔任中國人壽保險股份有限公司廣東省分公司國際業務部助理經理。楊先生於一九九八年六月獲北京大學經濟學學士學位，並於二零零二年六月獲倫敦政治經濟學院經濟學理學碩士學位。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

### Non-executive Director

**Mr. Yang Tianjun**, aged 73, was appointed as a Non-executive Director of the Company on 2 May 2005. He joined the Group in 2005. Mr. Yang worked in Ministry of Metallurgy Forty Company (冶金部四零公司) and then in Angang Steelwork (鞍鋼煉鋼廠) for a total of 14 years as a technician and then an engineer. He was the Principal of University of Beijing Science and Technology for the period from 1993 to July 2004, and has been a professor and mentor of doctorate students of the Metallurgy Department of University of Beijing Science and Technology until retirement in February 2015. Since 1989, he was honoured with nine first-grade, second-grade or third-grade State Scientific and Technological Progress Awards in both national and provincial levels for his outstanding contributions to the State by conducting scientific researches in metallurgical projects. He was the Chairman of Sino-German Co-operative Research Project studying the multi-purpose uses of niobium. He was invited by the Research Institute of Industrial Science and Technology of Korea to lead the research in air-refined coal spray in blast furnace, and participated in a research with the Metallurgical Research Institute in coal spray in blast furnace and the mathematical model. He published over 70 academic papers locally or overseas and 6 books specialised in metallurgy. He was appointed as the vice chairman of Chinese Society of Metals in 2001 and a member of the Fifth Graduate Committee of the State Council (國務院學位委員會) in 2003.

Mr. Yang graduated in 1965 from the Metallurgical Department of Beijing Iron and Steel College. He completed his postgraduate study in 1981 and obtained a Master Degree in Metallurgy from the Beijing Iron and Steel Institute. In 1985, he was granted scholarship from Humboldt-University zu Berlin and conducted a joint research with the RWTH-Aachen University in Germany, and was awarded a Doctorate Degree in 1986.

Mr. Yang was the independent directors of Xinyu Iron & Steel Group Co., Ltd. (新餘鋼鐵股份有限公司), Gansu Jiu Steel Group Hongxing Iron & Steel Co., Ltd. (甘肅酒鋼集團宏興鋼鐵股份有限公司) and BGRIMM Magnetic Materials and Technology Co., Ltd. (北礦磁材科技股份有限公司). All of these companies are listed on the Shanghai Stock Exchange. Mr. Yang resigned from the position of independent directors of all these companies in December 2015.

### 非執行董事

楊天鈞先生，73歲，於二零零五年五月二日獲委任為本公司非執行董事。彼於二零零五年加入本集團。楊先生先後於冶金部四零公司及鞍鋼煉鋼廠任職技術員及工程師合共達14年。彼由一九九三年起至二零零四年七月擔任北京科技大學校長，並擔任北京科技大學冶金系教授及博士生導師直至二零一五年二月退休。自一九八九年，楊先生進行之冶金項目科研工作對國家作出寶貴貢獻，故獲得九個全國及省政府之一級、二級或三級國家科學技術進步獎。彼為中德合作研究多用途銱項目之主席，曾應韓國產業科學研究院(Research Institute of Industrial Science and Technology)之邀請領導高爐富氧噴煤之研究，亦曾參與和Metallurgical Research Institute攜手研究之高爐噴煤及數學模型。彼於國內外發表超過70篇學術論文，出版6本有關冶金學之專著。彼於二零零一年獲委任為中國金屬學會副主席及於二零零三年獲委任為第五屆國務院學位委員會成員。

楊先生於一九六五年在北京鋼鐵學院冶金系畢業，一九八一年完成研究生課程並取得北京鋼鐵學院冶金碩士學位。彼於一九八五年獲柏林洪堡大學獎學金並與德國RWTH-Aachen University進行聯合研究，並於一九八六年獲博士學位。

楊先生為新餘鋼鐵股份有限公司、甘肅酒鋼集團宏興鋼鐵股份有限公司及北礦磁材科技股份有限公司之獨立董事，所有上述公司均於上海證券交易所上市。楊先生於二零一五年十二月辭去上述所有公司的獨立董事職位。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

### Independent Non-executive Directors

**Mr. Bai Baohua**, aged 75, was appointed as an Independent Non-executive Director of the Company on 2 May 2005. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has almost 46 years' experience in the metallurgy. He worked as an engineer, a manager and then the general manager of China Metallurgical Products' Import & Export Company (中國冶金進出口公司), a company primarily involved in the trading of metals. He was also appointed as the general manager of China International Steel Investment Company (中國國際鋼鐵投資公司), a company primarily involved in promotion of foreign investment in the steel industry in the PRC. In addition, he was the general manager, the vice chairman and the legal representative of China Iron and Steel Industry and Trade Group Corporation, a company primarily involved in production and trade of steel. He graduated from the Metal Pressure Processing Department at Beijing Iron and Steel College in 1965.

**Mr. Huang Changhuai**, aged 81, was appointed as an Independent Non-executive Director of the Company on 2 May 2005. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He worked for a printing and dyeing mill as production supervisor, a political director and then deputy director. He was appointed the deputy director of the Municipal Economic System Reform Committee of Zhengzhou Municipal Government, and as the director of the Municipal Industrial and Communication Development Committee at the Third Session of the Eighth People's Congress of Zhengzhou City in 1985. He was then appointed at the Twelfth Session of the Eighth People's Congress of Zhengzhou City as the director of the city's Economic Committee in 1986. He was also appointed the deputy director of the Standing Committee of the People's Congress of Zhengzhou City. He graduated in September 1958 from Zhengzhou Textile School.

**Mr. Wong Chi Keung**, *FCCA, FCPA, ACMA, ACIS*, aged 62, was appointed as an Independent Non-executive Director of the Company on 2 May 2005. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. He joined the Company in May 2005. Mr. Wong holds a Master Degree in Business Administration from University of Adelaide in Australia. He is a Fellow Member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and CPA Australia. He is also an Associate Member of both the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Management Accountants. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited) for over ten years. Mr. Wong has over 40 years of experience in finance, accounting and management.

### 獨立非執行董事

**白葆華先生**，75歲，於二零零五年五月二日獲委任為本公司獨立非執行董事。彼亦為本公司審核委員會、薪酬委員會及提名委員會成員。彼具備近46年的冶金業經驗，曾任中國冶金進出口公司（該公司主營金屬貿易）的工程師、經理及總經理。彼亦曾獲委任為中國國際鋼鐵投資公司（該公司主要從事促進外國投資於中國鋼鐵業之工作）之總經理。此外，彼曾擔任中國鋼鐵行業及貿易集團公司（該公司主營鋼材生產及貿易）之總經理、副董事長及法定代表。彼於一九六五年畢業於北京鋼鐵學院金屬加壓處理系。

**黃昌淮先生**，81歲，於二零零五年五月二日獲委任為本公司獨立非執行董事。彼亦為本公司薪酬委員會主席，以及審核委員會及提名委員會成員。彼曾於一間印刷及染色廠先後擔任生產主任、政治委員及副理事。彼獲鄭州市人民政府委任為市經濟體系改革委員會副主任，及於一九八五年鄭州市第八屆人民代表大會第三次會議獲委任為市工業及通訊發展委員會主任，其後於一九八六年鄭州市第八屆人民代表大會第十二次會議獲委任為市經濟委員會主任。彼亦獲委任為鄭州市人民代表大會常務委員會副主任。彼於一九五八年九月畢業於鄭州紡織學校。

**黃之強先生** *FCCA, FCPA, ACMA, ACIS*，62歲，於二零零五年五月二日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席以及薪酬委員會及提名委員會成員。彼於二零零五年五月加入本公司。黃先生持有澳洲阿得雷德大學頒發之工商管理碩士學位。彼為香港會計師公會、英國特許公認會計師公會及澳洲會計師公會之資深會員。彼亦為英國特許秘書及行政人員公會及英國特許管理會計師公會之會員。黃先生曾擔任越秀投資有限公司（現稱越秀地產股份有限公司）的執行董事、副總經理、集團財務總監及公司秘書逾十年。黃先生於財務、會計及管理方面積逾40年的經驗。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

Mr. Wong is currently an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Century City International Holdings Limited, China Shanshui Cement Group Limited, China Ting Group Holdings Limited, ENM Holdings Limited, Fortunet e-Commerce Group Limited, Golden Eagle Retail Group Limited, Heng Xin China Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of which are listed on the Stock Exchange. He was formerly an independent non-executive director of PacMOS Technologies Holdings Limited (now known as PacRay International Holdings Limited), the shares of which are listed on the Stock Exchange (up to 30 June 2014). He was also formerly an independent non-executive director of First Natural Foods Holdings Limited\* (now known as Imperial Pacific International Holdings Limited), the shares of which are listed on the Stock Exchange, from 26 November 2007 to 21 November 2013, and formerly an independent non-executive director of FU JI Food and Catering Services Holdings Limited\*\* (now known as Fresh Express Delivery Holdings Group Co., Limited), the shares of which are listed on the Stock Exchange, from 22 November 2004 to 24 June 2011.

\* Based on the published information, First Natural Foods Holdings Limited ("FNF") (now known as Imperial Pacific International Holdings Limited), a company of which Mr. Wong has been an independent non-executive director and a chairman since 26 November 2007 and up to 21 November 2013 and since 9 October 2009 and up to 4 September 2012 respectively, was incorporated in Bermuda on 27 July 2001 and is an investment holding company. Its subsidiaries are principally engaged in the processing and trading of food products mainly including frozen and functional food products.

The shares of FNF are listed on the Stock Exchange (stock code: 1076) and have been suspended from trading upon the request of FNF since 15 December 2008. On 6 January 2009, FNF presented a winding-up petition (the "Petition") to the High Court of the Hong Kong Special Administrative Region (the "High Court") and Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai of Ernst & Young Transactions Limited were appointed joint and several provisional liquidators of FNF. The Petition was filed with the High Court on 7 January 2009 to effect the appointment.

As at the date of the Petition, the total amount of outstanding bank loans was approximately HK\$235 million, excluding a disputed claim arising from a notice of early termination of a US\$ interest swap agreement served by a commercial bank with a carrying amount exceeding US\$15.9 million.

At the court hearing held on 4 September 2012, the High Court granted an order that the Petition be dismissed and the Provisional Liquidators have been discharged with effect from 4 September 2012. Following the completion of the group reorganisation of FNF, with effect from 4 September 2012, Mr. Wong has resigned as the chairman of the Board but would continue to serve as an independent non-executive director of FNF. The trading in the shares of FNF on the Stock Exchange was resumed on 6 September 2012.

黃先生現為滙漢控股有限公司、泛海國際集團有限公司、世紀城市國際控股有限公司、中國山水水泥集團有限公司、華鼎集團控股有限公司、安寧控股有限公司、鑫網易商集團有限公司、金鷹商貿集團有限公司、恒芯中國控股有限公司、百利保控股有限公司、富豪酒店國際控股有限公司、冠捷科技有限公司、元亨燃氣控股有限公司及珠光控股集團有限公司的獨立非執行董事兼審核委員會成員，而上述公司均為於聯交所上市之公司。彼曾任弘茂科技控股有限公司(現稱為太睿國際控股有限公司)(任期至二零一四年六月三十日)之獨立非執行董事，其股份於聯交所上市。彼亦曾由二零零七年十一月二十六日至二零一三年十一月二十一日任第一天然食品有限公司\*(現稱博華太平洋國際控股有限公司)之獨立非執行董事；及由二零零四年十一月二十二日至二零一一年六月二十四日任福記食品服務控股有限公司\*\*(現稱鮮馳達控股集團有限公司)之獨立非執行董事，兩者之股份均於聯交所上市。

\* 根據已刊發之資料，第一天然食品有限公司(「第一天然食品」)(現稱為博華太平洋國際控股有限公司)為一間於二零零一年七月二十七日於百慕達註冊成立的公司及為一間投資控股公司，黃先生自二零零七年十一月二十六日至二零一三年十一月二十一日擔任該公司獨立非執行董事，並自二零零九年十月九日至二零一二年九月四日擔任該公司主席。其附屬公司主要從事食品加工及貿易，主要包括冷凍及功能性食品。

第一天然食品之股份(股份代號：1076)於聯交所上市，並自二零零八年十二月十五日起應第一天然食品要求暫停買賣。於二零零九年一月六日，第一天然食品向香港特別行政區高等法院(「高等法院」)提呈清盤呈請(「該呈請」)，而安永企業財務服務有限公司之廖耀強先生及閻正為先生已獲委任為第一天然食品之共同及各別臨時清盤人。該呈請已於二零零九年一月七日提交高等法院以進行該委聘。

於該呈請日期，尚未償還銀行貸款之總金額約為235,000,000港元(不包括賬面金額超過15,900,000美元產生自一商業銀行送達之美元利率掉期協議提早終止通知之受爭議索償)。

於二零一二年九月四日舉行之法院聆訊上，高等法院發出頒令撤回呈請並撤銷臨時清盤人，自二零一二年九月四日起生效。第一天然食品之集團重組完成後，由二零一二年九月四日起，黃先生已辭任董事會主席一職，但會繼續擔任第一天然食品之獨立非執行董事。第一天然食品於二零一二年九月六日於聯交所恢復股份買賣。



# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

\*\* FU JI Food and Catering Services Holdings Limited ("FU JI"), a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange (stock code: 1175), of which Mr. Wong has been an independent non-executive director since 22 November 2004 and up to 24 June 2011, presented a petition to the High Court to wind up FU JI, and the petition was filed with the High Court on 19 October 2009 and provisional liquidators were appointed on the same date. Based on the information published by FU JI in its 2008 annual report, it is a holding company and its subsidiaries are principally engaged in the provision of catering services, operations of Chinese restaurants and theme restaurants and production and sales of convenience food products and other related businesses.

The High Court has on 2 July 2013 granted an order to dismiss the winding-up petition against FU JI and to discharge the Provisional Liquidators from office with immediate effect.

The trading in the shares of FU JI on the Stock Exchange had been suspended since 29 July 2009 and was resumed on 8 July 2013.

**Mr. Fahmi Idris**, aged 73, was appointed as an Independent Non-executive Director of the Company on 24 August 2010. Mr. Idris graduated with a Degree in Law from University of Padjadjaran in 2010 and a Degree in Economics from University of Indonesia in 1969. He is currently the Commissioner of Maskapai Asuransi Parolamas (an insurance company), PT. Parama Bina Tani (an agrochemical company), PT. Kodel Invesindo Nusa (a trading and investment company), PT. Krama Yudha (an automotive company) and the President Commissioner of PT. Permadani Khatulistiwa Nusantara (a hotel and tourism company), PT. Permadani Propertindo Development (a property company), PT. Tamarindo Nusa Hotel, PT. Permadani Khatulistiwa Dewata (a hotel and tourism company) and PT. Kodel (a trade and investment company). From 1981 to 1987, he was the President Commissioner of PT. Encontrade Pratama Indonesia (an engineering and construction of electrical and mechanical installation company). From 1984 to 1987, he was the Vice President Commissioner of PT. Wahana Muda Indonesia (a construction and engineering firm). From 1986 to 1992, he was the Commissioner of Bank Susila Bhakti. From 1987 to 1990, he was the President of PT. Permadani Teleconsult Pratama. From 1987 to 2004, he was the President Director of PT. Niigata Santana (a diesel engine and injection and moulding machine manufacturing company). From 1991 to 2003, he was the President Commissioner of PT. Bintara Tani Nusantara (a company engages in the plantation of palm oil and cocoa). From 1991 to 1994, he was the Commissioner of PT. Java Indonusa Motors and from 2000 to 2003, he was the President Commissioner of PT. Kodel Margahayu Telindo.

\*\* 福記食品服務控股有限公司(「福記」)為一間於開曼群島註冊成立之有限責任公司，其股份(股份代號：1175)於聯交所上市，黃先生自二零零四年十一月二十二日起至二零一一年六月二十四日擔任其獨立非執行董事。該公司向高等法院提呈將福記清盤之呈請，而呈請已於二零零九年十月十九日提交高等法院，而臨時清盤人已於同日獲委聘。根據福記於其二零零八年年報所刊發之資料，其為一間控股公司，而其附屬公司均主要從事提供餐飲服務、經營中式餐館及主題餐廳，以及生產與銷售方便食品及其他相關業務。

高等法院已於二零一三年七月二日頒令撤回針對福記的清盤呈請及撤銷臨時清盤人職務，即時生效。

福記自二零零九年七月二十九日起暫停於聯交所進行股份買賣，並於二零一三年七月八日恢復買賣。

**法米先生**，73歲，於二零一零年八月二十四日獲委任為本公司獨立非執行董事。法米先生二零一零年於University of Padjadjaran畢業並取得法學學位，一九六九年於印尼大學畢業並取得經濟學學位。彼現為Maskapai Asuransi Parolamas(一間保險公司)、PT. Parama Bina Tani(一間農用化學品公司)、PT. Kodel Invesindo Nusa(一間貿易投資公司)及PT. Krama Yudha(一間汽車公司)的專員及PT. Permadani Khatulistiwa Nusantara(一間酒店及旅遊公司)、PT. Permadani Propertindo Development(一間物業公司)、PT. Tamarindo Nusa Hotel、PT. Permadani Khatulistiwa Dewata(一間酒店及旅遊公司)及PT. Kodel(一間貿易投資公司)的總裁專員。一九八一年至一九八七年，彼出任PT. Encontrade Pratama Indonesia(一間電氣及機械安裝工程建築公司)的總裁專員。一九八四年至一九八七年，彼為PT. Wahana Muda Indonesia(一間建築及工程公司)的副總裁專員。一九八六年至一九九二年，彼為Bank Susila Bhakti的專員。一九八七年至一九九零年，彼出任PT. Permadani Teleconsult Pratama的總裁。一九八七年至二零零四年，彼為PT. Niigata Santana(一間柴油引擎及注塑機製造公司)總裁董事。一九九一年至二零零三年，彼為PT. Bintara Tani Nusantara(一間從事棕油及可可種植的公司)總裁專員。一九九一年至一九九四年，彼為PT. Java Indonusa Motors專員，二零零零年至二零零三年，則為PT. Kodel Margahayu Telindo總裁專員。

# Directors, Senior Management and Audit Committee

## 董事、高級管理層及審核委員會

Mr. Idris is currently a member of the Board of Fund Supporters of Andalas University, Padang, West Sumatera. From 1967 to 1968, he was Member of People's Consultative Assembly of the Republic of Indonesia. From 1987 to 2004, he was a member of Parliament of the Republic of Indonesia. From 1967 to 1968, he was the Treasurer of the Indonesian Chambers of Commerce and Industry. From 1994 to 1998, he was the Vice Chairman of the Supervisory Council Indonesian Chamber of Commerce and Industry. Mr. Idris was the Minister of Manpower of the Republic of Indonesia from 1998 to 1999 and from 2004 to 2005, he was also the Ministry of Industry of the Republic of Indonesia from 2005 to 2009.

### COMPANY SECRETARY

**Mr. Choi Kwok Keung Sanvic**, was appointed as the financial controller and the company secretary of the Company with effect from 3 June 2014. Mr. Choi, aged 49, is a qualified accountant and a fellow member of Hong Kong Institute of Certified Public Accountants. He has extensive experience in financial and auditing field, and has experience in the position of the financial controller and the company secretary in Hong Kong listed company.

### AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 May 2005 in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The primary duties of the audit committee are to review the financial reporting process and internal control procedures of the Group. The audit committee consists of three Independent Non-executive Directors, namely Mr. Wong Chi Keung, Mr. Bai Baohua and Mr. Huang Changhuai. Mr. Wong Chi Keung was elected chairman of the audit committee.

The audit committee's specific terms of reference were posted on the Company's website.

法米先生現時為西蘇門答臘省巴東市安答拉斯大學Board of Fund Supporters的成員。一九六七年至一九六八年，彼為印度尼西亞共和國人民協商會議的成員。一九八七年至二零零四年，彼為印度尼西亞共和國國會的成員。一九六七年至一九六八年，彼為印度尼西亞工商會財務長。一九九四年至一九九八年，彼為印度尼西亞工商會監督委員會副主席。法米先生於一九九八年至一九九九年及二零零四年至二零零五年擔任印度尼西亞共和國人力部部長，亦於二零零五年至二零零九年擔任印度尼西亞共和國工業部部長。

### 公司秘書

**蔡國強先生**於二零一四年六月三日獲委任為本公司之財務總監及公司秘書。蔡先生，49歲，為合資格會計師及香港會計師公會資深會員。蔡先生於財務及審計方面具有豐富經驗，亦曾任職香港上市公司之財務總監及公司秘書。

### 審核委員會

本公司遵照聯交所證券上市規則(「上市規則」)第3.21條，根據於二零零五年五月二日通過之董事決議案成立審核委員會。審核委員會主要負責審議本集團之財務匯報過程及內部監控程序。審核委員會由三名獨立非執行董事組成，分別為黃之強先生、白葆華先生及黃昌淮先生，其中黃之強先生獲選為審核委員會主席。

審核委員會之具體職權範圍刊載於本公司網站內。

# Report of the Directors

## 董事會報告書

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and trading of ore. The Group is principally engaged in the trading of ore and the manufacture and sale of special steel products in the PRC. Details of the principal activities of the subsidiaries are set out in Note 16 to the consolidated financial statements.

### BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in the Chairman's Statement on pages 9 to 10 of this annual report. Description of the possible risks and uncertainties facing by the Group, the Group's performance during the year and the key financial ratios are set out in the Management Discussion and Analysis on pages 12 to 32 of this annual report.

### SEGMENT INFORMATION

The Group's revenue and loss for the year ended 31 December 2016 were primarily derived from manufacture and sale of special steel products to customers. Accordingly, no segmental analysis by business is presented for the year ended 31 December 2016. Geographical information analysis is set out in Note 5 to the consolidated financial statements.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated income statement on page 79.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

董事謹此提呈截至二零一六年十二月三十一日止年度董事會報告書連同本集團經審核綜合財務報表。

### 主要業務

本公司之主要業務為投資控股及礦石貿易。本集團之主要業務為於中國進行礦石貿易以及製造及銷售特鋼產品。附屬公司之主要業務詳情載於綜合財務報表附註16。

### 業務回顧

本集團於年內的業務回顧及本集團未來業務發展的討論載列於本年報第9至10頁的主席報告書。有關本集團面臨的潛在風險及不確定因素、本集團於年內的表現及主要財務比率載於本年報第12至32頁的管理層討論與分析。

### 分部資料

本集團截至二零一六年十二月三十一日止年度之收益及虧損主要來自製造及向客戶銷售特鋼產品。因此，並無呈列截至二零一六年十二月三十一日止年度按業務劃分之分部分分析。按地區劃分之信息載於綜合財務報表附註5。

### 業績及股息

本集團截至二零一六年十二月三十一日止年度之業績載於第79頁之綜合收益表。

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

# Report of the Directors

## 董事會報告書

### ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting (the "AGM") of the Company will be held on Thursday, 22 June 2017.

The register of members of the Company will be closed from Friday, 16 June 2017 to Thursday, 22 June 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 15 June 2017.

### FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is disclosed on pages 4 to 5 of this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

### SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of movements in the Company's share capital, share options and convertible bonds during the year are set out in Notes 28, 30 and 27 to the consolidated financial statements respectively.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016 and up to the latest practicable date prior to the printing of this annual report.

### 股東週年大會及暫停辦理股份過戶登記手續

本公司將於二零一七年六月二十二日(星期四)舉行股東週年大會(「股東週年大會」)。

本公司將由二零一七年六月十六日(星期五)起至二零一七年六月二十二日(星期四)止(包括首尾兩天)暫停辦理股份過戶登記手續,期間任何本公司股份過戶將不予登記。為符合資格出席股東週年大會並於會上投票,所有過戶表格連同有關股票最遲須於二零一七年六月十五日(星期四)下午四時三十分前將送達本公司之香港股份過戶登記處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

### 財務概要

本集團於過去五個財政年度已公佈之業績、資產、負債及非控股權益概要於本年度報告第4頁至第5頁披露。

### 物業、廠房及設備

年內,本集團物業、廠房及設備之變動詳情載於綜合財務報表附註13。

### 股本、購股權及可換股債券

年內,本公司股本、購股權及可換股債券之變動詳情分別載於綜合財務報表附註28、30及27。

### 優先購買權

本公司之章程細則或開曼群島法例均無有關優先購買權之條文規定本公司必須按比例向現有股東發售新股。

### 充足之公眾持股量

本公司於截至二零一六年十二月三十一日止年度全年及直至本年報印刷前的最後實際可行日期保持充足之公眾持股量。

# Report of the Directors

## 董事會報告書

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year.

### EQUITY LINKED AGREEMENTS

Save for convertible bonds and share options granted to directors and employees as disclosed in notes 27 and 30 respectively to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2016.

### RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 36 to the consolidated financial statements and consolidated statement of changes in equity set out on pages 83 to 84, respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves, including the share premium account, available for distribution, calculated in accordance with the provisions of Companies Law (2007 Revision) of the Cayman Islands, amounted to HK\$nil.

Under the laws of the Cayman Islands, the share premium account and contributed surplus are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

The reserves of the Group available for distribution depend on the dividend distributable by the Company's subsidiaries. For dividend purpose, the amount which the Company's subsidiaries in the PRC can legally be distributed by way of a dividend is determined by reference to their profits as reflected in the PRC statutory financial statements which are prepared in accordance with accounting principles generally accepted in the PRC. These profits differ from those that are reflected in the Group's consolidated financial statements prepared in accordance with IFRS.

### 購買、贖回或出售本公司之上市證券

本公司及其任何附屬公司於年內概無購買、贖回或出售本公司任何上市證券。

### 股權掛鈎協議

除綜合財務報表附註27及30分別披露之可換股債券及授予董事及僱員之購股權外，截至二零一六年十二月三十一日止年度本集團概無訂立或存在任何股權掛鈎協議。

### 儲備

本公司及本集團於本年度之儲備變動詳情分別載列於綜合財務報表附註36及第83至84頁之綜合權益變動表。

### 可供分派儲備

於二零一六年十二月三十一日，本公司根據開曼群島公司法(二零零七年修訂本)條文計算之可供分派儲備(包括股份溢價賬)為零港元。

根據開曼群島法例，股份溢價賬及實繳盈餘可供分派予本公司股東，惟前提是緊隨建議分派股息當日，本公司將可於正常業務過程中償還到期債項。股份溢價賬亦可以繳足紅股方式分派。

本集團可供分派儲備須視乎本公司附屬公司之可供分派股息而定。就股息而言，本公司中國附屬公司可合法以股息分派之金額，乃經參考其根據中國公認會計原則編製之中國法定財務報表所載之溢利而釐定。該等溢利與本集團根據國際財務報告準則編製之綜合財務報表所載之溢利有所不同。

# Report of the Directors

## 董事會報告書

### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers and to the largest customer accounted for 59% and 21% of the total sales for the year respectively. Purchases from the Group's five largest suppliers and from the largest supplier accounted for 30% and 8% of the total purchases for the year respectively.

Apart from the information as disclosed in the paragraphs headed "CONNECTED TRANSACTIONS" and "DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS" in the Report of the Directors, none of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest suppliers or customers.

### DIRECTORS

The Directors during the year and as at the date of the report were:

#### Executive Directors

Mr. Dong Shutong (*Chairman and Chief Executive Officer*)

Mr. Dong Chengzhe (*Deputy Chief Executive Officer*)

Mr. Wang Ping (*Deputy Chief Executive Officer*)

Mr. Song Wenzhou

Mr. Yang Fei

#### Non-executive Director

Mr. Yang Tianjun

#### Independent Non-executive Directors

Mr. Bai Baohua

Mr. Huang Changhuai

Mr. Wong Chi Keung

Mr. Fahmi Idris

Pursuant to article 87 of the Company's article of association, Mr. Dong Chengzhe, Mr. Yang Tianjun, Mr. Huang Changhuai and Mr. Wong Chi Keung, will retire as Directors by rotation at the forthcoming annual general meeting of the Company. All retiring Directors, being eligible for re-election, will offer themselves for re-election at the forthcoming annual general meeting. The Company has received annual confirmation of independence from Mr. Bai Baohua, Mr. Huang Changhuai, Mr. Wong Chi Keung and Mr. Fahmi Idris and considers them to be independent.

### 主要客戶及供應商

於回顧年度內，本集團向五大客戶及最大客戶之銷售額分別佔本年度總銷售額之59%及21%。本集團向五大供應商及最大供應商之採購額分別佔本年度總採購額之30%及8%。

除了於董事會報告書中「關連交易」及「董事於交易、安排或合約之權益」兩段所披露之資料外，董事或彼等之任何聯繫人或本公司任何股東（就董事所深知，擁有本公司已發行股本5%以上）概無於本集團五大供應商或客戶中擁有任何實益權益。

### 董事

於本年度及於本報告日期之董事為：

#### 執行董事

董書通先生(主席兼總裁)

董鍼喆先生(副總裁)

王平先生(副總裁)

宋文州先生

楊飛先生

#### 非執行董事

楊天鈞先生

#### 獨立非執行董事

白葆華先生

黃昌淮先生

黃之強先生

法米先生

根據本公司章程細則第87條，董鍼喆先生、楊天鈞先生、黃昌淮先生及黃之強先生須於本公司應屆股東週年大會輪流退任董事職務。所有合資格重選之退任董事均願意於應屆股東週年大會膺選連任。本公司已收到白葆華先生、黃昌淮先生、黃之強先生及法米先生之年度確認書以確認其獨立性，本公司視彼等為獨立人士。

# Report of the Directors

## 董事會報告書

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and Senior Management are set out on pages 33 to 40 of this annual report.

### DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

### DIRECTORS' REMUNERATION

The remuneration of the Directors is determined by the Remuneration Committee with reference to the Directors' duties, responsibilities and performance and the results of the Group.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 5 March 2007, SEAM, an indirect wholly owned subsidiary of the Company, entered into the EOA with Yiwan, a limited company incorporated in Indonesia and substantially owned by Mr. Soen Bin Kuan, who at 31 December 2016 and the date of this report holds more than 5% of the issued share capital of the Company. Pursuant to the EOA, Yiwan agreed to exclusively sell and SEAM agreed to buy the iron ores produced by Yiwan at a fixed price of US\$16 per dry tonne, for a minimum 40 million dry tonnes of iron ores throughout a period of approximately 14 years expiring on 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. Pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the export approval to Yiwan, the export price of iron ore was changed to US\$23.5 commencing from 1 July 2012. By virtue of the convertible bonds issued by Yiwan to S.E.A. Mining Limited which is indirectly substantially owned by Mr. Dong Shutong, Executive Director and Chairman of the Board, Mr. Dong has an indirect interest in the EOA. Further details of the transaction undertaken in connection therewith are included in Note 15 to the consolidated financial statements.

Save for contracts amongst group companies and the aforementioned transaction and in the paragraph headed "CONNECTED TRANSACTIONS" as set out on page 51 of this annual report, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 董事及高級管理層之簡歷

董事及高級管理層之簡歷詳情載於本年度報告第33頁至第40頁。

### 董事之服務合約

擬於應屆股東週年大會重選之董事與本公司概無訂立本公司在一年內不可在不予賠償(法定賠償除外)的情況下終止之服務合約。

### 董事酬金

董事之酬金乃由薪酬委員會經參考董事之職責、責任及表現以及本集團之業績而釐定。

### 董事於交易、安排或合約之權益

於二零零七年三月五日，本公司間接全資附屬公司南洋礦業與Yiwan(於印尼註冊成立之有限公司，主要由李民權先生擁有，其於二零一六年十二月三十一日及本報告日期持有本公司已發行股本超過5%)訂立獨家採購協議。根據獨家採購協議，Yiwan同意獨家出售而南洋礦業同意購買Yiwan生產之鐵礦石，協定之固定價格為每乾公噸16美元，於二零二一年一月二十四日屆滿之整個約14年期間須購買最少40百萬乾公噸鐵礦石。其後，獨家採購權期限經附加協議延長至二零三六年一月二十四日。根據煤礦務部長於二零一二年六月二十五日向授與Yiwan出口批准的商務部長發出的推薦函件，鐵礦石的出口價自二零一二年七月一日起更改為23.5美元。由於Yiwan發行可換股債券予南洋礦產有限公司，而執行董事兼董事會主席董書通先生為這家公司之間接大股東，故此董先生於獨家採購協議擁有間接權益。有關所進行交易之其他詳情載於綜合財務報表附註15。

除集團公司間合約及上述交易及本年報第51頁所載「關連交易」一段外，於年底或年內任何時間，概無本公司董事於本公司或其任何附屬公司所訂立的任何其他重大交易、安排及合約中直接或間接擁有重大權益。

# Report of the Directors

## 董事會報告書

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

As at 31 December 2016, the interests and short positions of the Directors in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the shares of the Company as at 31 December 2016:

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

Note: As at 31 December 2016, 1,441,042,410 shares and 24,856,000 shares were held by Easyman and Sino Regent Worldwide Limited ("Sino Regent"), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficially interested in such Shares by virtue of the SFO.

### 董事於股份、相關股份及債權證之權益及淡倉

於二零一六年十二月三十一日，董事於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份(就根據股權衍生工具持有的持倉而言)及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉(包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉)；或(b)根據證券及期貨條例第352條規定須列入該條例所述登記冊之權益及淡倉；或(c)根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下：

#### (i) 於二零一六年十二月三十一日於本公司股份之好倉：

附註：於二零一六年十二月三十一日，Easyman及Sino Regent Worldwide Limited(「Sino Regent」)分別持有1,441,042,410股及24,856,000股股份。由於Easyman及Sino Regent各自的全部已發行股本均由董先生所持有，根據證券及期貨條例，董先生被視為於該等股份中擁有實益權益。



# Report of the Directors

## 董事會報告書

(ii) Long positions in the underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 31 December 2016:

(ii) 於二零一六年十二月三十一日於本公司相關股份(就根據股權衍生工具持有的持倉而言)之好倉：

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

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

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

# Report of the Directors

## 董事會報告書

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

As at 31 December 2016, shareholders (other than the interest disclosed above in respect of the Director who is also a substantial shareholder of the Company) who had interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 31 December 2016:

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

於二零一六年十二月三十一日，股東(不包括上文披露同時為本公司主要股東之董事所涉權益)於本公司股份及相關股份(就根據股權衍生工具持有的持倉而言)中，擁有根據證券及期貨條例第XV部第2及第3分部之規定已向本公司披露、或記錄於本公司根據證券及期貨條例第336條規定須存置之登記冊內之權益及淡倉如下：

於二零一六年十二月三十一日於本公司股份及相關股份(就根據股權衍生工具持有的持倉而言)之好倉：

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

Notes:

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

附註：

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

# Report of the Directors

## 董事會報告書

Save as disclosed above, so far as was known to the Directors, there was no other person who, as at 31 December 2016, had an interest or short position in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued voting shares of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### SHARE OPTION SCHEME

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

除上文所披露者外，就董事迄今所知，於二零一六年十二月三十一日，概無其他人士於本公司之股份、相關股份（就根據股權衍生工具持有的持倉而言）或債券證中，擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉，或直接或間接於本公司已發行的具投票權股份中擁有5%或以上的實益權益，或直接或間接擁有附有任何情況下於本集團的任何成員公司的股東大會上投票權利的任何類別股本面值10%或以上權益。

### 購股權計劃

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

# Report of the Directors

## 董事會報告書

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

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

		No. of share options 購股權數目				Price of Company's shares at exercise date of options (note 2)		
		Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2016	Exercise price of share options (note 1)	本公司股份 於購股權 行使日的股價 (附註2)
		於二零一六年 一月一日 尚未行使	於期內授出	於期內行使	於期內失效	於二零一六年 十二月三十一日 尚未行使	購股權之 行使價 (附註1)	行使日的股價 (附註2)
							HKS 港元	HKS 港元
<b>Directors</b>	<b>董事</b>							
Mr. Dong Chengzhe	董誠喆先生	1,275,000	-	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Mr. Song Wenzhou	宋文州先生	1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Mr. Yang Fei	楊飛先生	1,275,000	-	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	-	1,500,000	0.63	N/A 不適用
Sub-total for number of share options to Directors	授予董事之購股權 數目小計	<b>7,050,000</b>	-	-	-	<b>7,050,000</b>	-	-
<b>Other employees</b>	<b>其他僱員</b>	7,195,000	-	-	(310,000)	6,885,000	2.45	N/A 不適用
		26,300,000	-	-	(1,700,000)	24,600,000	0.63	N/A 不適用
Sub-total for number of share options to other employees	授予其他僱員之 購股權數目小計	<b>33,495,000</b>	-	-	<b>(2,010,000)</b>	<b>31,485,000</b>		
<b>Total</b>	<b>總計</b>	<b>40,545,000</b>	-	-	<b>(2,010,000)</b>	<b>38,535,000</b>		

Notes:

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

附註：

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

# Report of the Directors

## 董事會報告書

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the Share Option Scheme as set out in Note 30 to the consolidated financial statements, at no time during the year ended 31 December 2016 was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### CONNECTED TRANSACTIONS

Pursuant to the extraordinary general meetings of the Company held on 28 January 2010 and 22 June 2012, the Company's independent shareholders approved the continuing connected transactions in relation to the exclusive ores purchase from Yiwang. According to the EOA and supplemental agreements entered into between Yiwang and SEAM in connection with the purchasing of ore, Yiwang agreed to supply ore to the Group until 24 January 2036. According to the EOA and supplemental agreements, the prices for these continuing connected transactions would be US\$16 per dry tonne and subsequently adjusted to the new export price ("New Export Price") pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce of Indonesia. Pursuant to the terms of the EOA, SEAM and Yiwang may agree to alter the purchase price if being directed by the relevant governmental authorities. Since the New Export Price is a price directed by the relevant governmental authorities of Indonesia, SEAM and Yiwang have agreed to adopt the New Export Price as the ore purchase price commencing from 1 July 2012 under the EOA. These transactions will be entered into in usual and ordinary course of business of the Group and the annual cap for these transactions for the years ended 31 December 2012, 2013 and 2014 will not exceed HK\$998.4 million, HK\$1,248 million and HK\$1,248 million, respectively. After the Export Ban, the Group did not purchase any ore from Yiwang during the year ended 31 December 2016.

Save as disclosed in this annual report, none of the related party transactions constitutes a continuing connected transactions or connected transaction as defined under the Listing Rules.

### 董事收購股份或債權證之權利

除綜合財務報表附註30所載的購股權計劃一段中所披露者外，於截至二零一六年十二月三十一日止年度內任何時間，本公司、其控股公司或其任何附屬公司及同系附屬公司並無訂立任何安排，使董事可藉收購本公司或任何其他法團公司之股份或債權證而獲利。

### 關連交易

根據本公司於二零一零年一月二十八日及二零一二年六月二十二日舉行之股東特別大會，本公司獨立股東批准有關向Yiwang獨家採購礦石之持續關連交易。根據Yiwang與南洋礦業所訂立有關採購礦石之獨家採購協議及附加協議，Yiwang同意供應礦石予本集團直至二零三六年一月二十四日。根據獨家採購協議及附加協議，該等持續關連交易之價格將為每乾公噸16美元，其後並根據煤礦務部長於二零一二年六月二十五日向商務部長發出的推薦函件調整至新出口價（「新出口價」）。根據獨家採購協議之條款，南洋礦業Yiwang可按有關政府當局指示更改採購價。由於新出口價為印尼有關政府當局指定的價格，南洋礦業與Yiwang已同意於二零一二年七月一日開始採納新出口價作為獨家採購協議下的礦石採購價。該等交易將於本集團之日常及一般業務過程中訂立，而該等交易於截至二零一二年、二零一三年及二零一四年十二月三十一日止年度之年度上限分別不超過998.4百萬港元、1,248百萬港元及1,248百萬港元。出口禁運實施後，本集團於截至二零一六年十二月三十一日止年度並無向Yiwang購買任何礦石。

除本年報所披露者外，概無關連方交易構成上市規則項下所界定的持續關連交易或關連交易。

# Report of the Directors

## 董事會報告書

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

### PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising from corporate activities. The permitted indemnity provision is in force for the benefit of the Directors and officers throughout the year and remained in force up to the date of this report.

### EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 37 to the consolidated financial statements.

### AUDIT COMMITTEE

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

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

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements for the year ended 31 December 2016.

### REMUNERATION COMMITTEE

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

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

### 董事於競爭業務之權益

年內，概無董事直接或間接於與本集團業務競爭或可能競爭之業務中擁有任何權益。

### 獲准許彌償條文

本公司已就其董事及高級職員可能面對因企業活動產生之法律訴訟，就董事及高級職員之責任作出適當之保險安排。以董事及高級職員為受益人之獲准許彌償條文已於年內實施並於直至本報告日期仍然生效。

### 報告期後事項

本集團報告期後重大事項之詳情載於綜合財務報表附註37。

### 審核委員會

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

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

審核委員會已與管理層審閱本集團所採納之會計準則及慣例，並討論核數、內部監控及財務匯報事項，包括審閱截至二零一六年十二月三十一日止年度之財務報表。

### 薪酬委員會

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

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

# Report of the Directors

## 董事會報告書

### NOMINATION COMMITTEE

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

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

### EMPLOYEES REMUNERATION POLICY

As at 31 December 2016, the Group had approximately 1,100 employees, of whom 30 were management personnel. The remuneration policy of the Group to reward its employees and Executive Directors is based on their performance, qualifications, competence displayed, market comparable and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, discretionary bonus, other fringe benefits and the Group's contribution to retirement benefits schemes. The remuneration of Executive Directors/senior management are determined by the Remuneration Committee which will review them regularly.

### AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retires and being eligible, offers themselves for re-appointment.

ON BEHALF OF THE BOARD

**Dong Shutong**  
*Chairman and Chief Executive Officer*

30 March 2017

### 提名委員會

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

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

### 僱員薪酬政策

於二零一六年十二月三十一日，本集團約有1,100名僱員，其中30名為管理層人員。本集團回報僱員及執行董事的薪酬政策乃根據其表現、資歷、所示才能、市場水平及本集團表現而釐定。薪酬待遇一般包括薪金、房屋津貼、酌情花紅、其他額外利益以及本集團對退休福利計劃的供款。執行董事／高級管理人員的薪酬由薪酬委員會釐定及定期檢討。

### 核數師

本財務報表經由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將退任，並合資格且願意受聘連任。

代表董事會

**主席及總裁**  
**董書通**

二零一七年三月三十日

# Corporate Governance Report

## 企業管治報告

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the code provisions of the CG Code throughout the year ended 31 December 2016 except for code provisions A.1.1, A.2.1 and A.4.1, details of which are disclosed below. Save for deviation from code provisions A.1.1, A.2.1 and A.4.1, in the opinion of the Board, the Company has been in compliance with the CG Code in all material respects.

#### (A) THE BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board. The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. Currently, the Board comprises 10 Directors, including 5 Executive Directors, 1 Non-executive Director and 4 Independent Non-executive Directors:

##### Executive Directors

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

##### Non-executive Director

Mr. Yang Tianjun

##### Independent Non-executive Directors

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

本公司認同達到高水準企業管治之價值及重要性，其有助於提升企業表現、透明度及問責程度以獲得股東及公眾的信心。董事會致力遵守企業管治之原則並採納合理之企業管治常規以符合法律及商業標準，其專注的範圍包括內部監控、公平披露及對全體股東負責。

#### 遵守企業管治守則

截至二零一六年十二月三十一日止整個年度，本公司一直應用企業管治守則之原則並遵守企業管治守則之守則條文，惟守則條文第A.1.1、A.2.1及A.4.1條除外，詳情如下。除偏離守則條文第A.1.1、A.2.1及A.4.1條之外，董事會認為，本公司在各重大方面一直遵守企業管治守則。

#### (A) 董事會

董事會全權負責本公司經營業務的整體管理。董事會負責監察本公司所有主要事項，包括制定及批准所有政策事宜、整體策略、內部監控及風險管理系統，以及監督高級管理層的表現。董事就本公司的利益作出客觀的決定。董事會現時共有十名董事，五名為執行董事、一名為非執行董事，四名為獨立非執行董事：

##### 執行董事

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

##### 非執行董事

楊天鈞先生

##### 獨立非執行董事

白葆華先生  
黃昌淮先生  
黃之強先生  
法米先生



# Corporate Governance Report

## 企業管治報告

Their biographical details and relationships (some of the Directors are related to each other) are set out in the section entitled "Directors, Senior Management and Audit Committee" in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the Executive Directors, senior management and certain specific responsibilities to the Board committees.

### Composition and Appointment

As at 31 December 2016, the Board comprises 10 Directors, including 5 Executive Directors, 1 Non-executive Director and 4 Independent Non-executive Directors.

The Company has complied with Rules 3.10(1) and (2) of the Listing Rules of having three Independent Non-executive Directors and one of the Independent Non-executive Directors possesses the requisite appropriate professional qualifications. The Board confirmed that the independence and eligibility of the Independent Non-executive Directors are in compliance with the relevant requirements of the Listing Rules.

Save that Mr. Dong Shutong and Mr. Dong Chengzhe are father and son, the Directors confirmed that there was no connection amongst the Directors that should be disclosed relating to finance, business, relation or other significant events or relevant matters.

The Board has effectively overseen and monitored the activities of the Company and the decisions were made in the best interests of the Company. During the year, the Board convened a total of 9 meetings, performing its duties in considering, inter alia, discloseable transactions and financial and other matters under the provisions of the articles of association of the Company. If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

董事的簡歷詳情及關係(若干董事與其他董事有關)載於本年度報告「董事、高級管理層及審核委員會」一節。

董事會授予執行董事及高級管理層權力及責任以執行本集團業務之日常營運、業務策略及管理；董事會亦授予董事委員會若干特定的責任。

### 組成及委任

於二零一六年十二月三十一日，董事會由十名董事組成，包括五名執行董事、一名非執行董事及四名獨立非執行董事。

本公司一直遵守上市規則第3.10(1)及(2)條規定要擁有一名獨立非執行董事，而其中一名獨立非執行董事須具備所需適當專業資格。董事會確認，獨立非執行董事之獨立性及任職資格符合上市規則有關規定。

董事確認，除董書通先生與董鉞喆先生為父子關係外，董事之間概無任何有關財務、業務、關係或其他重大事項或相關事宜之聯繫須予披露。

董事會有效地監察及監控本公司業務，所作決定亦符合本公司最佳利益。年內，董事會共召開九次會議，以履行其考慮(其中包括)本公司之須予披露交易以及章程細則條文所規定之財務及其他事項之職責。倘一名董事於董事會將考慮的交易或建議中有利益衝突，該名人士須申報有關利益並放棄投票。有關事宜會於交易中無重大權益的董事出席的董事會會議上考慮。

# Corporate Governance Report

## 企業管治報告

During the year, 9 Board meetings, 2 of which were regular meetings, were held and the attendance of each Director is set out as follows:

年內，董事會召開九次會議，其中兩次為例會，各董事出席會議之情況載列如下：

Name of Directors 董事姓名	Times of attendance/ No. of meetings held during the tenure of directorship 出席次數／任職董事期間 會議次數	Title 職銜
Dong Shutong 董書通	8/9	Chairman, Executive Director, Chief Executive Officer 主席、執行董事、總裁
Dong Chengzhe 董鉞喆	2/9	Executive Director, Deputy Chief Executive Officer 執行董事、副總裁
Wang Ping 王平	2/9	Executive Director, Deputy Chief Executive Officer 執行董事、副總裁
Song Wenzhou 宋文州	2/9	Executive Director 執行董事
Yang Fei 楊飛	9/9	Executive Director 執行董事
Yang Tianjun 楊天鈞	0/9	Non-executive Director 非執行董事
Bai Baohua 白葆華	0/9	Independent Non-executive Director 獨立非執行董事
Huang Changhuai 黃昌淮	2/9	Independent Non-executive Director 獨立非執行董事
Wong Chi Keung 黃之強	2/9	Independent Non-executive Director 獨立非執行董事
Fahmi Idris 法米	0/9	Independent Non-executive Director 獨立非執行董事

# Corporate Governance Report

## 企業管治報告

Only 2 regular Board meetings were held as the Company does not announce its quarterly results and hence not consider the holding of quarterly meetings as necessary. This constitutes a deviation from Code Provision A.1.1.

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

### Chairman and Chief Executive

The Executive Director, Mr. Dong Shutong, served as the chairman and chief executive of the Company. The chairman is responsible for overseeing the Company's operations in respect of compliance with both internal rules and statutory requirements, and promoting the corporate governance of the Company. The Company did not appoint another individual to act as the chief executive for the year ended 31 December 2016 and up to the date of this report. This constitutes a deviation from code provision A.2.1. The Board believes that it is in the best interests of the Company and the shareholders as a whole since Mr. Dong Shutong is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board.

Important decision-making and the day-to-day management of the Company are carried out by all of the Executive Directors. Although the roles of the chairman and the chief executive of the Company are not segregated, the functions of the chief executive were carried out by all of the Executive Directors collectively.

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

本公司僅舉行兩次董事會例會，原因是本公司並無公佈其季度業績，故此不考慮按需要舉行季度會議。此舉偏離了守則條文第A.1.1條。

根據守則條文第A.4.1條，非執行董事之委任應有特定任期。除獨立非執行董事法米先生任期為三年外，非執行董事楊天鈞先生及其餘獨立非執行董事（包括白葆華先生、黃昌淮先生及黃之強先生）均無特定任期。此舉偏離守則條文第A.4.1條。然而，根據本公司之章程細則，於每屆股東週年大會，當時三分之一之董事須輪流退任，而須輪流退任之董事須為上一次重選或委任後任期最長之董事。因此，本公司認為已採取足夠措施確保本公司之企業管治常規在此方面與守則所規定者一致。

### 主席及首席執行官

執行董事董書通先生乃本公司主席兼首席執行官。主席負責監督本公司營運遵守內部規則以及法定要求，以及加強本公司企業管治。本公司於截至二零一六年十二月三十一日止年度及直至本報告日期並無委任其他人士擔任首席執行官，此舉偏離守則條文第A.2.1條。董事會相信，董書通先生對本集團業務認識深厚及具備所需領導才能領導董事會進行討論，故此舉符合本公司及股東之整體最佳利益。

本公司之重要決策及日常管理由全體執行董事執行。儘管本公司之主席及首席執行官並無分開，但首席執行官之職能由全體執行董事共同執行。

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

# Corporate Governance Report

## 企業管治報告

### Independent Non-executive Directors

Independent Non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. All Independent Non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The Board also considers that Independent Non-executive Directors can provide independent advice on the Company's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

The Company has received annual confirmations of independence from each of the existing Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the Independent Non-executive Directors are independent in accordance with the Listing Rules.

### Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

During the period from 1 January 2016 to 31 December 2016, the Directors have attended seminars and/or conferences and/or forums relating to directors' duties and/or read newspapers, journals and updates relating to the economy, general business or directors' duties etc.

### Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

### 獨立非執行董事

獨立非執行董事憑藉其獨立判斷於董事會擔當重要角色，其意見對董事會的決定舉足輕重。尤其是獨立非執行董事能為本公司策略、表現及監控事宜帶來公正的觀點。所有獨立非執行董事均擁有豐富的學術、專業及行業知識以及管理經驗，並提供專業意見予董事會。董事會亦認為獨立非執行董事能就本公司之業務策略、業績及管理提供獨立建議，故能顧及股東的所有利益，且本公司及其股東的利益亦能受到保障。

根據上市規則第3.13條，本公司已收到現有每名獨立非執行董事就其獨立性而作出的年度確認函。本公司認為全體獨立非執行董事之獨立性均符合上市規則。

### 董事之培訓及支援

董事須時刻了解其集體責任。每位新獲委任的董事將收到一份涵蓋本集團業務及上市公司董事之法律及監管責任的就職資料。本集團亦提供簡介會及其他培訓以發展及更新董事的知識及技術。本集團持續提供有關上市規則及其他適用監管規則的最新發展予董事，確保董事遵守有關規則及提高董事對良好企業管治常規的意識。於適當情況下，本集團亦向董事及高級管理層發出通函或指引，確保他們了解最佳企業管治常規。

於二零一六年一月一日至二零一六年十二月三十一日期間，董事已出席有關董事職責之研討會及／或會議及／或論壇及／或閱讀有關經濟、通用商務或董事職責等的報章、期刊及最新資訊。

### 董事及高級職員之保險

本公司已就董事及高級職員可能面對的法律行動購買適當之保險。

# Corporate Governance Report

## 企業管治報告

### Model Code

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

### Board Committees

The Board has established audit committee, remuneration committee and nomination committee (collectively “Board Committees”) with defined terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses.

### Audit Committee

The audit committee comprises three Independent Non-executive Directors, and Mr. Wong Chi Keung serves as the chairman of the audit committee. During the year, the audit committee held 2 meetings on 30 March 2016 and 29 August 2016. All committee members attended the meetings.

During the year, the audit committee had performed the following work:

- (1) reviewed the financial reports for the year ended 31 December 2015 and for the six months ended 30 June 2016;
- (2) reviewed the effectiveness of internal control system;
- (3) reviewed the external auditor’s statutory audit plan and engagement letter;
- (4) reviewed the management letter from the external auditor in relation to the audit of the Group for the year ended 31 December 2015;
- (5) reviewed and recommended for approval by the Board the 2016 audit scope and fees; and
- (6) discussed the reappointment of external auditor.

### 標準守則

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

### 董事委員會

董事會已成立審核委員會、薪酬委員會及提名委員會(合稱「董事委員會」)，各有特定職權範圍。董事委員會之職權範圍載於本公司及聯交所網站內。董事委員會獲提供充足資源以履行其職責；以及遇上合理要求時，可在適合情況下尋求獨立專業意見，有關費用由本公司支付。

### 審核委員會

審核委員會包括三名獨立非執行董事，由黃之強先生出任審核委員會主席。年內，審核委員會於二零一六年三月三十日及二零一六年八月二十九日舉行兩次會議。所有委員會成員均有出席該等會議。

年內，審核委員會已完成下列工作：

- (1) 審閱截至二零一五年十二月三十一日止年度及截至二零一六年六月三十日止六個月之財務報告；
- (2) 檢討內部監控系統之有效性；
- (3) 審閱外聘核數師之法定審核計劃及委聘書；
- (4) 審閱外聘核數師有關本集團截至二零一五年十二月三十一日止年度審核情況之管理層函件；
- (5) 審閱並建議董事會批准二零一六年審核範圍及費用；及
- (6) 討論續聘外聘核數師。

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Responsibilities of the audit committee include:

- (1) reviewing the financial reporting process, internal control system and the completeness of financial reports of the Company;
- (2) to be in charge of the appointment of external auditor, auditing expenses and any matters regarding the resignation or dismissal of the external auditor;
- (3) to review the independence of the external auditor;
- (4) to discuss with the external auditor on the nature and scope of audit prior to the commencement of the auditing procedures;
- (5) to review the interim and annual financial statements. The audit committee has reviewed the auditing performance, the internal controls and the audited financial statements of the Company; and
- (6) to discuss the reappointment of external auditor.

### Remuneration Committee

The remuneration committee of the Company was established on 10 April 2006 and comprises 1 Executive Director and 3 Independent Non-executive Directors. The members of the remuneration committee are: Mr. Dong Shutong, Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung. Mr. Huang Changhuai serves as the chairman of the remuneration committee. During the year, the remuneration committee held 1 meeting on 30 March 2016. All committee members attended the meeting to review the performance and incentives of Executive Directors and terms of employment of the management staff within the Group in 2016.

Responsibilities of the remuneration committee include:

- (1) to make recommendation to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

審核委員會之職責包括：

- (1) 審閱本公司財務申報程序、內部監控系統及財務報告之完整性；
- (2) 負責處理外聘核數師之委聘、審核費用及有關外聘核數師辭任或罷免等事宜；
- (3) 審核外聘核數師之獨立性；
- (4) 展開核數程序前與外聘核數師討論核數之性質及範疇；
- (5) 審閱中期及年度財務報表。審核委員會已審閱本公司之審核表現、內部監控及經審核財務報表；及
- (6) 討論續聘外聘核數師。

### 薪酬委員會

本公司之薪酬委員會於二零零六年四月十日成立，包括一名執行董事及三名獨立非執行董事。薪酬委員會成員包括：董書通先生、白葆華先生、黃昌淮先生及黃之強先生。黃昌淮先生擔任薪酬委員會的主席。年內，薪酬委員會於二零一六年三月三十日舉行一次會議。所有委員會成員均出席會議，以審閱二零一六年執行董事的表現與獎勵，以及本集團管理人員的僱傭條款。

薪酬委員會之職責包括：

- (1) 就本公司全體董事及高級管理層薪酬之政策及架構，以及設立制定該等薪酬政策之正式及透明程序，向董事會提出推薦建議；

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- (2) to have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Non-executive Directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- (3) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (4) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment;
- (5) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct; and
- (6) to ensure that no Director is involved in deciding his own remuneration.

### Nomination Committee

The nomination committee was established on 30 December 2011 and is chaired by Mr. Dong Shutong, an Executive Director. Other members of the Committee are Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung, who are Independent Non-executive Directors.

The nomination committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The committee develops selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The committee also reviews the size, structure and composition of the Board and assesses the independence of Independent Non-executive Directors.

During the year, the remuneration committee held 1 meeting on 30 March 2016. All committee members attended the meeting to review the structure and composition of the Board and independence of the Independent Non-executive Directors.

- (2) 獲授權負責釐定全體執行董事及高級管理層具體薪酬組合，包括實物利益、退休金權利及補償付款（包括任何失去或終止其職位或委任之應付補償），並就非執行董事之薪酬向董事會作出建議。薪酬委員會應考慮可資比較公司支付之薪金、董事服務時間及責任、本集團其他受僱用情況以及與表現掛鈎之薪酬是否可取等因素；
- (3) 參考董事會不時議決之企業目標及目的，審閱及批准與表現掛鈎之薪酬；
- (4) 檢討及批准就失去或終止其職位或委任而應付執行董事及高級管理層之補償；
- (5) 檢討及批准有關董事因行為失當而遭免職或罷免之補償安排；及
- (6) 確保概無董事參與訂定自己的薪酬。

### 提名委員會

提名委員會於二零一一年十二月三十日成立，由執行董事董書通先生擔任主席。委員會其他成員為獨立非執行董事白葆華先生、黃昌淮先生及黃之強先生。

提名委員會負責就董事之提名及委任與董事會接任制定政策及向董事會提出建議。委員會建立物色人選之程序，並考慮不同的衡量標準，包括合適的專業知識及行業經驗，並在有需要的情況下諮詢外部招聘專家。委員會亦會檢討董事會之規模、架構及組成以及評核獨立非執行董事的獨立性。

年內，薪酬委員會於二零一六年三月三十日舉行一次會議。所有委員會成員均出席會議，以檢討董事會的架構和組成及獨立非執行董事的獨立性。

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### Company Secretary

Mr. Choi Kwok Keung Sanvic, the Company Secretary of the Company, is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. During the financial year, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

The biographical details of Mr. Choi are set out on in the section entitled "Directors, Senior Management and Audit Committee" in this annual report.

## (B) FINANCIAL REPORTING

### Directors' and Auditor's Responsibilities For the Financial Statements

The Directors acknowledge their responsibility for the preparation of consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. The statement of the external auditor about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 73 to 78 of this annual report.

#### (i) Going Concern and Mitigation Measures

During the year ended 31 December 2016, the Group incurred a net loss of HK\$646,678,000 and had a net operating cash outflow of HK\$312,624,000. As at 31 December 2016, the Group had a shareholders' deficit of HK\$262,457,000 and net current liabilities of HK\$3,253,341,000 and the Group's total borrowings amounted to HK\$2,379,717,000 which comprised bank and other borrowings, convertible bonds and notes payables of HK\$2,331,498,000, HK\$46,775,000 and HK\$1,444,000, respectively as at 31 December 2016. Cash and cash equivalents of the Group amounted to HK\$20,143,000 as at 31 December 2016. In addition, the Company and a subsidiary are parties to various legal claims as detailed in Note 31 to the consolidated financial statements.

### 公司秘書

蔡國強先生為本公司的公司秘書，為本公司的全職僱員，了解本公司的日常事務。於財政年度內，公司秘書已妥為遵守上市規則第3.29條下相關專業培訓之規定。

蔡先生之簡歷詳情載於本年度報告「董事、高級管理層及審核委員會」一節。

## (B) 財務報告

### 董事及核數師有關財務報表之責任

董事了解彼等編製真實公平地反映本集團財務狀況之綜合財務報表之責任。於編製真實公平之綜合財務報表時，必須選擇並貫徹採用合適之會計政策。外聘核數師關於綜合財務報表之呈報責任聲明載於本年度報告第73頁至第78頁之獨立核數師報告書。

#### (i) 持續經營及改善措施

截至二零一六年十二月三十一日止年度，本集團產生646,678,000港元虧損淨額，並有經營現金流出淨額312,624,000港元。於二零一六年十二月三十一日，本集團有股東虧絀262,457,000港元，流動負債淨額3,253,341,000港元，而本集團於二零一六年十二月三十一日之總借貸為2,379,717,000港元，包括銀行貸款及其他借貸、可換股債券及應付票據，分別為2,331,498,000港元、46,775,000港元及1,444,000港元。本集團於二零一六年十二月三十一日的現金及現金等值物為20,143,000港元。此外，本公司及一間附屬公司涉及多項法律索償事件（詳情載於綜合財務報表附註31）。



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These conditions together with others described in Note 2.1(a) to the consolidated financial statements, have indicated the existence of material uncertainties which might cast significant doubt on the Group's ability to continue as a going concern and therefore it might not be able to realise its assets and discharge its liabilities in the normal course of business.

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

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

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");
- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong ("SFC") in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

此等狀況連同綜合財務報表附註2.1(a)所述的其他事宜顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，因此本集團或無法在正常業務過程中將其資產變現及償還其負債。

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

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

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易（定義見下文）；
- 香港證券及期貨事務監察委員會（「證監會」）就認購方及其一致行動人士的任何責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

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- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the “Special Deal”);
  - approval of resumption of trading of the Company’s shares, and listing of the Subscription Shares from the Stock Exchange; and
  - completion of a debt restructuring by the Company by way of the “Schemes” (note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things:
    - (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%;
    - (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds;
    - (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and
    - (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.
- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
  - 聯交所批准本公司股份恢復買賣及認購股份上市；及
  - 本公司以「計劃」（附註）方式完成債務重組（「債務重組建議」）。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：
    - (i) 削減及註銷債券的未償還本金額至少 80%；
    - (ii) 削減及註銷債券所有未償還應計利息；
    - (iii) 解除及免除就 12% 票面息優先債券及 8% 票面息可換股債券提供的所有抵押品；及
    - (iv) 削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少 80%。

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

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

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

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

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

Note:

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

- (2) In relation to the secured bank loan of HK\$93,907,000 which contains a repayable on demand clause, the Group is actively negotiating with the bank for the waiver of the relevant clause.
- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$556,859,000 and HK\$396,496,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements.

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

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

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

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

- (2) 就為93,907,000港元的有抵押銀行貸款（載有按要求償還條款）而言，本集團正積極就豁免相關條款與銀行磋商。
- (3) 就分別為556,859,000港元及396,496,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定與各銀行磋商。

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

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group (“Financing Loans”), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

As at 31 December 2016, the outstanding Financing Loans amounted to approximately RMB400 million (equivalent to HK\$447,176,000), all of these Financing Loans were overdue for repayments. Up to the date of this annual report, the Group has not received any letter from these lenders demanding for repayment of these loans. Management is currently negotiating with the relevant parties to formally extend the repayments of these loans to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for both parties, the proposed disposal will be completed and the Group will be able to offset all these borrowings against the disposal consideration.

- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計約為150百萬美元（約1,170百萬港元）。截至本年報日期，建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境劇變，故此商討條款及條件細節所耗時間較預期長。

就此項建議出售事項而言，北京匯贏為本集團安排若干貸款融資（「融資貸款」），倘建議出售得以完成，融資貸款可藉抵銷出售代價支付。

於二零一六年十二月三十一日，未償還融資貸款為約人民幣400百萬元（相等於447,176,000港元），所有該等融資貸款已逾期償還。直至本年報日期，本集團尚未接獲任何該等放貸人要求償還該等貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該等貸款之還款期，以促使完成建議出售事項。管理層相信訂約雙方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷所有該等借貸。

# Corporate Governance Report

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- (5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, related parties of the Potential Investor and other third parties of HK\$104,499,000, HK\$243,611,000 and HK\$69,560,000, respectively that were either overdue or due for immediate repayment as at 31 December 2016. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.
- (6) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.
- (7) The Group is also maximizing its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows. During the year ended 31 December 2016 and up to the date of this annual report, the Group received certain new sales orders of its stainless steel products from several independent third party customers. Management believes that the Group will be able to record a significant increase in sales in the coming twelve months after the reporting period.
- (8) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 31 to the consolidated financial statements. The directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.
- (5) 除上述第(1)至(4)所述之借貸外，本集團來自本集團的若干關連方、潛在投資者的關連方及其他第三方的其他借貸分別為104,499,000港元、243,611,000港元及69,560,000港元，於二零一六年十二月三十一日皆已逾期或到期立即償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。
- (6) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團進行之多個項目作出投資。
- (7) 同時，本集團致力加大銷售力度，包括加快銷售其現有存貨，並於海外市場尋求新訂單或就已開發的新產品尋求新客戶，以及實施更嚴謹的成本監控措施，以改善經營現金流量。截至二零一六年十二月三十一日止年度及直至本年報日期，本集團收到數名獨立第三方客戶有關不銹鋼產品的若干新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得銷量大幅增長。
- (8) 本集團已委聘法律顧問處理所有申索及糾紛，詳情載於綜合財務報表附註31。董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

# Corporate Governance Report

## 企業管治報告

### Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the year are set out in Note 9 to the consolidated financial statements.

Pursuant to code provision B.1.5. of the CG Code, the remuneration of the members of the senior management (who are also the Directors) whose particulars are contained in Note 9 to the consolidated financial statements.

### Auditor's Remuneration

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, for its audit and audit-related services and non-audit services for the year ended 31 December 2016 were HK\$3.9 million and HK\$1.5 million respectively.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve the Group's business objectives.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Risk Management

The Company has established formal risk assessment criteria for the Group. Senior management and department heads identify risks that potentially impact the key processes of their operations on an annual basis. Risks are scored and ranked by their impact on the business and the likelihood of their occurrence. Senior management and department heads assess the effectiveness of the existing controls and formulate risk mitigating activities. Results of the annual risk assessment are coordinated by the Financial Controller and Company Secretary and reported to the Audit Committee, including amongst other things, significant risks of the Group and the appropriate control activities to mitigate and/or transfer the identified risks.

### 董事及高級管理層之薪酬

董事於年內的薪酬詳情載列於綜合財務報表附註9。

根據企業管治守則第B.1.5. 條條文，高級管理層成員(兼任董事)的薪酬詳情載於綜合財務報表附註9。

### 核數師酬金

截至二零一六年十二月三十一日止年度，就本公司核數師羅兵咸永道會計師事務所提供之審核及審核有關服務以及非審核服務而已付／應付之酬金分別為3.9百萬港元及1.5百萬港元。

## 風險管理及內部監控

董事會確認其負責監管本集團的風險管理及內部監控系統，以及透過審核委員會至少每年檢討其有效性。審核委員會協助董事會履行其於本集團財務、營運、合規、風險管理及內部控制的監管及企業管治職責，而高級管理層設計、實施及監控風險管理及內部控制系統，並向董事會及審核委員會匯報該等系統的有效性。然而，有關系統及內部控制僅可就防範重大失實陳述或損失作出合理而非絕對的保證，原因是其訂立旨在管理而非消除未能達致本集團業務目標的風險。

## 風險管理及內部監控框架

### 風險管理

本公司已為本集團制訂正式的風險評估準則。高級管理層及部門主管按年度基準識別可能影響其主要業務程序的相關風險。風險將按其對業務的影響程度及其發生的可能性予以評分及排序。高級管理層及部門主管評估現有控制的有效性，及規劃減少風險的活動。年度風險評估結果由財務總監及公司秘書進行協調，並向審核委員會匯報，其中包括但不限於本集團的重大風險及降低及／或轉移所識別風險的適當控制活動。

# Corporate Governance Report

## 企業管治報告

### Internal Control

The Company has established defined levels of responsibilities and reporting procedures. Controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are identified and assessed.

During the year, the Company has engaged an external consultant to conduct a review of the Group's risk management and internal control systems over financial, operational, and compliance controls with emphasis on corporate level controls and inventory management. Results of the review was communicated to the Audit Committee. Issues identified are followed up for proper implementation and the progress will be reported to the Audit Committee periodically.

The Company currently does not have a formal internal audit function. The Audit Committee is fully aware of the requirement under Code Provision C. 2.5 of the CG Code that the Company should have an internal audit function in place, but a full-scale internal audit function is not considered necessary as the Audit Committee relied on the periodic internal control reviews performed by the external consultant. However, the Audit Committee will continue to assess and review the need for an internal audit function for the Group on an annual basis.

### Review of Risk Management and Internal Control Systems

The Audit Committee assists the Board in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The directors through the Audit Committees are kept informed of significant risks that may impact on the Group's performance. For the year ended 31 December 2016, the Board considered the risk management and internal control systems of the Group to be effective and adequate.

The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, and financial reporting function.

### 內部控制

本公司已設定明確的職責級別及匯報程序。設計及實施控制以確保保障資產不會被不當使用或處置、根據相關會計標準及監管報告要求存置財務及會計記錄以及識別及評估可能影響本集團表現的主要風險。

年內，本公司已委聘外部顧問，以在側重企業層面控制及存貨管理事項的財務、營運及合規控制方面檢討本集團的風險管理及內部控制系統。檢討結果將通報予審核委員會。本公司將跟進所識別的問題，以妥善解決，並定期向審核委員會匯報有關進度情況。

本公司目前並無正式的內部審核職能。審核委員會全面知悉企業管治守則之守則條文第C. 2.5條項下的規定，本公司應設定的適當的內部審核職能，但本公司認為不必設定全面的內部審核職能，原因是審核委員會依賴外聘顧問進行定期內部控制檢討。然而，審核委員會將繼續按年度基準評估及檢討內部審核職能的必要性。

### 檢討風險管理及內部控制系統

審核委員會協助董事會按持續基準檢討本集團的風險管理及內部控制系統。董事透過審核委員會知悉可能影響本集團表現的重大風險。截至二零一六年十二月三十一日止年度，董事會認為本集團的風險管理及內部控制系統屬有效及充足。

審核委員會已檢討並信納本集團處理會計及財務匯報功能的資源充足程度、員工資歷和經驗、培訓計劃及預算。

# Corporate Governance Report

## 企業管治報告

### Inside Information

The Company has developed a monitoring system for inside information to ensure prompt identification, evaluation and submission of material information to the Board to determine whether such information constitutes as inside information and requires disclosure. The Company strictly complies with the Inside Information Provisions and disclosure requirements set out in the relevant sections of the SFO and Listing Rules. Staff who have access to inside information is required to keep the unpublished inside information strictly confidential until relevant announcement is made.

### SHAREHOLDERS' RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS

The management believes that it is essential to maintain effective communication with the investment community in a timely manner through various media and channels. The Company holds regular briefings, attends investor conferences and participates in one-on-one meetings and conversations with institutional investors and analysts in Hong Kong, PRC and overseas countries to keep them abreast of the Company's business and development.

#### Communications with Shareholders

As the key principle of corporate governance, the Company has a set of values and behaviors to ensure transparency and fair dealing and to protect and facilitate the exercise of shareholder's rights. Shareholders are provided with contact details of the Company, such as telephone hotline, fax number and postal address, which enable them to engage actively with the Company and make any query with respect to the Company.

To promote open, efficient and transparent communications with shareholders, investors and analysts, the Investor Relations Department commits to promptly responding to their enquiries and also providing them with the necessary information in a timely manner so as to facilitate the investment community to better understand the Company's strategy and latest developments. Shareholders, investors and analysts can also send enquires and concerns to the Board by addressing them to the Investor Relations Department of the Company by letter, telephone or fax. In addition, if shareholders have any enquiries about their shares and dividends, they can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company. The contact details of the Company are stated in the section entitled "Corporate Information" on pages 2 to 3 in this annual report.

### 內幕消息

本公司已制定內部消息監控系統，以確保迅速識別、評估及向董事會遞交重要材料以釐定有關消息是否構成內幕消息及是否需要作披露。本公司嚴格遵守證券及期貨條例及上市規則有關條例所載內幕消息條文及披露規定。可獲取內幕消息的員工需確保未公佈之內幕消息絕對保密，直至作出相關公佈為止。

### 股東權利及與股東之溝通

管理層相信通過各個媒體及渠道與投資者維持及時有效的溝通至為重要。本公司舉辦定期簡介會，出席投資者會議及參加與香港、中國及海外國家機構投資者及分析師的一對一會議及對談，讓彼等及時了解本公司的業務及發展。

#### 與股東之溝通

作為企業管治的主要原則，本公司已制訂一套價值標準及行為，確保透明度及公平交易，保障及促進股東行使權利。股東可獲提供本公司的聯繫詳情，包括電話熱線、傳真號碼及郵寄地址，讓彼等能主動接觸本公司，並提出任何有關本公司的疑問。

為促進與股東、投資者及分析師之間開放、有效率及具透明度的溝通，投資者關係部門致力迅速回應彼等之查詢，並及時為彼等提供必要資訊，致使投資者能夠更深入了解本公司的策略及最新發展。股東、投資者及分析師亦可透過郵寄、電話或傳真方式將彼等之查詢及疑慮送交本公司投資者關係部門，經其向董事會反映。此外，倘股東對其股份及股息有任何查詢，可聯絡本公司之股份過戶登記處香港分處香港中央證券登記有限公司。本公司的聯繫詳情於本年度報告第2頁至第3頁「公司資料」一節列明。



# Corporate Governance Report

## 企業管治報告

The Board endeavors to provide timely and accurate information equally to shareholders and investors. The Company's website (<http://ir.nickelholdings.com>) facilitates effective communications with shareholders, investors and other stakeholders of the Company by providing up-to-date information relating to the Company's latest development, corporate events, press releases, financial reports and other information on a timely basis. Annual reports, interim reports and other relevant information, including announcements in accordance with the Company's continuous disclosure obligations are available and also posted on the respective websites of the Stock Exchange and the Company for the public's review.

### Shareholders' Meetings

The Company regards the Annual General Meeting ("AGM") as an important event as it provides invaluable opportunity for the Directors to meet and communicate with the shareholders. The Company ensures that shareholders' views are extended to the Board. Chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the audit, remuneration and nomination committees and the external auditor also attend the AGM to answer questions from shareholders.

AGM proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM, and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. Chairman of the AGM exercises his power under the articles of association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Voting results are posted on the respective websites of the Stock Exchange and the Company in a timely manner.

The 2016 AGM was held on 21 June 2016. Except for Mr. Dong Shutong, Mr. Wang Ping, Mr. Dong Chengzhe, Mr. Song Wenzhou, Mr. Yang Tianjun, Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Fahmi Idris, all other members of the Board have attended the 2016 AGM.

Under the code provision A.6.7 of 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. Mr. Yang Tianjun, a Non-executive Director and Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Fahmi Idris, the Independent Non-executive Directors of the Company were unable to attend the 2016 AGM due to other business commitment.

董事會竭力為股東及投資者平等地提供及時且準確的資訊。本公司網站(<http://ir.nickelholdings.com>)及時提供關於本公司最新發展、公司活動、新聞稿、財務報告及其他資料的更新資訊，促進與本公司股東、投資者及其他利益相關者的有效溝通。年度報告、中期報告及其他相關資料(包括本公司根據持續披露責任刊發的公告)亦已刊登於聯交所及本公司各自之網站內，供公眾查閱。

### 股東會議

本公司認為股東週年大會(「股東週年大會」)相當重要，因為股東週年大會為董事提供與股東會面及溝通的寶貴機會。本公司確保股東的意見能傳達給董事會。股東週年大會的主席就每項將考慮的事宜建議獨立的決議。審核委員會、薪酬委員會及提名委員會之成員，以及外聘核數師亦會出席股東週年大會以解答股東提問。

本公司會不時檢討股東週年大會的議程，確保本公司遵從最佳的企業管治常規。根據上市規則的規定，股東週年大會的通告會於召開股東週年大會前至少二十個完整營業日發送至所有股東，隨通的函亦會載列各建議決議的詳細資料及其他相關資料。股東週年大會的主席按本公司的章程細則行使其權力，提出各建議決議以按股數投票方式表決。會議開始時會解釋要求以投票方式表決及以投票方式進行表決之程序。投票表決的結果會及時於聯交所及本公司各自之網站內公佈。

二零一六年股東週年大會於二零一六年六月二十一日舉行。除董書通先生、王平先生、董鉞喆先生、宋文州先生、楊天鈞先生、白葆華先生、黃昌淮先生及法米先生外，所有其他董事會成員均有出席二零一六年股東週年大會。

根據企業管治守則守則條文第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，並對股東之意見有公正的瞭解。本公司非執行董事楊天鈞先生及獨立非執行董事白葆華先生、黃昌淮先生及法米先生因其他事務承擔未能出席二零一六年股東週年大會。

# Corporate Governance Report

## 企業管治報告

Under code provision E.1.2 of CG Code, the Chairman of the Board should invite the Chairman of the audit committee, the remuneration committee and the nomination committee to attend and answer questions at the AGM. Mr. Huang Changhuai, the Chairman of the remuneration committee, was unable to attend the 2016 AGM due to the other business commitment. Mr. Dong Shutong, the Chairman of the nomination committee, was unable to attend the 2016 AGM due to other Company's business commitment.

On 18 January 2016, a special resolution was passed by the Company's shareholders at the Extraordinary General Meeting that the Company's name changed from China Nickel Resources Holdings Company Limited to Nickel Resources International Holdings Company Limited.

### Shareholders' Rights

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company can make a written requisition to the Board or the Company Secretary to convene an extraordinary general meeting pursuant to article 58 of the Company's articles of association. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the head office of the Company, which is presently situated at Room 1705, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

During the financial year, effective on 18 January 2016, the Company's English name was changed from China Nickel Resources Holdings Company Limited to Nickel Resources International Holdings Company Limited. Except the Company's name changed, there were no other changes in any of the Company's constitutional documents.

根據企業管治守則守則條文第E.1.2條，董事會主席應邀請審核委員會、薪酬委員會及提名委員會主席出席股東週年大會，並於會上答問。薪酬委員會主席黃昌淮先生因其他事務承擔而未能出席二零一六年股東週年大會。提名委員會主席董書通先生因本公司其他事務承擔而未能出席二零一六年股東週年大會。

於二零一六年一月十八日，本公司股東於股東特別大會上通過一項特別決議案，將本公司的中文名稱由「中國鎳資源控股有限公司」更改為「鎳資源國際控股有限公司」。

### 股東權利

持有本公司已繳股本不少於十分一的股東可根據本公司之章程細則第58條向董事會或公司秘書發出書面要求，請求召開股東特別大會。書面要求須列明會議之目的，且須由有關股東簽署及遞交至本公司總辦事處（現時位於香港干諾道中168–200號信德中心西座1705室）。

本公司之章程細則或開曼群島法例第22章公司法（一九六一年第3號法例，經整合及修訂）概無就股東於股東大會上提呈建議的程序載列任何規定（提名候選董事之建議除外）。股東可遵照上述程序召開股東特別大會，以處理於該書面要求提出之任何事務。

於財政年度內，自二零一六年一月十八日起，本公司的中文名稱由「中國鎳資源控股有限公司」更改為「鎳資源國際控股有限公司」。除本公司名稱變更外，本公司的任何憲制性文件並無任何變更。

# Independent Auditor's Report

## 獨立核數師報告書



### To the Shareholders of Nickel Resources International Holdings Company Limited

(formerly known as China Nickel Resources Holdings Company Limited)

(incorporated in the Cayman Islands with limited liability)

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Nickel Resources International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 79 to 204, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

致鎳資源國際控股有限公司股東

(前稱中國鎳資源控股有限公司)

(於開曼群島註冊成立之有限公司)

### 無法表示意見

我們受聘審計鎳資源國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)列載於第79頁至第204頁的綜合財務報表，包括：

- 於二零一六年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

如本報告中「無法表示意見的基礎」部分所述，由於我們未能取得充足和適當的審計憑證，加上多項不明朗因素之間的潛在相互影響及其對綜合財務報表可能構成的累計影響，我們沒有就貴集團的綜合財務報表發表意見。在所有其他方面，我們認為該等綜合財務報表已遵照香港《公司條例》的披露規定妥為擬備。

# Independent Auditor's Report

## 獨立核數師報告書

### BASIS FOR DISCLAIMER OF OPINION

#### Impairment of intangible asset

As at 31 December 2016, the carrying amount of the Group's intangible asset amounted to HK\$2,384,543,000. As detailed in Note 15 to the consolidated financial statements, such intangible asset represents an exclusive offtake right secured from PT. Yiwana Mining ("Yiwana"), a limited company incorporated in Indonesia, whereby Yiwana agreed to exclusively sell the limonitic ores produced by Yiwana to the Group at pre-determined prices within a specific period of time.

During the year 2012, certain Indonesian governmental authorities promulgated several new rules and regulations regarding ores export approval and export tax. During the year 2013, the relevant Indonesian governmental authorities further promulgated that unprocessed ore export by mining business licence holders in Indonesia ("IUP Holders") will be banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to the relevant regulations regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with those relevant laws. Consequently, the export of unprocessed iron ores from Yiwana to the Group ceased with effect from 12 January 2014.

As further explained in Note 15 to the consolidated financial statements, in determining the recoverable amount of the intangible asset as at 31 December 2016, the directors of the Company, amongst other considerations, made reference to the disposal consideration as stipulated in a non-binding framework agreement entered into between the Group and Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital"), an independent third party, on 21 January 2013, pursuant to which the Group proposed to dispose of a 30% equity interest in S.E.A. Mineral Limited, a wholly-owned subsidiary of the Group, together with its subsidiaries (collectively, "SEAM Group"), which are engaged in the trading of ores and holding of the intangible asset of the Group, to Beijing Wincapital. As the proposed disposal consideration substantially exceeds the attributable carrying amount of the aforesaid intangible asset, the directors are of the opinion that there was no impairment of the intangible asset as at 31 December 2016.

### 無法表示意見的基礎

#### 無形資產的減值

於二零一六年十二月三十一日，貴集團無形資產的賬面值為2,384,543,000港元。誠如綜合財務報表附註15所詳述，該無形資產指向一間於印尼註冊成立的有限公司PT. Yiwana Mining（「Yiwana」）取得的獨家採購權，據此，Yiwana同意於指定期間按預先釐定的價格向貴集團獨家出售其生產的褐鐵礦石。

於二零一二年間，印尼若干政府機關頒佈多項有關礦石出口批准及出口稅的新規則及法規。在二零一三年，相關印尼政府機關進一步宣佈，於印尼的採礦業務許可證持有人（「許可證持有人」）將自二零一四年一月十二日起被禁止出口未經加工的礦石，除非許可證持有人已根據關於進行礦產及煤礦開採業務的相關法規在當地進行加工及提煉，並已根據該等相關法律進行提煉及冶煉則除外。因此，Yiwana自二零一四年一月十二日起停止向貴集團出口未加工褐鐵礦石。

誠如綜合財務報表附註15所進一步闡釋，在釐定於二零一六年十二月三十一日的無形資產可收回金額時，除了考慮其他因素外，貴公司董事參照貴集團與獨立第三方北京匯贏創業投資有限公司（「北京匯贏」）於二零一三年一月二十一日訂立的不具約束力框架協議所列明的出售代價，根據該框架協議，貴集團擬向北京匯贏出售其於貴集團全資附屬公司南洋礦業有限公司連同其附屬公司（統稱「南洋礦業集團」）的30%權益。南洋礦業集團從事礦石貿易業務及持有貴集團的無形資產。由於建議出售代價大幅超逾上述無形資產的應佔賬面值，董事認為，於二零一六年十二月三十一日，此無形資產並無減值。

# Independent Auditor's Report

## 獨立核數師報告書

However, as there are no formal sales and purchase agreement entered into for the proposed disposal up to the date of this audit report and the proposed disposal is yet to complete, we were unable to obtain sufficient appropriate audit evidence we consider necessary to assess the recoverable amount of the intangible asset. There were no alternative audit procedures that we could perform to satisfy ourselves as to the recoverable amount of the intangible asset and whether any impairment charge should be made. Any adjustment to the carrying amount of the intangible asset found to be necessary would affect the Group's net liabilities as at 31 December 2016, the Group's loss for the year then ended and the related note disclosures to the consolidated financial statements.

### Impairment of property, plant and equipment and prepaid land lease payments

As detailed in Note 13 to the consolidated financial statements, an impairment assessment was carried out by the directors of the Company on the Group's property, plant and equipment and prepaid land lease payments in respect of the cash generating unit for the manufacturing and sales of iron and steel products in Zhengzhou (the "Zhengzhou Plants"). As a result of the assessment, the directors considered that no further provision for impairment of the property, plant and equipment and prepaid land lease payments of Zhengzhou plants is required for the year ended 31 December 2016. The recoverable amount of the cash generating unit has been determined by the directors based on value-in-use calculations. These calculations included applying certain assumptions in preparing cash flows projections for the cash generating unit. In preparing these projections, the directors assumed that, amongst other factors, business performance of the Zhengzhou Plants can be gradually improved noticeably during the projection period as a result of improving operating environment and by launching new products and seeking new orders from new customers with improved gross margins.

However, we were unable to obtain sufficient appropriate audit evidence we consider necessary as to the basis upon which the directors have formed in determining the recoverable amounts of these property, plant and equipment and prepaid land lease payments and thus to assess the valuation of these assets. There were no alternative audit procedures that we could perform to satisfy ourselves as to the recoverable amounts of these assets totalling HK\$388,124,000 as at 31 December 2016 and whether any impairment charge should be made for the year ended 31 December 2016. Any adjustment to the carrying amounts of property, plant and equipment and prepaid land lease payments of the Zhengzhou Plants found to be necessary would affect the Group's net liabilities as at 31 December 2016, the Group's loss for the year then ended and the related notes disclosures to the consolidated financial statements.

然而，由於截至本審計報告日期止仍未就建議出售事項訂立正式買賣協議，且建議出售事項尚未完成，我們無法取得我們認為必要的充分合適審計憑證，以評估無形資產的可收回金額。我們亦沒有其他可執行的審計程序使我們信納此無形資產的可收回金額及應否作出任何減值支出。如發現需對無形資產賬面值作出調整，則會影響 貴集團於二零一六年十二月三十一日的淨負債、 貴集團截至該日止年度的虧損，以及綜合財務報表的相關附註披露。

### 物業、廠房及設備及預付土地租賃款項的減值

誠如綜合財務報表附註13所詳述， 貴公司董事對 貴集團物業、廠房及設備及預付土地租賃款項進行減值評估，其涉及於鄭州生產和銷售鐵及特鋼製品之現金產生單位（「鄭州廠房」）。根據評估結果，董事認為鄭州廠房之物業、廠房及設備及預付土地租賃款項於截至二零一六年十二月三十一日止年度毋須計提進一步減值撥備。現金產生單位之可收回金額乃由董事根據使用價值計算釐定。該等計算包括在編製現金產生單位之現金流預測時應用若干假設。編製該等預測時，董事假定多項因素，其中包括鄭州廠房之業務表現將會因為經營環境改善及透過推出新產品及向新客戶取得毛利率更高的新訂單而於預測期內逐步顯著改善。

然而，我們未能就董事於釐定該等物業、廠房及設備及預付土地租賃款項之可收回金額時所依據的基礎取得我們認為必要的充分合適審計憑證，並據此評估該等資產之價值。我們亦沒有其他可執行的審計程序使我們信納該等資產於二零一六年十二月三十一日的可收回金額合共為388,124,000港元及截至二零一六年十二月三十一日止年度是否須作出減值支出。對鄭州廠房的物業、廠房及設備及預付土地租賃款項的賬面值作出之任何必要調整，將影響 貴集團於二零一六年十二月三十一日之淨負債、 貴集團截至該日止年度之虧損，以及綜合財務報表之相關附註披露。

# Independent Auditor's Report

## 獨立核數師報告書

### Impairment of the Company's interests in subsidiaries

In addition, as the intangible asset, property, plant and equipment and prepaid land lease payments as stated above were held by various subsidiaries of the Company, any adjustment on the carrying amounts of these assets found to be necessary would also affect the carrying amount of the Company's interests in subsidiaries and its accumulated losses which amounted to HK\$498,464,000 and HK\$4,148,706,000 respectively as at 31 December 2016 and the related notes disclosures in the Note 36 to the consolidated financial statements.

### Multiple uncertainties relating to going concern

As described in Note 2.1(a) to the consolidated financial statements, the Group incurred a net loss of HK\$646,678,000 and had a net operating cash outflow of HK\$312,624,000 during the year ended 31 December 2016. As at 31 December 2016, the Group had a shareholders' deficit of HK\$262,457,000; its current liabilities exceeded its current assets by HK\$3,253,341,000; and its total borrowings amounted to HK\$2,379,717,000 while its cash and cash equivalents amounted to HK\$20,143,000 only. In addition, as at 31 December 2016, the Group's borrowings to the extent of HK\$2,378,273,000 were either overdue or due for immediate repayment. The Company and a subsidiary of the Group are also parties to various legal claims as detailed in Note 31 to the consolidated financial statements. These conditions, along with other matters as described in Note 2.1(a) to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

### 貴公司於附屬公司權益的減值

此外，由於上述無形資產、物業、廠房及設備及預付土地租賃款項由貴公司多間附屬公司持有，對該等資產賬面值作出的任何必要調整，亦將影響於二零一六年十二月三十一日貴公司於附屬公司權益的賬面值498,464,000港元、其累計虧損4,148,706,000港元，以及綜合財務報表附註36的相關附註披露。

### 有關持續經營的多項不明朗因素

誠如綜合財務報表附註2.1(a)所述，貴集團於截至二零一六年十二月三十一日止年度錄得虧損淨額646,678,000港元及經營現金流出淨額312,624,000港元。於二零一六年十二月三十一日，貴集團的股東虧絀為262,457,000港元；其流動負債超出其流動資產3,253,341,000港元；其借貸總額為2,379,717,000港元，但其現金及現金等價物卻只有20,143,000港元。此外，於二零一六年十二月三十一日，貴集團的借貸中2,378,273,000港元已逾期或已到期而須即時償還。誠如綜合財務報表附註31所詳述，貴公司及貴集團一間附屬公司亦面臨多項法律申索。該等狀況連同綜合財務報表附註2.1(a)所述其他事宜，顯示存在重大不明朗因素，或會對貴集團持續經營能力產生重大疑慮。

# Independent Auditor's Report

## 獨立核數師報告書

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, which are set out in Note 2.1(a) to the consolidated financial statements, and to resolve the outstanding claims and disputes detailed in Note 31 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures and litigation matters, which are subject to multiple uncertainties, including (i) whether the Group is able to successfully complete the issuance of certain new ordinary shares after fulfilling all conditions precedent as detailed in Note 2.1(a) to the consolidated financial statements, and in particular by the successful completion of a debt restructuring proposal; (ii) whether the Group is able to successfully negotiate with banks for the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements of certain bank loans; (iii) whether the Group is able to successfully negotiate for an extension of the repayment dates of certain loans until completion of the proposed disposal of the 30% interest in SEAM Group at the prescribed consideration and be able to collect the disposal consideration in full immediately upon completion of the transaction after properly offsetting the relevant borrowings; (iv) whether the Group is able to successfully negotiate with certain related parties of the Group and other lenders as detailed in Notes 26(h) to (j) to the consolidated financial statements for extension of their relevant borrowings, by maintaining relationship with them such that no action will be taken by these lenders to demand immediate repayment of the overdue borrowings under negotiation; (v) whether the Group is able to obtain additional new financing and other sources of funding as and when required; (vi) whether the Group is able to implement its operation plans to control costs and to generate adequate cash flows from operations; and (vii) whether the Group is able to resolve the outstanding claims and disputes, without significant cash outflows in the next twelve months.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

貴公司董事已採取多項措施，以改善 貴集團的流動資金及財務狀況（詳情載於綜合財務報表附註 2.1(a)），以及解決待決申索及糾紛（詳情載於綜合財務報表附註 31）。此綜合財務報表已按持續經營基準擬備，其有效性取決於該等措施及訴訟事宜的結果，有關結果受多項不明朗因素影響，包括 (i) 貴集團能否於達成綜合財務報表附註 2.1(a) 所詳述的所有先決條件後，成功完成發行若干新普通股，尤其是能否成功完成債務重組計劃；(ii) 貴集團能否與銀行成功磋商就若干銀行貸款中的即期償還條款及違反承諾和限制性契約規定取得豁免；(iii) 貴集團能否成功磋商就若干貸款的還款日期延長至按列明之代價完成建議出售於南洋礦業集團的 30% 權益，且能否於緊隨交易完成時在適當地抵銷相關貸款後悉數收取出售代價；(iv) 貴集團能否與綜合財務報表附註 26(h) 至 (j) 所詳述的 貴集團若干關連方及其他貸款人成功磋商延長其相關借貸的期限，並維持與彼等的關係，致使該等貸款人不會採取行動要求即時償還磋商中之逾期借貸；(v) 貴集團能否於有需要時取得新增額外融資以及其他資金來源；(vi) 貴集團能否實施其營運計劃以控制成本及自營運產生足夠現金流量；及 (vii) 貴集團能否解決待決申索及糾紛且於未來十二個月內毋須導致巨額的現金流出。

倘 貴集團未能達成上述計劃及措施，其可能無法持續經營，並必須作出調整，以將 貴集團資產的賬面值撇減至其可收回金額、為可能產生的任何額外負債作出撥備，以及將非流動資產及非流動負債重新分類為流動資產及流動負債。該等調整的影響並未反映於綜合財務報表內。

# Independent Auditor's Report

## 獨立核數師報告書

### RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is 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 International Standards on Auditing and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

The engagement partner on the audit resulting in this independent auditor's report is Mak Tze Leung, William.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 30 March 2017

### 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會須負責監督 貴集團的財務報告過程。

### 核數師就審計綜合財務報表承擔的責任

我們的責任，是根據《國際審計準則》為 貴集團的綜合財務報表進行審計，並出具核數師報告。我們僅向 閣下(作為整體)報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。然而，如本報告中「無法表示意見的基礎」部份所述，由於我們未能取得充足和適當的審計憑證，加上多項不明朗因素之間的潛在相互影響及其對綜合財務報表可能構成的累計影響，我們無法為該等綜合財務報表發表審計意見。

根據國際會計師專業操守理事會頒佈的《專業會計師道德守則》(以下簡稱「道德守則」)，我們獨立於 貴集團，並已履行道德守則中的其他專業道德責任。

出具本獨立核數師報告的審計項目合夥人是麥子良。

**羅兵咸永道會計師事務所**  
執業會計師

香港，二零一七年三月三十日



# Consolidated Income Statement

## 綜合收益表

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

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收益	6	176,760	38,697
Cost of sales	銷售成本	7	(156,389)	(123,840)
Gross profit/(loss)	毛利/(損)		20,371	(85,143)
Other gains, net	其他盈利·淨額	6	74,281	50,272
Selling and distribution expenses	銷售及分銷開支	7	(3,897)	(2,579)
Administrative expenses	行政開支	7	(232,410)	(191,315)
Finance income	融資收入	8	3,240	8,064
Finance costs	融資成本	8	(320,186)	(451,264)
Other expenses	其他開支	7	(133,200)	(110,891)
Impairment of property, plant and equipment	物業、廠房及設備減值	7	(54,434)	(440,356)
Loss before income tax	除所得稅前虧損	7	(646,235)	(1,223,212)
Income tax expense	所得稅開支	10	(443)	(1,141)
Loss for the year	年內虧損		(646,678)	(1,224,353)
Attributable to:	屬於:			
Owners of the Company	本公司擁有人		(645,992)	(1,222,916)
Non-controlling interests	非控股權益		(686)	(1,437)
			(646,678)	(1,224,353)
Loss per share attributable to owners of the Company	本公司擁有人應佔每股虧損			
— Basic (HK dollar)	— 基本(港元)	12	(0.22)	(0.44)
— Diluted (HK dollar)	— 攤薄(港元)	12	(0.22)	(0.44)

The notes on pages 87 to 204 are an integral part of these consolidated financial statements.

第87至204頁之附註為本綜合財務報表的一部分。

# Consolidated Statement of Comprehensive Income

## 綜合全面收益表

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

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss for the year	年度虧損	<b>(646,678)</b>	(1,224,353)
<b>Other comprehensive income</b>	<b>其他全面收益</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>	<i>可能於其後重新分類至損益之項目</i>		
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	<b>62,396</b>	25,059
<b>Other comprehensive income for the year, net of tax</b>	<b>年度除稅後其他全面收益</b>	<b>62,396</b>	25,059
<b>Total comprehensive loss for the year</b>	<b>年度全面虧損合計</b>	<b>(584,282)</b>	(1,199,294)
<b>Attributable to:</b>	<b>屬於：</b>		
Owners of the Company	本公司擁有人	<b>(583,606)</b>	(1,197,511)
Non-controlling interests	非控股權益	<b>(676)</b>	(1,783)
		<b>(584,282)</b>	(1,199,294)

The notes on pages 87 to 204 are an integral part of these consolidated financial statements. 第87至204頁之附註為本綜合財務報表的一部分。

# Consolidated Statement of Financial Position

## 綜合財務狀況表

As at 31 December 2016 於二零一六年十二月三十一日

		As at 31 December 於十二月三十一日	
		2016 二零一六年	2015 二零一五年
		HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產	Notes 附註	
<b>Non-current assets</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	13	450,329
Prepaid land lease payments	預付土地租賃款項	14	164,162
Intangible asset	無形資產	15	2,384,543
Interest in an associate	於一間聯營公司之權益	17	–
Other non-current assets	其他非流動資產		1,428
			<b>3,000,462</b>
<b>Current assets</b>	<b>流動資產</b>		
Inventories	存貨	19	230,600
Trade and notes receivables	應收賬款及應收票據	20	26,412
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	21	144,668
Restricted cash	受限制現金	22	–
Pledged time deposits	已抵押定期存款	22	1,687
Cash and cash equivalents	現金及現金等值物	22	20,143
			<b>423,510</b>
<b>Total assets</b>	<b>總資產</b>		<b>3,423,972</b>
<b>EQUITY AND LIABILITIES</b>	<b>權益及負債</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔權益</b>		
Share capital	股本	28	308,813
Reserves	儲備	29	(577,276)
			<b>(268,463)</b>
<b>Non-controlling interests</b>	<b>非控股權益</b>		<b>6,006</b>
<b>Total (shareholders' deficit)/equity</b>	<b>(股東虧絀)/權益總額</b>		<b>(262,457)</b>

# Consolidated Statement of Financial Position

## 綜合財務狀況表

As at 31 December 2016 於二零一六年十二月三十一日

		As at 31 December	
		於十二月三十一日	
		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
LIABILITIES	負債	Notes	
		附註	
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Other long term payables	其他長期應付款項	23	8,374
Deferred tax liabilities	遞延稅項負債	18	9,073
			1,285
			<b>9,578</b>
			10,358
<b>Current liabilities</b>	<b>流動負債</b>		
Trade payables	應付賬款	24	120,358
Notes payables	應付票據	24	1,444
Other payables and accruals	其他應付款項及應計費用	25	1,143,954
Bank and other borrowings	銀行貸款及其他借貸	26	2,331,498
Convertible bonds	可換股債券	27	46,775
Derivative financial instruments	衍生金融工具	27	-
Tax payable	應付稅項		32,822
			33,901
			<b>3,676,851</b>
			3,531,413
<b>Total liabilities</b>	<b>總負債</b>		<b>3,686,429</b>
			3,541,771
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		<b>3,423,972</b>
			3,779,417

The financial statements on pages 79 to 204 were approved by the Board of Directors on 30 March 2017 and were signed on its behalf.

第79至204頁的財務報表獲董事會於二零一七年三月三十日批准及由其代表簽署。

**Dong Shutong**  
董書通  
Director  
董事

**Yang Fei**  
楊飛  
Director  
董事

The notes on pages 87 to 204 are an integral part of these consolidated financial statements.

第87至204頁之附註為本綜合財務報表的一部分。

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory reserves	Share option reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(Note 28)	(Note 29)	(Note 29)	(Note 29)	(Note 29)	(Note 29)					
		(附註28)	(附註29)	(附註29)	(附註29)	(附註29)	(附註29)					
<b>For the year ended 31 December 2015</b>	<b>截至二零一五年十二月三十一日止年度</b>											
<b>At 1 January 2015</b>	<b>於二零一五年一月一日</b>	267,854	3,152,210	47,514	115,807	89,774	36,471	443,660	(2,767,378)	1,385,912	8,465	1,394,377
Loss for the year	年度虧損	-	-	-	-	-	-	-	(1,222,916)	(1,222,916)	(1,437)	(1,224,353)
Other comprehensive income/(loss) for the year:	年度其他全面收益/(虧損):											
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	-	-	-	-	-	-	25,405	-	25,405	(346)	25,059
<b>Total comprehensive income/(loss) for the year</b>	<b>年度全面收益/(虧損)總額</b>	-	-	-	-	-	-	25,405	(1,222,916)	(1,197,511)	(1,783)	(1,199,294)
Equity-settled share based compensation expense	以股權結算之股份補償開支	30	-	-	-	-	687	-	-	687	-	687
Conversion of convertible bonds	轉換可換股債券	27,28	8,800	33,076	-	-	-	-	-	41,876	-	41,876
<b>Total transaction with owners</b>	<b>與擁有人之交易總額</b>	8,800	33,076	-	-	-	687	-	-	42,563	-	42,563
<b>At 31 December 2015</b>	<b>於二零一五年十二月三十一日</b>	276,654	3,185,286	47,514	115,807	89,774	37,158	469,065	(3,990,294)	230,964	6,682	237,646

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔										
	Notes 附註	Share capital 股本 HK\$'000 (Note 28) 千港元 (附註28)	Share premium 股份溢價 HK\$'000 (Note 29) 千港元 (附註29)	Contributed surplus 實繳盈餘 HK\$'000 (Note 29) 千港元 (附註29)	Capital reserve 資本儲備 HK\$'000 (Note 29) 千港元 (附註29)	Statutory reserves 法定儲備 HK\$'000 (Note 29) 千港元 (附註29)	Share option reserve 購股權儲備 HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Sub-total 小計 HK\$'000 千港元	Non-controlling interests 非控股權益 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>For the year ended 31 December 2016</b>	<b>截至二零一六年十二月三十一日止年度</b>											
<b>At 1 January 2016</b>	<b>於二零一六年一月一日</b>	<b>276,654</b>	<b>3,185,286</b>	<b>47,514</b>	<b>115,807</b>	<b>89,774</b>	<b>37,158</b>	<b>469,065</b>	<b>(3,990,294)</b>	<b>230,964</b>	<b>6,682</b>	<b>237,646</b>
Loss for the year	年度虧損	-	-	-	-	-	-	-	(645,992)	(645,992)	(686)	(646,678)
Other comprehensive income for the year:	年度其他全面收益：											
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	-	-	-	-	-	-	62,386	-	62,386	10	62,396
<b>Total comprehensive income/(loss) for the year</b>	<b>年度全面收益/(虧損)總額</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,386</b>	<b>(645,992)</b>	<b>(583,606)</b>	<b>(676)</b>	<b>(584,282)</b>
Equity-settled share based compensation expense	以股權結算之股份補償開支						229	-	-	229	-	229
Conversion of convertible bonds	轉換可換股債券	30	27,28	-	-	-	-	-	-	83,950	-	83,950
<b>Total transaction with owners</b>	<b>與擁有人之交易總額</b>	<b>32,159</b>	<b>51,791</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>84,179</b>	<b>-</b>	<b>84,179</b>
<b>At 31 December 2016</b>	<b>於二零一六年十二月三十一日</b>	<b>308,813</b>	<b>3,237,077</b>	<b>47,514</b>	<b>115,807</b>	<b>89,774</b>	<b>37,387</b>	<b>531,451</b>	<b>(4,636,286)</b>	<b>(268,463)</b>	<b>6,006</b>	<b>(262,457)</b>

The notes on pages 87 to 204 are an integral part of these consolidated financial statements. 第87至204頁之附註為本綜合財務報表的一部分。

# Consolidated Statement of Cash Flows

## 綜合現金流量表

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

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
<b>Cash flows from operating activities</b> 經營活動之現金流量			
Loss before income tax 除所得稅前虧損		<b>(646,235)</b>	(1,223,212)
Adjustments for: 經下列各項調整：			
Finance costs 融資成本	8	<b>320,186</b>	451,264
Finance income 融資收入	8	<b>(3,240)</b>	(8,064)
Gain on disposal of property, plant and equipment, net 出售物業、廠房及設備之收益淨額	6	<b>(13,350)</b>	(10,872)
Changes in fair value of derivative financial instruments 衍生金融工具公允值變動	6	<b>(28,569)</b>	(27,128)
Depreciation 折舊	7, 13	<b>82,355</b>	90,378
Amortisation of prepaid land lease payments 預付土地租賃款項攤銷	7, 14	<b>5,144</b>	5,014
Provision for impairment of trade receivables, net 應收賬款減值撥備淨額	7, 20	<b>4,635</b>	–
Provision for impairment of prepayments and other receivables, net 預付款項及其他應收款項減值撥備淨額	7	<b>128,545</b>	25,570
Impairment of property, plant and equipment 物業、廠房及設備減值	7, 13	<b>54,434</b>	440,356
Provision for impairment of inventories 存貨減值撥備	7, 19	<b>9,918</b>	79,683
Provision for claims and disputes 申索及爭議撥備	7	–	85,321
Equity-settled share-based compensation expense 以股權結算之股份補償開支	9	<b>229</b>	687
Operating loss before working capital changes: 營運資金變動前之經營虧損：		<b>(85,948)</b>	(91,003)
<b>Changes in working capital:</b> 營運資金變動：			
(Increase)/decrease in inventories 存貨(增加)／減少		<b>(40,246)</b>	13,245
(Increase)/decrease in trade and notes receivables 應收賬款及應收票據(增加)／減少		<b>(24,236)</b>	3,721
Increase in prepayments, deposits and other receivables 預付款項、按金及其他應收款項增加		<b>(61,314)</b>	(2,641)
Decrease in trade and notes payables 應付賬款及應付票據減少		<b>(210,853)</b>	(557,846)
Increase/(decrease) in other payables and accruals 其他應付款項及應計費用增加／(減少)		<b>110,416</b>	(14,226)
Decrease in other long term payables 其他長期應付款項減少		–	(236)
Cash used in operations 經營活動所用之現金		<b>(312,181)</b>	(648,986)
Income tax paid 已付所得稅		<b>(443)</b>	(1,234)
<b>Net cash flows used in operating activities</b> 經營活動所用之現金流量淨額		<b>(312,624)</b>	(650,220)

# Consolidated Statement of Cash Flows

## 綜合現金流量表

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

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
<b>Net cash flows used in operating activities</b>	經營活動所用之現金流量淨額	<b>(312,624)</b>	(650,220)
<b>Cash flows from investing activities</b>	投資活動之現金流量		
Interest received	已收利息	<b>3,102</b>	14,847
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	-	34,369
Payments for property, plant and equipment	購買物業、廠房及設備	<b>(14,730)</b>	(5,925)
Decrease in pledged time deposits	已抵押定期存款減少	<b>108,589</b>	887,397
Decrease/(increase) in restricted cash	受限制現金減少/(增加)	<b>11,515</b>	(12,294)
Net cash flows generated from investing activities	投資活動產生之現金流量淨額	<b>108,476</b>	918,394
<b>Cash flows from financing activities</b>	融資活動之現金流量		
Addition of bank and other borrowings	新增銀行及其他借貸	<b>1,283,864</b>	412,198
Repayment of bank and other borrowings	償還銀行及其他借貸	<b>(922,337)</b>	(556,208)
Interest paid	已付利息	<b>(150,444)</b>	(120,744)
Net cash flows generated from/(used in) financing activities	融資活動產生/(所用)之現金流量淨額	<b>211,083</b>	(264,754)
<b>Net increase in cash and cash equivalents</b>	現金及現金等值物增加之淨額	<b>6,935</b>	3,420
Cash and cash equivalents at beginning of year	年初之現金及現金等值物	<b>14,337</b>	11,520
Effect of foreign exchange rate changes, net	匯兌變動影響淨額	<b>(1,129)</b>	(603)
<b>Cash and cash equivalents at end of year</b>	年末之現金及現金等值物	<b>20,143</b>	14,337
<b>Analysis of balances of cash and cash equivalents</b>	現金及現金等值物結餘分析		
Cash and bank balances	現金及銀行結餘	22	14,337

The notes on pages 87 to 204 are an integral part of these consolidated financial statements.

第87至204頁之附註為本綜合財務報表的一部分。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 1 GENERAL INFORMATION

Nickel Resources International Holdings Company Limited (formerly known as China Nickel Resources Holdings Company Limited) (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 11 March 2004 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the “Group”) is located at No. 7, Block F, Runhua Business Garden, No. 24, Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China (the “PRC”), 450012. The principal place of business of the Company is located at Room 1705, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

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

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

In the opinion of the directors of the Company, Easyman Assets Management Limited (“Easyman”), a company incorporated in the British Virgin Islands (“BVI”) and wholly owned by Mr. Dong Shutong (“Mr. Dong”), is the ultimate holding company of the Company. Mr. Dong is regarded as ultimate controlling party.

These consolidated financial statements are presented in Hong Kong dollar (“HK\$”), unless otherwise stated, and have been approved for issue by the board of Directors on 30 March 2017.

### 1 一般資料

鎳資源國際控股有限公司(前稱中國鎳資源控股有限公司)(「本公司」)於二零零四年三月三十一日根據開曼群島公司法第22章(一九六一年第三號法例,經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司及其附屬公司(統稱「本集團」)主要營業地點位於中華人民共和國(「中國」)河南省鄭州市金水區金水路24號潤華商務花園F座7號(郵編450012)。本公司主要營業地點位於香港干諾道中168-200號信德中心西座1705室。

隨著本公司股東於股東特別大會(「股東特別大會」)上通過的一項特別決議案,自二零一六年一月十八日起,本公司的名稱由「中國鎳資源控股有限公司」更改為「鎳資源國際控股有限公司」,且開曼群島公司註冊處已於二零一六年一月十八日發出本公司的變更名稱註冊證明書。

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

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

綜合財務報表以港元(「港元」)列報(除非另有說明),並已經由董事會在二零一七年三月三十日批准刊發。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and liabilities (including derivative financial instruments) are measured at fair value, as appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

##### (a) Going concern

During the year ended 31 December 2016, the Group incurred a net loss of HK\$646,678,000 and had a net operating cash outflow of HK\$312,624,000. As at 31 December 2016, the Group had a shareholders’ deficit of HK\$262,457,000 and net current liabilities of HK\$3,253,341,000, and the Group’s total borrowings amounted to HK\$2,379,717,000 which comprised bank and other borrowings, convertible bonds and notes payables of HK\$2,331,498,000, HK\$46,775,000 and HK\$1,444,000, respectively as at 31 December 2016. Cash and cash equivalents of the Group amounted to HK\$20,143,000 as at 31 December 2016.

### 2 主要會計政策概要

編製綜合財務報表所採用的主要會計政策載列如下。除另有指明外，該等政策已於所有呈報年度貫徹採用。

#### 2.1 編製基準

本公司綜合財務報表乃根據所有適用的國際財務報告準則（「國際財務報告準則」）及香港公司條例第622章的披露規定編製。除若干金融資產及負債（包括衍生金融工具）按公允價值計量（如適用）外，有關綜合財務報表均採用歷史成本法編製。

遵循國際財務報告準則編製財務報表，需要使用若干重大的會計估計。同時，在本集團運用會計政策的過程中，需管理層運用自身判斷。涉及應用大量或複雜的判斷之範疇，或涉及假設和估計之範疇對綜合財務報表具有重大影響，於附註4披露。

##### (a) 持續經營

截至二零一六年十二月三十一日止年度，本集團錄得虧損淨額646,678,000港元及經營現金流出淨額312,624,000港元。於二零一六年十二月三十一日，本集團的股東虧絀262,457,000港元、流動負債淨值為3,253,341,000港元及本集團的總借貸為2,379,717,000港元，包括銀行貸款及其他借貸、可換股債券及應付票據於二零一六年十二月三十一日分別為2,331,498,000港元、46,775,000港元及1,444,000港元。於二零一六年十二月三十一日，本集團現金及現金等值物為20,143,000港元。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

As at 31 December 2016, the Group's borrowings to the extent of HK\$2,378,273,000 were either overdue or due for immediate repayment despite the original contractual repayment dates of some of these borrowings are beyond twelve months after 31 December 2016. This is mainly because:

- (i) on 19 December 2014, the Group failed to make interest payment totaling HK\$16,108,000 under the relevant terms and conditions of its Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds (together the "Bonds"), details of which are disclosed in Notes 26 and 27. This constituted an event of default under the respective terms of the Bonds. Up to 31 December 2016, the Group failed to pay interest payment of the Bonds in aggregate of HK\$129,669,000. As a result, the outstanding principal amounts of the Bonds totaling HK\$466,165,000 (2015: HK\$536,915,000) became immediately due and payable (subject to the terms and conditions as stipulated in the Note 26(k) below), out of which the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds of HK\$390,990,000 (2015: HK\$390,990,000) and HK\$46,775,000 (2015: HK\$117,525,000), respectively with original contractual repayment date in 2018 have been classified as current liabilities as at 31 December 2016;

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

於二零一六年十二月三十一日，本集團之借貸2,378,273,000港元已逾期或須即時償還，即使當中有若干借貸之原合約償還日期為於二零一六年十二月三十一日之後超過十二個月。主要由於：

- (i) 於二零一四年十二月十九日，本集團未能根據其經修訂的10%票面息債券、12%票面息優先債券及8%票面息可換股債券(統稱「該等債券」)之相關條件及條款支付利息合共16,108,000港元，有關詳情披露於附註26及27。根據該等債券之相關條款，這構成違約事件。截至二零一六年十二月三十一日，本集團未能支付該等債券的利息合共129,669,000港元。因此，該等債券未償還之本金額合共466,165,000港元(二零一五年：536,915,000港元)即時成為到期應付(根據下文附註26(k)所訂明的條款及條件)，其中原合約還款日期為二零一八年，而金額分別為390,990,000港元(二零一五年：390,990,000港元)及46,775,000港元(二零一五年：117,525,000港元)之12%票面息優先債券及8%票面息可換股債券於二零一六年十二月三十一日已分類為流動負債；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

- (ii) as at 31 December 2016, a non-current secured bank loan of HK\$93,907,000 with contractual repayment date in 2019 contains a repayable on demand clause. As a result, the outstanding amount has been classified as current liabilities as at 31 December 2016;
- (iii) as at 31 December 2016, other loans to the extent of HK\$447,176,000 had become overdue;
- (iv) other borrowings to the extent of HK\$306,598,000 were overdue and HK\$111,072,000 were on repayable on demand terms;

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

- (ii) 於二零一六年十二月三十一日，合約還款日期為二零一九年的非即期有抵押銀行貸款93,907,000港元包括按要求償還條款。因此，於二零一六年十二月三十一日的未償還金額已分類為流動負債；
- (iii) 於二零一六年十二月三十一日，447,176,000港元的其他貸款已逾期；
- (iv) 306,598,000港元的其他借款已逾期及111,072,000港元須應要求償還；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

- (v) the Group has obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$556,859,000) in January 2016 from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. The New Facilities have been fully drawn down during the year ended 31 December 2016. The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of HK\$556,859,000 was immediately due and payable as at 31 December 2016; and

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

- (v) 於二零一六年一月，本集團已自中國一銀團取得一項為期三年的銀團貸款約人民幣498百萬元(相當於556,859,000港元)，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元(「新造融資」)，為期三年。截至二零一六年十二月三十一日止年度，新造融資已全部動用。銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽署銀團貸款協議後，未能履行該等銀團貸款融資項下的若干承擔及限制性契諾規定。因此，三年期銀團貸款的未償還金額556,859,000港元於二零一六年十二月三十一日即時成為到期應付；及

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

- (vi) the Group has obtained an unsecured 3-year loan facility from a PRC bank for an amount of RMB360 million (equivalent to HK\$402,459,000) (the “Unsecured Loan Facility”) in June 2016. As at 31 December 2016, approximately RMB355 million (equivalent to HK\$396,496,000) of the Unsecured Loan Facility has been drawn down mainly to replace part of the loans in relation to the proposed disposal of a 30% equity interest in S.E.A. Mineral Limited (“SEAM”), a wholly-owned subsidiary of the Group, as detailed in Note 26(g). However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of HK\$396,496,000 was immediately due and payable as at 31 December 2016.

Together with the accrued interest for borrowings to the extent of HK\$544,846,000 as at 31 December 2016 included in other payables and accruals, the aggregate borrowings and interest that were either overdue or due for immediate repayment amounted to HK\$2,923,119,000 as at 31 December 2016.

In addition, the Company and a subsidiary are parties to various legal claims as detailed in Note 31 to the consolidated financial statements.

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

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

- (vi) 於二零一六年六月，本集團已自中國一間銀行取得一項為期三年的無抵押貸款融資人民幣360百萬元(相當於402,459,000港元)(「無抵押貸款融資」)。於二零一六年十二月三十一日，已動用約人民幣355百萬元(相當於396,496,000港元)的無抵押貸款融資以主要取代有關建議出售本集團全資附屬公司南洋礦業有限公司(「南洋礦業」)30%股本權益的部分貸款，詳情載於附註26(g)。然而，本集團於簽署貸款協議後，未能履行該無抵押貸款融資項下的若干承擔及限制性契約規定。因此，該貸款的未償還金額396,496,000港元於二零一六年十二月三十一日即時成為到期應付。

連同於二零一六年十二月三十一日已計入其他應付款項及應計費用中的應計借貸利息544,846,000港元，於二零一六年十二月三十一日，已逾期或須即時償還的借貸總額及其利息合共為2,923,119,000港元。

此外，本公司及一間附屬公司亦涉及綜合財務報表附註31所詳述的多項法律索償事件。

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

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

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

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");
- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong ("SFC") in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

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

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

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i) 配發及發行認購股份；及(ii) 清洗豁免；及(iii) 特別交易（定義見下文）；
- 香港證券及期貨事務監察委員會（「證監會」）就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

(1) (Continued)

- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the “Special Deal”);
- approval of resumption of trading of the Company’s shares, and listing of the Subscription Shares from the Stock Exchange; and
- completion of a debt restructuring by the Company by way of the “Schemes” (Note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

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

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

(1) (續)

- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款(「特別交易」)；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及
- 本公司按「計劃」(附註)之方式完成債務重組(「債務重組建議」)。債務重組指本公司的債項重組計劃，當中涉及(其中包括)：(i)削減及註銷該等債券的未償還本金額至少80%；(ii)削減及註銷該等債券所有未償還的應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

除上述者外，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

(1) (Continued)

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

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

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

Note:

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

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

(1) (續)

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

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

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃(「開曼群島計劃」)項下的債權人根據開曼群島公司法(二零零七年修訂版)第86條訂立的計劃及本公司與建議安排計劃(「香港計劃」)項下的債權人根據(香港法例第622章)公司條例第670、673及674條訂立的計劃統稱為「計劃」。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

- (2) In relation to the secured bank loan of HK\$93,907,000 which contains a repayable on demand clause, the Group is actively negotiating with the bank for the waiver of the relevant clause.
- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$556,859,000 and HK\$396,496,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements.
- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of these consolidated financial statements. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed.

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group ("Financing Loans"), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed, details of which are disclosed in Note 26(g).

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

- (2) 就包括按要求償還條款的有抵押銀行貸款93,907,000港元而言，本集團正積極就豁免相關條款與銀行磋商。
- (3) 就分別為556,859,000港元及396,496,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定與各銀行磋商。
- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司(「北京匯贏」)訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計為大約150百萬美元(約11.70億港元)。截至批准該等綜合財務表報日期，建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境劇變，故此商討條款及條件細節所耗時間較預期長。

就建議出售事項而言，北京匯贏為本集團安排若干貸款融資(「融資貸款」)。倘建議出售得以完成，有關貸款可藉抵銷出售代價支付，當中詳情披露於附註26(g)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

(4) (Continued)

As at 31 December 2016, the outstanding Financing Loans amounted to approximately RMB 400 million (equivalent to HK\$447,176,000), all of these Financing Loans were overdue for repayments. Up to the date of approval of the consolidated financial statements, the Group has not received any letter from these lenders demanding for repayment of these loans. Management is currently negotiating with the relevant parties to formally extend the repayments of these loans to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for both parties, the proposed disposal will be completed and the Group will be able to offset all these borrowings against the disposal consideration.

(5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, related parties of the Potential Investor and other third parties of HK\$104,499,000, HK\$243,611,000 and HK\$69,560,000, respectively that were either overdue or due for immediate repayment as at 31 December 2016. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.

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

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

(4) (續)

於二零一六年十二月三十一日，未償還融資貸款為約人民幣400百萬元（相等於447,176,000港元），所有該等融資貸款已逾期償還。直至批准綜合財務報表日期，本集團尚未接獲任何該等放貸人要求償還該等貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該等貸款之還款期，以促使完成建議出售事項。管理層相信訂約雙方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷所有該等借貸；

(5) 除上述第(1)至(4)所述之借貸外，本集團來自本集團若干關連方、潛在投資者的關連方及其他第三方的其他借貸分別為104,499,000港元、243,611,000港元及69,560,000港元，於二零一六年十二月三十一日已逾期或須及時償還。本集團一直積極與放貸人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者關連方的借貸還款日期延長2年。

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

(7) The Group is also maximizing its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows. During the year ended 31 December 2016 and up to the date of approval of these consolidated financial statements, the Group received certain new sales orders of its stainless steel products from several independent third party customers. Management believes that the Group will be able to record a significant increase in sales in the coming twelve months after the reporting period.

(8) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 31 to the consolidated financial statements. In preparing these consolidated financial statements, the directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.

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

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

(7) 本集團同時致力加大銷售力度，包括加快銷售其現有存貨，對已開發新產品尋求海外市場或新客戶的新訂單，並實施更嚴謹的成本監控措施，以改善經營現金流量。截至二零一六年十二月三十一日止年度及直至該等綜合財務報表日期，本集團收到數名獨立第三方客戶有關不銹鋼產品的若干新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得銷量大幅增長。

(8) 本集團已委聘法律顧問處理所有申索及糾紛，詳情載於綜合財務報表附註31。於編製該等綜合財務報表時，董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內毋須導致巨額的現金流出。

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

Notwithstanding the above, significant multiple uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to manage its indebtedness, and generate adequate financing and operating cash flows through:

- (1) successful completion of the issuance of the Subscription Shares after fulfilling all conditions precedent as detailed, but not limited to, above and in particular by the successful completion of the Debt Restructuring Proposal;
- (2) successful negotiation with the banks for the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements;
- (3) successful negotiation with the financiers to extend the repayment dates of their loans to the Group until completion of the proposed disposal of the 30% interest in SEAM, at a disposal consideration of US\$150 million, and be able to collect the remaining disposal consideration of approximately US\$92 million (equivalent to approximately HK\$713 million) in full immediately upon completion of the transaction after properly offsetting the disposal consideration against the above-mentioned borrowings of approximately RMB400 million;
- (4) successful negotiation with the related parties of the Group, related parties of the Potential Investor and other third party lenders for extension of their relevant borrowings, by maintaining relationship with them such that no action will be taken by these lenders to demand immediate repayment of the overdue borrowings under negotiation;

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

儘管如此，本公司管理層能否達成上述計劃及措施仍存有多項重大不明朗因素。本集團能否持續經營將視乎本集團能否成功管理其債項及通過以下方法產生充足的融資及經營現金流量：

- (1) 在達成上述(但不限於)所有先決條件，尤其是透過成功完成債務重組建議後，成功完成發行認購股份；
- (2) 成功與各銀行磋商豁免按要求償還條款及違反承諾及限制性契諾規定；
- (3) 成功與融資方磋商延長授予本集團貸款之還款日期，直至以出售代價150百萬美元完成建議出售南洋礦業之30%權益為止，並從上述借貸中適當地抵銷合共約人民幣400百萬元出售代價款額後，於緊隨交易完成時能夠全數收取出售代價餘額約92百萬美元(相當於約713百萬港元)；
- (4) 成功與本集團的關連方、潛在投資者的關連方及其他第三方放貸人磋商延長其相關借貸的期限，並與彼等維持關係，致使該等放貸人不會採取行動以要求即時償還磋商中之逾期借貸；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (a) Going concern (Continued)

- (5) successful negotiation with the lenders for obtaining additional new financing and other sources of funding as and when required;
- (6) successful implementation of its operation plans described above to control costs and generate adequate operating cash flows; and
- (7) successful resolution of the outstanding claims, and disputes, and without significant cash outflows in the next twelve months.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (a) 持續經營(續)

- (5) 成功與放貸人磋商獲取額外之新融資及其他資金來源(如需要);
- (6) 成功實施上述經營計劃,以控制成本及產生充足的經營現金流量;及
- (7) 成功解決待決申索及糾紛且於未來十二個月內毋須導致巨額的現金流出。

倘若本集團未能達成上述計劃及措施,其可能無法繼續按持續經營基準營運,並須作出調整以將本集團資產的賬面值撇減至其可收回金額、就可能產生之任何進一步負債作出撥備,以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整之影響並未反映於該等綜合財務報表內。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (b) New and amended standards adopted by the Group

The Group has adopted the following new and amended standards that have been issued and effective for the Group's financial year beginning on 1 January 2016:

Annual Improvements Project	Annual Improvement 2012-2014 Cycle
IAS 1 (Amendment)	Disclosure Initiative
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendment)	Agriculture: Bearer Plants
IAS 27 (Amendment)	Equity Method in Separate Financial Statements
IAS 28, IFRS 10 and IFRS 12 (Amendment)	Investment Entities: Applying the Consolidation Exception
IFRS 11 (Amendment)	Accounting for Acquisition of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts

The adoption of the above new and amended standards has no significant impact on Group's results and financial position.

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (b) 本集團已採納之新訂及經修訂準則

本集團已採納下列已頒佈且於二零一六年一月一日開始之本集團財政年度生效之新訂及經修訂準則：

年度改進項目	二零一二年至二零一四年週期之年度改進披露計劃
國際會計準則第1號(修訂本)	披露計劃
國際會計準則第16號及國際會計準則第38號(修訂本)	對可接受的折舊和攤銷方法的澄清
國際會計準則第16號及國際會計準則第41號(修訂本)	農業：生產性植物
國際會計準則第27號(修訂本)	單獨財務報表之權益法
國際會計準則第28號、國際財務報告準則第10號及國際財務報告準則第12號(修訂本)	投資實體：應用綜合賬目之例外情況
國際財務報告準則第11號(修訂本)	收購於合營企業之權益之會計方法
國際財務報告準則第14號	監管遞延賬戶

採納上述新訂及經修訂準則對本集團的業績及財務狀況並未構成重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.1 Basis of preparation (Continued)

##### (b) New and amended standards adopted by the Group (Continued)

New standards and amendments to existing standards that have been issued but are not effective:

IAS 7 (Amendment)	Disclosure Initiative <sup>(1)</sup>
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses <sup>(1)</sup>
IFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions <sup>(2)</sup>
IFRS 4 (Amendment)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>(2)</sup>
IFRS 9	Financial Instruments <sup>(2)</sup>
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>
IFRS 15	Revenue from Contracts with Customers <sup>(2)</sup>
IFRS 15 (Amendment)	Clarifications to IFRS15 <sup>(2)</sup>
IFRS 16	Leases <sup>(3)</sup>

<sup>(1)</sup> Effective for the accounting period beginning on 1 January 2017

<sup>(2)</sup> Effective for the accounting period beginning on 1 January 2018

<sup>(3)</sup> Effective for the accounting period beginning on 1 January 2019

<sup>(4)</sup> Effective date to be determined

The Group has commenced an assessment on the impact of these new and amended standards, but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

### 2 主要會計政策概要(續)

#### 2.1 編製基準(續)

##### (b) 本集團已採納之新訂及經修訂準則(續)

已頒佈但尚未生效之新準則及現有準則之修訂：

國際會計準則第7號(修訂本)	披露計劃 <sup>(1)</sup>
國際會計準則第12號(修訂本)	就為未變現虧損確認遞延稅項資產 <sup>(1)</sup>
國際財務報告準則第2號(修訂本)	以股份為基礎付款交易的分類及計量 <sup>(2)</sup>
國際財務報告準則第4號(修訂本)	應用國際財務報告準則第9號金融工具與國際財務報告準則第4號保險合同 <sup>(2)</sup>
國際財務報告準則第9號	金融工具 <sup>(2)</sup>
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 <sup>(4)</sup>
國際財務報告準則第15號	源於客戶合約的收益 <sup>(2)</sup>
國際財務報告準則第15號(修訂本)	國際財務報告準則第15號之澄清 <sup>(2)</sup>
國際財務報告準則第16號	租賃 <sup>(3)</sup>

<sup>(1)</sup> 於二零一七年一月一日開始之會計期間生效

<sup>(2)</sup> 於二零一八年一月一日開始之會計期間生效

<sup>(3)</sup> 於二零一九年一月一日開始之會計期間生效

<sup>(4)</sup> 生效日期待釐定

本集團已開始評估該等新訂及經修訂準則的影響，但尚未能釐定其會否對本集團經營業績及財務狀況造成重大影響。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Subsidiaries

##### 2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

### 2 主要會計政策概要(續)

#### 2.2 附屬公司

##### 2.2.1 綜合入賬

附屬公司為本集團對其擁有控制權的實體(包括結構性實體)。當本集團參與一實體業務而承擔可變回報的風險或有權得到可變回報，及有能力透過其對實體的權力影響該等回報時，則本集團對該實體擁有控制權。附屬公司乃自控制權轉移至本集團當日起綜合入賬，並自該控制權終止當日起不再綜合入賬。

(a) *業務合併*

本集團採用收購法將業務合併入賬。收購附屬公司的轉讓代價為已轉讓資產、被收購方原擁有人所承擔負債及本集團發行的股本權益的公允價值。所轉讓代價包括因或然代價安排而產生的任何資產或負債的公允價值。於業務合併中收購的可識別資產及承擔的負債及或然負債初步按於收購日期的公允價值計量。

本集團按個別收購基準確認被收購方的任何非控股權益。屬現時擁有權權益且於清盤時賦予持有人權利按比例分佔實體資產淨值之於被收購方的非控股權益，可按公允價值或於被收購方可識別資產淨值之已確認金額之現有擁有權權益比例計量。非控股權益的所有其他部分均按收購日期之公允價值計量，除非國際財務報告準則規定採用另一項計量基準則作別論。

收購相關成本於產生時支銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Subsidiaries (Continued)

##### 2.2.1 Consolidation (Continued)

(a) *Business combinations (Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### 2 主要會計政策概要(續)

#### 2.2 附屬公司(續)

##### 2.2.1 綜合入賬(續)

(a) *業務合併(續)*

倘業務合併分階段進行，收購方先前持有的被收購方股權於收購日期賬面值重新計量為於收購日期的公允價值，而該重新計量產生的任何收益或虧損於損益內確認。

本集團所轉讓的任何或然代價將在收購當日按公允價值確認。被視為一項資產或負債的或然代價公允價值後續變動，將按照國際會計準則第39號的規定，於損益內確認。分類為權益的或然代價毋須重新計量，而其後結算於權益入賬。

所轉讓代價、被收購方之任何非控股權益金額及任何先前於被收購方之股權於收購日期之公允價值超過所收購可識別淨資產公允價值之差額，乃入賬列作商譽。倘轉讓的代價、已確認非控股權益及先前持有的權益計量之總額低於所收購附屬公司淨資產之公允價值(於議價收購之情況下)，則該差額會直接於綜合收益表內確認。

所有集團內部各公司間的交易、結餘及未變現收益均會對銷。未變現虧損亦會對銷。當有需要時，附屬公司所報金額已作出調整，以確保符合本集團採納的會計政策。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Subsidiaries (Continued)

##### 2.2.1 Consolidation (Continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

### 2 主要會計政策概要(續)

#### 2.2 附屬公司(續)

##### 2.2.1 綜合入賬(續)

(b) *不會導致失去控制權之附屬公司所有權權益變動*

不會導致失去控制權之非控股權益交易入賬列作權益交易 — 即以彼等為擁有人之身分與附屬公司擁有人進行交易。任何已付代價公允價值與所收購相關應佔附屬公司資產淨值賬面值之差額列作權益。向非控股權益出售所得收益或虧損亦列作權益。

(c) *出售附屬公司*

若本集團不再擁有控制權，其於該實體之任何保留權益按其於失去控制權當日之公允價值重新計算，而賬面值變動則於損益內確認。其後此保留權益將入賬列作聯營公司、合營企業或金融資產，並以公允價值為初始之賬面值。此外，過往於其他全面收益內確認與該實體有關之任何金額按猶如本集團直接出售有關資產或負債之方式入賬。即先前在其他全面收益內確認之金額重新分類至損益或按適用國際財務報告準則之規定／許可條文轉撥至另一類權益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.2 Subsidiaries (Continued)

##### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### 2.3 Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit loss where appropriate.

### 2 主要會計政策概要(續)

#### 2.2 附屬公司(續)

##### 2.2.2 獨立財務報表

於附屬公司之投資乃按成本減減值入賬。成本包括投資直接應佔成本。附屬公司之業績乃由本公司按已收及應收股息之基準入賬。

倘股息超出宣派股息期間該附屬公司之全面收益總額，或倘獨立財務報表之投資賬面值超出綜合財務報表所示被投資公司資產淨值(包括商譽)之賬面值，則須於收取來自該等投資之股息時對該等附屬公司之投資進行減值測試。

#### 2.3 聯營公司

聯營公司指本集團對其有重大影響力而無控制權之實體，通常附帶20%至50%表決權之股權。於聯營公司之投資使用權益會計法入賬。根據權益法，投資初步按成本確認，並增加或減少賬面值以確認於收購日期後投資者應佔投資對象的溢利或虧損。本集團於聯營公司之投資包括收購時識別之商譽。於收購聯營公司之擁有權權益時，聯營公司之成本與本集團應佔該聯營公司可資識別資產及負債之淨公允價值之間的任何差額入賬列為商譽。

倘對聯營公司的擁有權減少但仍保留重大影響，則先前於其他全面收益確認的金額當中，僅按比例計算的份額重新分類至損益(視適用情況而定)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.3 Associate (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of loss of an associate' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in an associate are recognised in the consolidated income statement.

#### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operations decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

### 2 主要會計政策概要(續)

#### 2.3 聯營公司(續)

本集團應佔收購後溢利或虧損於綜合收益表確認，而應佔收購後其他全面收益之變動，則於其他全面收益內確認，並對投資賬面值作出相應調整。當本集團分佔聯營公司虧損等於或超過其佔該聯營公司之權益(包括任何其他無抵押應收款項)時，本集團不再進一步確認虧損，除非本集團代聯營公司承擔法律或推定責任或支付款項。

本集團在每個報告日期釐定於聯營公司之投資是否存在任何客觀減值證據。倘存在減值證據，本集團會按聯營公司可收回金額與其賬面值間之差額計算減值金額，並於綜合收益表「應佔一間聯營公司虧損」確認有關金額。

本集團及其聯營公司之間之上游及下游交易所產生溢利及虧損，於本集團財務報表確認，惟僅以非關連投資者於聯營公司之權益為限。除非交易提供證據顯示已轉讓資產有所減值，未變現虧損均予以對銷。已於必要時改變聯營公司之會計政策，以確保與本集團所採納的政策保持貫徹一致。

於聯營公司之股權攤薄所產生之收益或虧損於綜合收益表確認。

#### 2.4 分部報告

經營分部之呈報方式與向主要經營決策者呈報內部報告之方式一致。負責分配資源及評估經營分部之表現之主要經營決策者已被確定為作出戰略性決策之本公司執行董事。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.5 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" or "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains, net".

### 2 主要會計政策概要(續)

#### 2.5 外幣換算

##### (a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運經濟環境之貨幣(「功能貨幣」)計算。綜合財務報表乃以港元呈報，港元為本公司之功能貨幣及本集團之呈報貨幣。

##### (b) 交易及結餘

外幣交易均按交易當日或項目重新計量之估值日期之匯率換算為功能貨幣。此等交易結算以及按年結日之匯率換算以外幣計值之貨幣資產及負債而產生之外匯收益及虧損，均於收益表內確認，惟於權益內遞延作合資格投資淨額的對沖除外。

有關借貸及現金及現金等值物的外匯損益呈列於綜合收益表內「融資收入」或「融資成本」項下。所有其他外匯損益呈列於綜合收益表內「其他盈利淨額」項下。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.5 Foreign currency translation (Continued)

##### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

### 2 主要會計政策概要(續)

#### 2.5 外幣換算(續)

##### (c) 集團公司

本集團旗下所有實體如持有與呈報貨幣不一致之功能貨幣(其中並無任何實體持有通脹嚴重之經濟體系之貨幣),其業績及財務狀況均按以下方法換算為呈報貨幣:

- (i) 每項財務狀況表所呈列之資產及負債均按照報告期末之結算日匯率換算;
- (ii) 每項收益表之收入及支出均按照平均匯率換算,除非此平均匯率並非各交易日匯率之累積影響之合理近似值,收入及支出則按交易日匯率換算;及
- (iii) 所有產生之匯兌差額均於其他全面收益中確認。

因收購海外實體而產生的商譽及公允價值調整;均作為有關海外實體的資產與負債,並按結算日匯率換算。所產生之匯兌差額於其他全面收益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.5 Foreign currency translation (Continued)

##### (d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in an associate that do not result in the Group losing significant influence) the proportionate share of the accumulated exchange difference is reclassified to the consolidated income statement.

#### 2.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

### 2 主要會計政策概要(續)

#### 2.5 外幣換算(續)

##### (d) 出售海外業務及部份出售

於出售海外業務(即出售本集團於海外業務之全部權益或導致喪失對某一包含海外業務附屬公司控制權之出售,或導致喪失對某一包含海外業務聯營公司重大影響力之出售)時,與該業務相關並歸屬於本公司權益持有人之所有於權益中累計匯兌差額均重新分類至損益。

倘此乃部份出售並不導致本集團喪失包含海外業務附屬公司的控制權,該累計匯兌差額之應佔比例重新歸屬予非控股權益及不會於收益表確認。就所有其他之部份出售(即不會導致本集團喪失重大影響之聯營公司之部份出售),該累計匯兌差額之應佔比例則須重新分類至綜合收益表。

#### 2.6 物業、廠房及設備

物業、廠房及設備(在建工程除外)按成本減累計折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔之開支。

其後成本只有在與該項目有關之未來經濟利益有可能流入本集團,而該項目之成本能可靠計量時,才計入資產之賬面值或確認為一項獨立資產(按適用情況而定)。取代部分之賬面值將終止確認。所有其他維修及保養成本於產生之財政期間在綜合收益表支銷。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.6 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimate useful lives, as follows:

— Buildings	15–25 years
— Plant and machinery	8–15 years
— Office equipment	3–5 years
— Motor vehicles and other	5–25 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains, net' in the consolidated income statement.

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction of buildings, the costs of plant and machinery and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

### 2 主要會計政策概要(續)

#### 2.6 物業、廠房及設備(續)

折舊於其估計可用年期內將其成本值按直線法攤分其剩餘價值計算，如下所示：

— 樓宇	15–25年
— 廠房及機器	8–15年
— 辦公室設備	3–5年
— 車輛及其他	5–25年

資產的剩餘價值及可使用年期在每個報告期末進行檢討，並在適當時調整。

若資產之賬面值高於其估計可收回金額，其賬面值即時撇減至可收回金額。

出售收益及虧損按所得款項與賬面值的差額釐定，並在綜合收益表內的「其他盈利淨額」項下確認。

在建工程為建設中及需要安裝的樓宇、廠房及機器，按照成本扣除累計減值虧損列賬。成本包括興建樓宇的成本、廠房及機器成本，以及(如為合資格資產)按本集團會計政策資本化的借款成本。在建工程不計提折舊，直至有關資產完工並可供擬定用途。當有關資產可供使用時，其成本按上述政策轉撥至物業、廠房及設備，並計提折舊。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.7 Prepaid land lease payments

Prepaid land lease payments are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 20 to 50 years. Amortisation of prepaid land lease payments is calculated on a straight-line basis over the period of leases.

#### 2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial reporting date.

##### Exclusive offtake right

The exclusive offtake right represents the exclusive right to purchase iron ore by the Group from an iron ore supplier for a period of 28 years ending 24 January 2036. The exclusive offtake right is stated at cost less accumulated amortisation and any impairment losses. The exclusive offtake right is amortised based on the unit of purchase method.

### 2 主要會計政策概要(續)

#### 2.7 預付土地租賃款項

預付土地租賃款項按成本減累計攤銷及累計減值虧損入賬。成本代表就不同廠房及樓宇所在土地的20至50年使用權支付的代價。預付土地租賃款項以直線法按租賃期攤銷。

#### 2.8 無形資產

單獨收購的無形資產在初始確認時以成本計量。業務合併產生的無形資產成本為其在收購日的公允價值。無形資產使用期分為有限期或無限期。具有限期之無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。具有限使用期之無形資產之攤銷年期及攤銷方法至少於每個財務報告日期末檢討。

##### 獨家採購權

獨家採購權指本集團於截至二零三六年一月二十四日止28年內，向鐵礦石供應商採購鐵礦石之獨家權利。獨家採購權按成本減累計攤銷及任何減值虧損列賬。獨家採購權按單位採購量法計算攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.9 Impairment of non-financial assets

Assets that have an indefinite useful life or not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 2.10 Financial assets

##### 2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

### 2 主要會計政策概要(續)

#### 2.9 非金融資產減值

無明確顯示使用期限之無形資產或未能使用的無形資產不予攤銷，惟須每年進行減值測試。在某些事件發生或環境變化導致資產之賬面值可能無法回收時，予以攤銷之資產會進行減值審閱。當資產賬面值超出其可收回金額時，差額確認為減值虧損。可收回金額為資產公允價值減出售成本與使用價值兩者之較高者。就評估減值而言，資產按最低可獨立識別的現金流量水平(現金產生單位)歸類。除商譽外，倘非金融資產出現減值，則須於各報告日期檢討可能出現的減值撥回。

#### 2.10 金融資產

##### 2.10.1 分類

本集團將其金融資產分類為以下類別：按公允價值計量且其變動計入損益的金融資產、貸款及應收款，以及可供出售金融資產。上述分類乃按所收購金融資產之目的而定。管理層於金融資產首次確認時作出分類。

(a) *按公允價值計量且其變動計入損益的金融資產*

按公允價值計量且其變動計入損益的金融資產乃因交易而持有的金融資產。如果金融資產主要以短期出售為目的而購入，則分類至此類別。除非指定為對沖工具，否則金融衍生工具亦分類為因交易而持有的金融資產。如預期於12個月內結算，則此類別的資產分類為流動資產，否則將分類為非流動資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.10 Financial assets (Continued)

##### 2.10.1 Classification (Continued)

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and notes receivables, deposits and other receivables, pledged time deposits and cash and cash equivalents.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

As at 31 December 2015 and 2016, the Group did not have any financial assets at fair value through profit or loss and available-for-sale financial assets.

### 2 主要會計政策概要(續)

#### 2.10 金融資產(續)

##### 2.10.1 分類(續)

(b) *貸款及應收款*

貸款及應收款指有固定或可釐定付款金額及並無在活躍市場報價之非衍生金融資產。該等項目均列入流動資產，惟會於或預期將於報告期末起計超逾12個月方始償付之款項除外，有關項目將分類為非流動資產。本集團之貸款及應收款包括應收賬款及應收票據、按金及其他應收款項、已抵押定期存款，以及現金及現金等值物。

(c) *可供出售金融資產*

可供出售金融資產為指定列入此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層擬於報告期末後12個月內出售有關投資，否則列入非流動資產。

於二零一五年及二零一六年十二月三十一日，本集團並無任何按公允價值計量且其變動計入損益的金融資產以及可供出售金融資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.10 Financial assets (Continued)

##### 2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the consolidated income statement within 'other gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in consolidated other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as gains and losses from investment securities.

### 2 主要會計政策概要(續)

#### 2.10 金融資產(續)

##### 2.10.2 確認及計量

金融資產以正常方式進行之買賣均在交易日(即本集團承諾買賣資產之日)確認。對於並非按公允價值計量且其變動計入損益的所有金融資產，投資初步按公允價值加交易成本確認。按公允價值計量且其變動計入損益的金融資產初步按公允價值確認，而交易成本於綜合收益表支銷。當從投資收取現金流量之權利已經到期或轉讓，而本集團已將擁有權之絕大部分風險和回報轉讓時，該金融資產即終止確認。可供出售金融資產及按公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收款其後使用實際利息法按攤銷成本列賬。

因按公允價值計量且其變動計入損益的金融資產類別的公允價值變動而產生的收益或虧損，於其產生期間在綜合收益表的「其他盈利淨額」一項呈列。按公允價值計量且其變動計入損益的金融資產的股息收入於本集團收取股息的權利確立時在綜合收益表確認為其他收入的一部分。

分類為可供出售之貨幣及非貨幣證券之公允價值變動於綜合其他全面收益確認。

當分類為可供出售之證券售出或減值時，已於權益確認之累計公允價值調整均在綜合收益表列作「投資證券之收益及虧損」。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.10 Financial assets (Continued)

#### 2.10.2 Recognition and measurement (Continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

#### 2.10.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

#### 2.10.4 Impairment of financial assets

##### (a) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## 2 主要會計政策概要(續)

### 2.10 金融資產(續)

#### 2.10.2 確認及計量(續)

按實際利息法計算之可供出售證券利息於收益表確認為其他收入的一部分。可供出售股本工具的股息於本集團收取股息的權利確立時在綜合收益表確認為其他收入的一部分。

#### 2.10.3 抵銷金融工具

當具有抵銷已確認金額之可執行法定權利，且計劃以淨額結算或同時變現該資產和清償該負債時，金融資產和金融負債方可相互抵銷且以淨值列報於財務狀況表內。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

#### 2.10.4 金融資產減值

##### (a) *以攤銷成本列賬的資產*

本集團於每個報告期末評估是否存在客觀證據顯示金融資產或金融資產組合出現減值。僅於有客觀減值跡象顯示初步確認一項或一組金融資產後發生一項或多項事件(「虧損事件」)，而該項(或多項)虧損事件對該項或該組金融資產的估計未來現金流量造成能夠可靠地估計的影響，則該項或該組金融資產即視為出現減值及產生減值虧損。

減值跡象可包括一名或一群債務人正面臨重大財務困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可能觀察得到的數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或出現違約相關的經濟狀況。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.10 Financial assets (Continued)

##### 2.10.4 Impairment of financial assets (Continued)

(a) *Assets carried at amortised cost (Continued)*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

### 2 主要會計政策概要(續)

#### 2.10 金融資產(續)

##### 2.10.4 金融資產減值(續)

(a) *以攤銷成本列賬的資產(續)*

就貸款及應收款類別而言，虧損金額按資產賬面值與按金融資產原實際利率貼現之估計未來現金流量現值(不包括尚未產生之未來信貸虧損)間之差額計算。資產賬面值會予以削減，而虧損金額會於收益表確認。倘貸款或持至到期投資按浮動利率計息，則計算任何減值虧損之貼現率為根據合約釐定之當前實際利率。在實際運作上，本集團或會以可觀察市價釐定之工具公允價值來計算減值。

倘於往後期間，減值虧損金額減少，減幅亦可與確認減值後發生之事件客觀關連(例如：債務人信貸評級改善)，則於綜合收益表確認撥回過往確認之減值虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.10 Financial assets (Continued)

##### 2.10.4 Impairment of financial assets (Continued)

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement — is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

### 2 主要會計政策概要(續)

#### 2.10 金融資產(續)

##### 2.10.4 金融資產減值(續)

(b) *分類為可供出售之資產*

本集團於每個報告期末評估是否存在客觀證據顯示金融資產或金融資產組合出現減值。就債務證券而言，本集團使用上文(a)部分所載之準則。就分類為可供出售之股本投資而言，如證券之公允價值嚴重或長期下跌至低於其成本，亦為資產出現減值之證據。倘可供出售金融資產出現任何此等跡象，其累計虧損(按收購成本與目前公允價值之差額減去該金融資產先前已在綜合收益表確認之任何減值虧損計量)將從權益中扣除，並於綜合收益表確認。股本工具於綜合收益表確認之減值虧損不會透過綜合收益表撥回。倘於往後期間，分類為可供出售之債務工具之公允價值有所增加，增幅亦可與在收益表確認減值虧損後發生之事件客觀關連，則減值虧損會透過綜合收益表撥回。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.11 Financial liabilities

#### 2.11.1 Recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, financial liabilities carried at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities carried at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade, notes and other payables, derivative financial instruments, interest-bearing bank and other borrowings, and convertible bonds.

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

## 2 主要會計政策概要(續)

### 2.11 金融負債

#### 2.11.1 確認及計量

國際會計準則第39號中涉及的金融負債按適當的形式劃分為按公允價值計量且其變動計入損益的金融負債、按攤銷成本列賬的金融負債或指定為有效對沖中對沖工具的衍生品。本集團於初步確認時釐定其金融負債的分類。

所有金融負債初步按公允價值確認，而如屬按攤銷成本列賬的金融負債，則扣除直接歸屬的交易成本。

本集團的金融負債包括應付賬款、應付票據及其他應付款項、衍生金融工具、計息銀行貸款和其他借貸，以及可換股債券。

金融負債根據其分類進行如下後續計量：

(a) *以公允價值計量且其變動計入損益的金融負債*

以公允價值計量且其變動計入損益的金融負債包括持作買賣金融負債和在初始確認時指定為以公允價值計量且其變動計入損益的金融負債。

為短期內出售目的而收購的金融負債分類為持作買賣金融負債。該類金融負債包括本集團訂立，按照國際會計準則第39號關於對沖關係之定義未被指定為對沖工具的衍生金融工具。被分離之嵌入式衍生品也應分類為持作買賣金融負債，惟其被指定為有效對沖工具除外。持作買賣負債之損益於綜合收益表確認。確認計入收益表之公允價值損益淨值並不包含該等金融負債所產生之任何利息。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.11 Financial liabilities (Continued)

##### 2.11.1 Recognition and measurement (Continued)

(a) *Financial liabilities at fair value through profit or loss (Continued)*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

(b) *Financial liabilities carried at amortised cost*

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### 2 主要會計政策概要(續)

#### 2.11 金融負債(續)

##### 2.11.1 確認及計量(續)

(a) *以公允價值計量且其變動計入損益的金融負債(續)*

僅在滿足國際會計準則第39號時，金融負債於初始確認日指定為按公允價值計量且其變動計入損益的金融負債。

(b) *按攤銷成本列賬的金融負債*

於初步確認後，付息金融負債隨後以實際利率法按攤銷成本計量，除非貼現影響為微不足道，在該情況下則按成本列賬。當負債終止確認及按實際利息法進行攤銷時，其損益在收益表內確認。

在貸款融資將很有可能部分或全部提取的情況下，就設立貸款融資支付的費用乃確認為貸款交易成本。在此情況下，該費用將遞延至提取貸款發生時。在並無證據顯示該貸款融資將很有可能部分或全部提取的情況下，該費用撥充資本作為流動資金服務的預付款項，並於其相關融資期間內予以攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.11 Financial liabilities (Continued)

#### 2.11.1 Recognition and measurement (Continued)

(c) *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

#### 2.11.2 Derecognition of financial liabilities

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

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 the consolidated income statement.

## 2 主要會計政策概要(續)

### 2.11 金融負債(續)

#### 2.11.1 確認及計量(續)

(c) *財務擔保合約*

本集團發行之財務擔保合約，是指當特定債務人未能按債務工具條款支付到期款項時，須向持有人償付該項虧損之合約。財務擔保合約初步按公允價值確認為一項負債，並根據發出擔保直接相關的交易成本進行調整。初步確認後，本集團將按以下兩者中之較高者計量財務擔保合約：(i)於報告期末結算現時責任所須開支之最佳估計金額；及(ii)首次確認之金額減累計攤銷(如適用)。

#### 2.11.2 終止確認金融負債

金融負債於負債項下責任被解除、撤銷或屆滿時終止確認。

如一項現有金融負債被來自同一貸款方的條款幾乎完全不同的另一項金融負債所取代，或現有負債的條款幾乎全部被實質性修改，此種置換或修改被視作終止確認原有負債並確認新負債處理，而兩者的賬面價值差額於綜合收益表內確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.11 Financial liabilities (Continued)

##### 2.11.3 Convertible bonds

If the conversion option of convertible bonds is an equity instrument, the host of convertible bonds is recognised as a financial liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the host liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a financial liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

### 2 主要會計政策概要(續)

#### 2.11 金融負債(續)

##### 2.11.3 可換股債券

倘可換股債券之轉換期權屬股本工具，則可換股債券之主要部分經扣除交易成本後於綜合財務狀況表確認為金融負債。發行可換股債券時，主負債部分之公允價值乃按相等非可換股債券之市價而釐定，而該金額按攤銷成本列賬為金融負債，直至轉換或贖回時註銷為止。所得款項餘額會分配至已確認之轉換期權，並於扣除交易成本後計入股東權益。轉換期權之賬面價值於往後年度不會重新計算。交易成本於該等工具首次確認時，根據所得款項分配至負債及權益部分之比例分配至可換股債券之負債及權益部分。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.11 Financial liabilities (Continued)

##### 2.11.3 Convertible bonds (Continued)

If the conversion option of convertible bonds is not an equity component, it is bifurcated from the host liability component and separately accounted for as a derivative. Redemption rights are also embedded derivatives and accounted for together with conversion option as a single derivative. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component. Transaction costs are apportioned between the host liability and derivative components of the convertible bonds based on the allocation of proceeds to the host liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated income statement.

When the convertible bonds with an equity component are extinguished before maturity through an early redemption or repurchase by the issuer in which the original conversion privileges are unchanged, the consideration and transaction costs paid for the redemption or repurchase is allocated to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received when the convertible instrument was issued. The difference between the carrying amount of the liability component and the liability component from the allocation of consideration and transaction costs paid for the redemption or repurchase is recognised in the consolidated income statement, whereas the difference between the carrying amount of the equity component and the equity component from the allocation of consideration and transaction costs paid for the redemption or repurchase is recognised in equity.

### 2 主要會計政策概要(續)

#### 2.11 金融負債(續)

##### 2.11.3 可換股債券(續)

倘可換股債券之轉換期權並非權益部分，則與主負債部分分離，單獨入賬為衍生工具。贖回權亦為嵌入式衍生工具，與轉換期權一併入賬為單一衍生工具。於初始確認時，可換股債券之衍生品部分按公允價值計量且列報為衍生金融工具之一部分。任何超出衍生品部分初始確認金額之所得款項確認為可換股債券之主負債部分。交易成本根據該等工具初始確認時主負債部分與衍生品部分所得款項分配之比例，在可換股債券之主負債部分與衍生品部分間分配。與可換股債券主負債部分相關之交易成本初始確認為該負債之一部分。與衍生品部分相關之交易成本即時於綜合收益表確認。

當包含權益部分之可換股債券於到期前透過發行人提早贖回或購回被註銷，且原定換股特權維持不變，則贖回或購回所付之代價及交易成本將於交易當日分配至有關工具之負債及權益部分。分配所付代價及交易成本至個別部分之方法與發行可換股工具當時分配所收款項至個別部分之原定方法一致。負債部分賬面價值與分配自贖回或回購所付代價及交易成本至負債部分之差額，於綜合收益表中確認。此外，權益部分賬面價值與分配自贖回或回購所付代價及交易成本之權益部分之差額，則於權益中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

##### (a) Initial recognition and subsequent measurement

The derivative financial instruments of the Group represent the conversion option and redemption option bifurcated from the host contract of convertible bonds. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the profit or loss.

##### (b) Classification

Derivative financial instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

#### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises direct materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2 主要會計政策概要(續)

#### 2.12 衍生金融工具

衍生工具於訂立衍生工具合約日期按公允價值初步確認，其後按其公允價值重新計量。

##### (a) 初始確認及後續計量

本集團之衍生金融工具指從可換股債券主合約中分離出之轉換權及贖回權。該等衍生金融工具以訂立衍生合約日期之公允價值進行初始確認，其後按公允價值重新計量。其公允價值為正值時，作為資產入賬；其公允價值為負值時，作為負債入賬。

任何衍生工具之公允價值變動所產生的任何盈虧直接計入損益。

##### (b) 分類

基於對現實狀況與環境之評估(即相關已訂約現金流量)，未被指定為有效對沖工具之衍生金融工具劃分為流動或非流動，或者將之分離為流動及非流動部分。

與主合約無密切關聯之嵌入式衍生品按照與主合約現金流量一致之方式分類。

#### 2.13 存貨

存貨按成本與可變現淨值兩者中之較低者入賬。成本按加權平均法釐定。製成品及在建工程之成本包括直接物料、直接勞工及其他直接成本，以及相關間接生產開支(以正常營運產能為基準)。其不包括借款成本。可變現淨值為在日常業務過程中之估計銷售價，減適用的變動銷售開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

#### 2.15 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and are not restricted as to use.

#### 2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2 主要會計政策概要(續)

#### 2.14 應收賬款及其他應收款項

應收賬款為在日常業務過程中就商品銷售或服務提供而應收客戶之款項。如預期將於一年或以內(或仍在正常經營週期中,則可延長)收回應收賬款及其他應收款項,則該等款項將會分類為流動資產。否則,該等款項呈列為非流動資產。

應收賬款及其他應收款項初步以公允價值確認,其後利用實際利息法按攤銷成本扣除減值撥備計量。

#### 2.15 現金及現金等值物

就綜合現金流量表而言,現金及現金等值物指手頭現金、活期存款及短期高流動性之投資。該投資隨時可變現為可知數額之現金,且價值變動風險不大,一般於購入日期後三個月內到期,亦沒有用途限制。

#### 2.16 股本

普通股被列為權益。

與發行新股或購股權直接有關之新增成本,列入權益作為所得款項(已扣除稅項)扣減。

#### 2.17 應付賬款

應付賬款為在日常業務過程中向供應商購買商品或服務而應支付之負債。如應付款項的支付日期在一年或以內到期(如仍在正常經營週期中,則可延長),其將會分類為流動負債;否則,該等款項呈列為非流動負債。

應付賬款初步以公允價值確認,其後利用實際利息法按攤銷成本計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in consolidated other comprehensive income or directly in equity. In this case the tax is also recognised in consolidated other comprehensive income or directly in equity, respectively.

##### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the places where the Company's subsidiaries and associate operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2 主要會計政策概要(續)

#### 2.18 即期及遞延所得稅

期內稅項支出包括即期及遞延稅項。稅項於綜合收益表確認，但與在綜合其他全面收益中或直接於權益確認之項目有關者則除外。在有關情況下，稅項亦分別在綜合其他全面收益或直接於權益中確認。

##### (a) 即期所得稅

即期所得稅按本公司附屬公司及聯營公司營運及產生應課稅收入的地方於報告期末已頒布或實質頒布的稅法計算。管理層就適用稅務規例有待詮釋的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款作出撥備。

##### (b) 遞延所得稅

遞延所得稅採用負債法就資產及負債之稅基與其在綜合財務報表之賬面值產生之暫時性差異確認。然而，倘遞延稅項負債來自商譽之初步確認，則不予確認，而倘遞延所得稅來自交易(不包括業務合併)中資產或負債之初步確認，而在交易發生時不影響會計損益或應課稅損益，則不予入賬。遞延所得稅採用在結算日前已頒布或實質頒布，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率(及法例)而釐定。

遞延所得稅資產乃就有可能將來應課稅盈利與可使用之暫時差異抵銷而確認。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.18 Current and deferred income tax (Continued)

##### (b) Deferred income tax (Continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and an associate except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and an associate only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

##### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2 主要會計政策概要(續)

#### 2.18 即期及遞延所得稅(續)

##### (b) 遞延所得稅(續)

遞延所得稅負債就於附屬公司及聯營公司之投資所產生之應課稅暫時差異作出撥備，但遞延所得稅負債除外，如本集團可以控制暫時差異之撥回時間，而暫時差異在可預見將來不大可能撥回。一般而言，本集團不能控制聯營公司暫時差異的撥回。只有當有協議賦予本集團能力控制於可預見將來撥回暫時差異時，與聯營公司之未分派溢利所產生之應課稅暫時差異有關之遞延稅項負債方不予確認。

就於附屬公司及聯營公司之投資產生的可扣減暫時差異確認遞延所得稅資產，但只限於暫時差異很可能在將來轉回，並有充足的應課稅溢利抵銷可用的暫時差異。

##### (c) 抵銷

倘有合法執行權利以即期稅項資產抵銷即期稅項負債，以及當遞延所得稅資產和負債涉及由同一稅務機關就應課稅實體或有意以淨額基準結算結餘之不同應課稅實體徵收所得稅，遞延所得稅資產與負債則互相抵銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.19 Employee benefits

##### 2.19.1 Retirement benefit schemes

Obligatory retirement benefits in the form of contributions under defined contribution retirement schemes administered by local government agencies are charged to the consolidated income statement as incurred.

The PRC subsidiaries of the Company participate in defined contribution retirement plans. All employees of these companies are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area. The subsidiaries are required to make contributions to the local social security bureau at rates ranging from 20% to 21% of the previous year's average basic salaries within the geographical area where the employees are under employment. The Group has no obligations for the payment of pension benefits beyond the annual contributions as set out above. The contributions are charged to the income statement as they become payable.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all employees of the companies in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme.

### 2 主要會計政策概要(續)

#### 2.19 僱員福利

##### 2.19.1 退休福利計劃

強制退休福利指向地方政府當局管理之定額供款退休計劃作出之供款，於產生時自綜合收益表扣除。

本公司中國附屬公司參與定額供款退休金計劃。所有該等公司員工均享有年度養老金，金額相等於受僱地區平均基本薪金之某固定比率。該等附屬公司須按旗下員工受聘地區之上年度平均基本薪金20%至21%之比率，向當地之社會保障局供款。除上述之年度供款以外，本集團毋須支付其他養老金福利。該等供款於應付時自收益表內扣除。

本集團根據強制性公積金計劃條例為所有合資格參與強積金計劃的香港公司僱員設有一項定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金之若干百分比而釐定，並根據強積金計劃之規定在應付有關款項時在收益表扣除。強積金計劃之資產與本集團之資產分開，由一獨立管理之基金持有。本集團向強積金計劃作出僱主供款後，有關供款即全數屬僱員所有。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.19 Employee benefits (Continued)

##### 2.19.1 Retirement benefit schemes (Continued)

As stipulated by the Indonesia State regulations, the Indonesian subsidiaries of the Company participate in a defined contribution retirement plan namely the Day Old Assurance Program (the “DOA Program”) for all employees in Indonesia who are eligible to participate in the DOA Program. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the DOA Program.

As stipulated by the Singapore State regulations, the Singaporean subsidiaries of the Company participate in a defined contribution retirement plan namely the Central Provident Fund (the “CPF Scheme”) for all employees in Singapore who are eligible to participate in the CPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the CPF Scheme.

##### 2.19.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### 2 主要會計政策概要(續)

#### 2.19 僱員福利(續)

##### 2.19.1 退休福利計劃(續)

根據印尼國家條例規定，本公司印尼附屬公司為所有合資格參與 DOA Program 的印尼僱員參與一項定額供款退休金計劃 Day Old Assurance Program (「DOA Program」)。供款乃根據僱員基本薪金之若干百分比釐定，並根據 DOA Program 之規則於應付有關款項時在收益表扣除。

按新加坡政府條例規定，本公司新加坡附屬公司為所有合資格參與中央公積金計劃的新加坡僱員參與定額供款退休金計劃中央公積金(「中央公積金計劃」)。供款乃根據僱員基本薪金之若干百分比釐定，並根據中央公積金計劃之規定於應付有關款項時在收益表扣除。

##### 2.19.2 離職福利

離職福利於僱員在正常退休日前被本集團終止聘用或僱員接受自願離職以換取這些福利時支付。本集團於以下日期之較早者確認離職福利：(a) 本集團不得再撤銷提供該等福利時；及 (b) 實體確認屬於國際會計準則第 37 號內及涉及支付離職福利之重組之成本時。在提出要約以鼓勵自願離職的情況下，離職福利乃根據預期接受要約的僱員人數計量。在報告期末後超過 12 個月到期支付的福利應貼現為現值。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.19 Employee benefits (Continued)

##### 2.19.3 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

##### 2.19.4 Share-based payments

###### (a) Equity-settled share-based payment transactions

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

### 2 主要會計政策概要(續)

#### 2.19 僱員福利(續)

##### 2.19.3 僱員休假權利

僱員享有的年假均在僱員有權享有有關假期時確認。截至報告期末，本集團就僱員因提供服務而產生的年假的估計負債提撥準備。

僱員享有的病假及產假於休假時方確認入賬。

##### 2.19.4 以股份支付之交易

###### (a) 以股權結算及以股份支付之交易

本公司設有一項以股權結算及以股份為基礎之薪酬計劃，據此，實體收取來自僱員之服務作為本公司股本工具(購股權)之代價。就僱員提供服務而授出購股權之公允價值確認為支出。將支銷之總額乃參考所授購股權之公允價值釐定：

- 包括任何市場表現條件(如實體之股價)；
- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標及僱員在某特定時間於公司留任)產生之影響；及
- 包括任何非歸屬條件的影響(如僱員儲蓄規定)。

在估計預期歸屬之購股權數目時，非市場表現及服務條件亦加入一併考慮。總開支須於達致所有指定歸屬條件之歸屬期間確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.19 Employee benefits (Continued)

##### 2.19.4 Share-based payments (Continued)

(a) *Equity-settled share-based payment transactions (Continued)*

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) *Share-based payment transactions among group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the Company's financial statements.

### 2 主要會計政策概要(續)

#### 2.19 僱員福利(續)

##### 2.19.4 以股份支付之交易(續)

(a) *以股權結算及以股份支付之交易(續)*

此外，在部分情況下，僱員可在授出日期之前提供服務，故授出日期的公允價值就確認服務開始期與授出日期的期間內的開支作出估計。

於各報告期末，本集團根據非市場表現及服務條件修訂對預期歸屬之購股權數目所作估計，並在收益表確認修訂原來估計產生之影響(如有)，並對權益作出相應調整。

本公司於購股權獲行使時發行新股份。所收款項(扣除任何直接應計交易成本)會撥入股本(面值)及股份溢價。

(b) *集團實體間以股份支付之交易*

本公司向為本集團工作之附屬公司僱員所授出其股本工具之購股權乃視為資本出資。所獲得僱員服務之公允價值乃參考授出日期之公允價值計量，於歸屬期內確認為增加對附屬公司之投資，並相應計入本公司財務報表內之權益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

#### 2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

#### 2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to "Other long-term payables" and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

### 2 主要會計政策概要(續)

#### 2.20 借款成本

可直接歸屬且需經較長時間的購建或生產活動方能達至預定可使用或出售狀態的合資格資產的一般及特定借貸成本，計入該等資產的成本，直至達至其預定可使用或出售狀況為止。

所有其他借貸成本於其產生期間於損益表內確認。

#### 2.21 租約

凡資產擁有權之絕大部分風險及回報仍歸出租公司所有之租約，均列作經營租約。根據經營租約作出之付款(扣除出租公司給予之任何優惠)在租期內以直線法自綜合收益表中扣除。

#### 2.22 政府撥款

政府撥款於合理確保本集團將收到撥款且符合所有附帶條件時按公允價值確認。與開支項目有關之撥款將有系統地於擬作補償之成本開銷期間確認為收入。

該項撥款如與資產有關，則公允價值乃計入「其他長期應付款項」，再於有關資產之預期可使用年期分期每年分攤計入收益表，或在資產之賬面值扣除，並以扣減折舊費用方式計入收益表。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.23 Provisions

Provision for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.24 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more future events not wholly within the control of the Group. 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.

#### 2.25 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### 2 主要會計政策概要(續)

#### 2.23 撥備

倘本集團因已發生之事件而產生現有法律或推定責任，而有可能需要資源流出以償付責任，及金額已經可靠估計，則須確認環境復修、重組成本、法律索償撥備。重組撥備包括租賃終止罰款及僱員離職付款。本集團不會就未來經營虧損確認撥備。

倘出現多項類似責任，則需要從整體考慮責任之類別以決定在償付時流出資源的可能性。即使在同一責任類別所包含之任何一個項目相關的資源流出可能性極低，仍須確認撥備。

撥備按預期履行責任所需開支之現值，以可反映貨幣時間價值及責任特定風險之現時市場評估之稅前比率計量。因時間流逝產生之撥備增加確認為利息開支。

#### 2.24 或然負債

或然負債指因已發生之事件而可能引起之責任，此責任需就某一宗或多宗未來事件會否發生才能確認，而本集團並不能完全控制這些未來事件會否實現。倘不大可能消耗經濟資源，或責任金額未能可靠衡量，則該責任披露為或然負債。

#### 2.25 收益及收入確認

收益按已收或應收代價的公允價值計量，即供應貨品的應收款項，經扣除折扣、退貨及增值稅。當收益金額能夠可靠計量；未來經濟利益將可能流入實體；及本集團每項活動均符合具體條件時(如下文所述)，本集團便會確認收益。本集團會根據往績，並考慮客戶類型、交易類別及每項安排之特點作出回報估計。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 2.25 Revenue and income recognition (Continued)

##### (a) Sales of goods

Revenue from sale of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligations that could affect the customer's acceptance of the products.

##### (b) Interest income

Interest income is recognised on a time proportion basis, using the effective interest method.

#### 2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or board of directors, as appropriate.

#### 2.27 Exceptional items

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### 2 主要會計政策概要(續)

#### 2.25 收益及收入確認(續)

##### (a) 銷售貨品

當貨物的風險及回報已轉移至客戶(通常為集團實體向客戶交付貨品當日)、客戶接納貨品,以及並無影響客戶接納貨品的未完成責任時,即確認銷售貨物的收益。

##### (b) 利息收入

利息收入使用實際利息法按時間比例基準確認。

#### 2.26 股息分派

向本公司股東分派之股息在股息獲本公司股東或董事會(視何者適用而定)批准股息之期間內於本集團及本公司之財務報表內確認為負債。

#### 2.27 特殊項目

為便於進一步了解本集團之財務表現,本財務資料已對特殊項目作出單獨披露及描述。該等項目為重大收入或開支項目,因其重要性質或重大數額而單獨列示。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign exchange risk, price risk, cash flow and fair value interest-rate risk, credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors review and agree policies for managing each of these risks and they are summarised below.

##### (a) Foreign exchange risk

The Group mainly engaged in the international trade of ores, sale of iron and special steel products with its operating entities mainly located in Hong Kong, PRC and Singapore with most of the transactions settled in HK\$, Renminbi ("RMB"), and US dollars ("US\$").

Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed foreign exchange risk from various currencies, primarily with respect to RMB.

At 31 December 2016 and 2015, if Hong Kong dollar/US\$ had weakened/strengthened by 2% against RMB, with all other variables held constant, there would be no significant impact on the results of the Group.

Given the exchange rate peg between HK\$ and US\$, it is not foreseen that the Group will be exposed to significant exchange rate risk for the transactions conducted in US\$.

##### (b) Price risk

The Group is exposed to commodity price risk in relation to its products which is largely dependent on market price of the relevant commodity. The Group closely monitors the price of its products in order to determine its pricing strategies.

The management does not expect any significant price risk in relation to the fair value of conversion rights of its 8% Coupon Convertible Bonds.

### 3 金融風險管理

#### 3.1 金融風險因素

本集團之業務活動承受多種金融風險，包括外匯風險、價格風險、現金流量及公允價值利率風險、信貸風險及流動資金風險。本集團整體風險管理政策專注於金融市場之難預測性，並尋求盡量減低對本集團財務表現之潛在不利影響。董事審閱及協定管理該等風險的政策，該等政策概述如下。

##### (a) 外匯風險

本集團主要以其位於香港、中國及新加坡的營運實體從事礦石的國際貿易，以及鐵及特鋼製品的銷售業務，大部分交易以港元、人民幣（「人民幣」）及美元（「美元」）結算。

當未來商業交易或已確認金融資產或負債以實體功能貨幣以外的貨幣列值，即產生外匯風險。本集團面臨多種貨幣的外匯風險，尤其是人民幣。

於二零一六年及二零一五年十二月三十一日，倘港元／美元兌人民幣貶值／升值2%，而所有其他變數保持不變，將不會對本集團的業績產生重大影響。

由於港元與美元的匯率掛鉤，本集團預期以美元進行的交易將不會面臨重大外匯風險。

##### (b) 價格風險

本集團的產品在很大程度上依賴有關商品的市場價格，因此本集團面臨商品價格風險。本集團密切監察其產品的價格，以釐定定價策略。

管理層預期8%票面息可換股債券之轉換權公允價值不會面臨任何重大價格風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk while borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

At 31 December 2016, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK\$5,569,000 (2015: HK\$330,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings. The Group has not used any interest rate swaps for speculative purpose.

##### (d) Credit risk

The carrying amounts of trade and other receivables, deposits, pledged time deposits, and bank balances represent the Group's maximum exposure to credit risk in relation to its financial assets.

For trade and other receivables, the Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history. The Group performs periodic credit evaluations of its customers and takes appropriate follow-up actions to recover overdue debts.

The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade and other receivables has been made in the consolidated financial statements.

As at 31 December 2016 and 2015, substantially all bank deposits and balances are placed with major financial institutions located in Hong Kong and PRC which management believes are of high credit quality. Management does not expect any losses arising from non-performance by these counterparties.

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### (c) 現金流量及公允價值利率風險

本集團的收入及經營現金流量實質上不受市場利率變動之影響。本集團的利率風險來自借款。按浮動利率計息的借款使本集團面臨現金流量利率風險，而按固定利率計息的借款使本集團面臨公允價值利率風險。

於二零一六年十二月三十一日，倘利率上升／下降100個基點，而所有其他變數保持不變，年內除稅後虧損將增加／減少約5,569,000港元(二零一五年：330,000港元)，主要由於浮息借款的利息開支增加／減少。本集團並無使用任何利率掉期作投機用途。

##### (d) 信貸風險

應收賬款及其他應收款項、按金、已抵押定期存款及銀行結餘之賬面值為本集團就其金融資產面臨的最大風險。

就應收賬款及其他應收款項而言，本集團已制訂政策確保向具備適當信貸歷史的客戶銷售產品。本集團對其客戶進行定期信貸評估，並作出適當跟進行動以收回逾期債項。

本集團過往收回的應收賬款及其他應收款項處於已計提撥備之範圍內，董事認為，已於綜合財務報表內就未收回應收賬款及其他應收款項計提足夠撥備。

於二零一六年及二零一五年十二月三十一日，絕大部分銀行存款及結餘均存放於香港及中國的主要金融機構，管理層認為該等金融機構的信貸質素良好。管理層預期，不會因該等對手方不履約而產生任何虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.1 Financial risk factors (Continued)

##### (e) Liquidity risk

The Group's primary cash requirements have been for the payments for purchases and operating expenses. The Group finances its working capital requirements mainly through funds generated from operations, and external bank and other borrowings. As at 31 December 2016, the Group had net current liabilities of HK\$3,253,341,000. The directors of the Company have taken certain measures to mitigate the liquidity pressure as detailed in Note 2.1(a). Management will also closely monitor the situation to ensure that appropriate alternative actions are taken.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date. The amounts disclosed below are the contractual undiscounted cash flows.

		On demand 應要求償還 HK\$'000 千港元	Less than 1 year 少於一年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31 December 2016	於二零一六年 十二月三十一日			
Convertible bonds	可換股債券	46,775	-	46,775
Bank and other borrowings	銀行及其他借貸	3,007,265	-	3,007,265
Trade payables	應付賬款	120,358	-	120,358
Notes payables	應付票據	-	1,444	1,444
Financial liabilities included in other payables and accruals	計入其他應付款項及 應計費用的金融負債	269,265	69,498	338,763
		<b>3,443,663</b>	<b>70,942</b>	<b>3,514,605</b>
As at 31 December 2015	於二零一五年 十二月三十一日			
Convertible bonds	可換股債券	117,525	-	117,525
Bank and other borrowings	銀行及其他借貸	2,376,722	118,530	2,495,252
Trade payables	應付賬款	118,009	-	118,009
Notes payables	應付票據	192,807	41,817	234,624
Financial liabilities included in other payables and accruals	計入其他應付款項及 應計費用的金融負債	193,128	79,017	272,145
		2,998,191	239,364	3,237,555

### 3 金融風險管理(續)

#### 3.1 金融風險因素(續)

##### (e) 流動資金風險

本集團的主要現金需求乃為支付採購及營運開支。本集團主要透過經營產生的資金及外部銀行及其他借貸支持其營運資金需求。於二零一六年十二月三十一日，本集團的流動負債淨額為3,253,341,000港元。如附註2.1(a)所詳述，本公司董事已採取若干措施減緩流動資金壓力。管理層亦將密切監察情況，確保採取適當替代行動。

下表分析本集團按財務報告期末至合約到期日的剩餘年期分為相關到期組別的非衍生金融負債。未貼現合約現金流量的金額披露如下。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current "bank and other borrowings", "note payables" and "convertible bonds" as shown in the consolidated statement of financial position) less cash and cash equivalents and pledged time deposits. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

### 3 金融風險管理(續)

#### 3.2 資本管理

本集團管理資本之目標為保障本集團能持續營運，以為股東提供回報，並為其他權益持有人帶來利益，同時維持最佳資本結構以減低資金成本。

為維持或調整資本結構，本集團或會調整支付予股東的股息金額、向股東退回資本、發行新股份，或出售資產以減少債務。

和其他同業一樣，本集團以資本負債比率作為監控資本的基準。資本負債比率按債項淨額除以資本總額計算。債項淨額按總借貸(包括綜合財務狀況表所載之流動及非流動「銀行及其他借貸」、「應付票據」及「可換股債券」)減去現金及現金等值物及已抵押定期存款計算。資本總額按綜合財務狀況表所載之「權益」加上債項淨額計算。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Bank and other borrowings	銀行及其他借貸	2,331,498	2,083,431
Notes payables	應付票據	1,444	234,624
Convertible bonds, the liability component	可換股債券的負債部分	46,775	117,525
Less: Cash and cash equivalents and pledged time deposits	減：現金及現金等值物以及已抵押定期存款	(21,830)	(132,075)
Net debt	債項淨額	2,357,887	2,303,505
Total (shareholders' deficit)/equity	(股東虧絀)/權益總額	(262,457)	237,646
Total capital	資本總額	2,095,430	2,541,151
Gearing ratio	資本負債比率	113%	91%

The increase in gearing ratio for the year ended 31 December 2016 is mainly a result of the decrease in total equity for the year.

於截至二零一六年十二月三十一日止年度，由於本年度權益總額減少導致資本負債比率上升。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

At 31 December 2016 and 2015, the conversion rights of the Company's and the Group's 8% Coupon Convertible Bonds, together with redemption rights (considered as a single derivative), classified as derivative financial instruments of HK\$Nil (2015: HK\$41,769,000) was measured under level 3 of fair value hierarchy. The fair value was valued by estimating the value of the whole bond with and without the embedded derivatives. Changes in level 3 financial instruments for the years ended 31 December 2016 and 2015 are detailed in Notes 27.

The most significant inputs in determination of the fair value of conversion rights of the 8% Coupon Convertible Bonds are the scenario analysis performed by management which assess the probability of the 8% Coupon Convertible Bonds being converted as ordinary shares. (2015: market price of the Company's ordinary shares, discount rate, and volatility rate of market price of the Company's ordinary share.)

### 3 金融風險管理(續)

#### 3.3 公允價值估計

下表按計量公允價值所用的估值方法輸入數據級別，分析本集團於二零一六年十二月三十一日按公允價值列賬的金融工具。該等輸入數據分類為下列公允價值層級的三個級別：

- 就相同資產或負債於活躍市場之報價(未經調整)(第一級)。
- 就資產或負債可直接(即按價格)或間接(即從價格所得)觀察所得之輸入數據(惟納入第一級內之報價除外)(第二級)。
- 資產或負債並非依據可觀察市場數據之輸入數據(即非可觀察輸入數據)(第三級)。

於二零一六年及二零一五年十二月三十一日，除衍生金融工具外，本集團及本公司並無任何金融工具按公允價值列賬。

於二零一六年及二零一五年十二月三十一日，分類為衍生金融工具的本公司及本集團8%票面息可換股債券之換股權連同贖回權(被視為單一衍生工具)零港元(二零一五年：41,769,000港元)乃以公允價值層級的第三級計量。該公允價值乃透過估計全部債券包含及不包含嵌入式衍生工具的價值進行估值。有關截至二零一六年及二零一五年十二月三十一日止年度第三級金融工具的變動已載於附註27。

釐定8%票面息可換股債券換股權之公允價值的最重要輸入數據乃管理層於評估8%票面息可換股債券轉換為普通股的可能性時進行的情景分析。(二零一五年：本公司普通股的市價、貼現率，以及本公司普通股的市價波動率。)

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2.1(a) to the consolidated financial statements.

#### (b) Impairment of an exclusive offtake right

The Group assesses whether there are any indicators of impairment for its exclusive offtake right at the end of each reporting period. When an impairment test is undertaken, management judgement and estimates are required in determining suitable valuation factors in the impairment test. The recoverable amount could change significantly as a result of changes in the key assumptions adopted in assessing the recoverable amount including discount rate, estimation of market prices of nickel and iron, expected export volume from the supplier and domestic sales volume, and other risk factors related to the exclusive offtake right.

### 4 關鍵會計估算及判斷

編製財務報表所用的估計和判斷會被持續評估，並會考慮過往經驗以及其他因素，包括對在有關情況下視為對未來事件之合理預期。

本集團對未來作出估算及假設。所得的會計估算顧名思義極少與其相關實際結果相同。導致下個財政年度的資產與負債賬面值須作出重大調整之重大風險估算及假設討論如下。

#### (a) 持續經營基準

於應用本集團之會計政策過程中，除涉及估計之項目外，管理層編製綜合財務報表時乃假設本集團於來年將可按持續經營基準繼續營運，此乃對財務報表內已確認金額構成最重大影響之主要判斷。評估持續經營假設時，董事需於特定時間就本質上不確定之事件及情況之未來結果作出判斷。董事認為，本集團有能力持續經營，而可能個別或共同對持續經營假設構成重大疑問，且或會引致業務風險之重大事件或情況載於綜合財務報表附註 2.1(a)。

#### (b) 獨家採購權之減值

本集團於各報告期末評估獨家採購權有否減值跡象。進行減值測試時，管理層須就釐定合適之估值因素作出判斷及估計。可收回金額可因評估可收回金額所採用的主要假設變動而出現重大變動，包括折現率、鎳及鐵之市價估計、供應商的預期出口量及本地銷量，以及有關獨家採購權之其他風險。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

#### (b) Impairment of an exclusive offtake right (Continued)

In determining the recoverable amount of the exclusive offtake right, the directors also made reference to proposed transaction price of the relevant asset. Outcome of any proposed transaction and the final consideration may differ from the amount originally estimated. Completion or non-completion of proposed transaction may also result in significant change in recoverable amount of the exclusive offtake right and therefore impairment charge for the period when such judgment and estimate have been changed.

#### (c) Impairment of non-financial assets (other than goodwill and an exclusive offtake right)

Assets are 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 fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset 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 and 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 used 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 further impairment charge to the income statement.

### 4 關鍵會計估算及判斷(續)

#### (b) 獨家採購權之減值(續)

釐定獨家採購權的可收回金額時，董事亦參考相關資產的建議交易價格。任何建議交易的結果及最終代價可能有別於原先估計的金額。建議交易完成與否亦可能導致獨家採購權的可收回金額出現重大變動，而倘有關判斷及估計發生變動，則期內減值開支亦會有變。

#### (c) 非金融資產之減值(商譽及獨家採購權除外)

資產於有事件出現或情況改變顯示賬面值可能無法收回時進行減值檢討。可收回金額已根據使用價值計算釐定或以公允價值扣除銷售成本釐定。上述計算方法須運用判斷及估計。

在資產減值方面，尤其是評估以下各項時，管理層須作出判斷：(i)是否已發生事件顯示有關資產價值可能無法收回；(ii)可收回金額(即公允價值扣除銷售成本後之金額與根據繼續在業務中使用資產而估計之未來現金流量淨現值兩者之較高者)可否支持資產賬面值；及(iii)編製現金流量預測時須應用之適當主要假設，包括有關現金流量預測是否以適當貼現率貼現。管理層評估減值時選用之假設(包括現金流量預測所用之貼現率或增長率假設)如有變化，可能會對減值測試所用之淨現值構成重大影響，因而影響本集團之財務狀況及經營業績。倘預計表現及相應未來現金流量預測出現重大不利變動，則可能須於收益表中扣除額外減值開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

#### (d) Contingent liabilities

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

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

#### (e) Amortisation of an exclusive offtake right

Amortisation of the exclusive offtake right is made based on the actual limonitic ore purchased during the period over the total planned purchase volume during the contractual period. The estimation of the total planned purchase volume requires management judgement and estimates. It could change significantly as a result of market demand for nickel-based products, technical innovations, reserve of the mine, the ability of the miner in meeting the demand and other relevant factors. Management reviews the total planned purchase volume at least annually, and adjusts the amortisation calculation accordingly.

### 4 關鍵會計估算及判斷(續)

#### (d) 或然負債

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

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

#### (e) 攤銷獨家採購權

獨家採購權按期內實際已採購褐鐵礦石除以合約期內總計劃採購量攤銷。總計劃採購量之估計需由管理層作出判斷及估計，並會因市場對鎳產品之需求、技術創新、礦藏儲量、採礦滿足有關需求之能力及其他相關因素而有重大改動。管理層會最少每年檢討總計劃採購量一次，並相應調整攤銷計算方法。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

#### (f) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

#### (g) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer requirements or competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

#### (h) Impairment of prepayments, deposits and receivables

Impairment of prepayments, deposits and receivables is made based on assessment of the recoverability. The identification of impairment of prepayments, deposits and receivables requires management judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts or cannot utilise the prepayments either because of the Group's change of plan or the counterparties were not able to fulfill their obligations. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact the carrying values of these assets and impairment is recognised in the period in which such estimate has been changed.

### 4 關鍵會計估算及判斷(續)

#### (f) 物業、廠房及設備之可使用年期

本集團之管理層釐定其物業、廠房及設備之估計可使用年期及相關折舊費用。該估計根據類似性質及功能之物業、廠房及設備之實際可使用年期之過往記錄而釐定，並可能因技術創新及競爭對手應對行業重大週期變化之行為而有重大改變。當可使用年期少於先前之估計年期時，管理層將增加折舊費用或沖銷或撇減已報廢或出售之技術過時或非策略性之資產。實際的經濟可使用年期可能有別於估計可使用年期，而實際剩餘價值可能有別於估計剩餘價值。定期審閱可能使折舊年期及剩餘價值發生變動，從而使未來期間的折舊開支發生變動。

#### (g) 存貨之可變現淨值

存貨之可變現淨值指於一般業務過程中估計售價減估計達致完成及出售所涉成本後之金額。該等估計乃根據當前市況及銷售相似性質產品之過往經驗而作出。客戶品味出現變動或競爭對手應對行業重大週期變化所採取之行動，可能令其發生重大變動。管理層會於各報告期末重新評估所作出之估計。

#### (h) 預付款項、按金及應收款項減值

預付款項、按金及應收款項減值按估計可收回程度釐定。預付款項、按金及應收款項減值之識別需管理層作出判斷及估計。倘有客觀證據顯示本集團將無法收回債項或因本集團變更計劃而無法使用預付款項或交易對手方無法履行其責任，則將計提撥備。倘實際結果或未來預算與原定估計不同，則有關差異將影響該等資產之賬面值，而減值於估計變更期間確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

#### (i) Fair value of derivative financial instruments

As described in Note 27, the convertible bonds contain a number of derivative financial instruments that are measured at fair value through profit or loss. The Company engaged an independent appraiser to assist it in determining the fair values of these derivative financial instruments. The determination was based on generally accepted valuation procedures and practices that the most significant inputs are the scenario analysis performed by management which assess the probability of the 8% Coupon Convertible Bonds being converted as ordinary shares which cannot be easily quantified or ascertained. Changes in subjective input assumptions can materially affect the fair value estimate.

#### (j) Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

### 4 關鍵會計估算及判斷(續)

#### (i) 衍生金融工具之公允價值

如附註27所述，可換股債券包含了部分透過損益以公允價值計量之衍生金融工具。本公司聘請獨立評估師參與評估該等衍生金融工具之公允價值。此估值乃基於公認估值程序及慣例，而最重要的輸入數據乃管理層於評估8%票面息可換股債券轉換為普通股的可能性時進行的情景分析，此乃無法定量或定性。主觀輸入假設的變動可對公允價值估計造成重大影響。

#### (j) 即期及遞延所得稅

本集團須繳納多個司法權區之所得稅。釐定以上各司法權區之所得稅撥備時需要作出判斷。於日常業務過程中有若干難以確定最終稅項之交易及計算方法。倘該等事宜之最終稅務結果與初步記錄之金額不同，有關差額將會影響作出有關決定之期間內之所得稅及遞延所得稅撥備。

倘管理層認為未來應課稅溢利可用作對抵銷暫時性差異或稅項虧損可予動用時，則會確認與若干暫時性差異有關之遞延所得稅項資產及稅項虧損。倘預期與原先之估算不同，有關差異會對有關估算出現變動之期間內遞延所得稅項資產及稅項支出之確認構成影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5 SEGMENT INFORMATION

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

#### Geographical information

##### (a) Revenue from external customers

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Mainland China	中國大陸	175,934	26,174
Singapore	新加坡	-	7,507
Taiwan	台灣	826	5,016
		<b>176,760</b>	38,697

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Mainland China	中國大陸	614,317	797,533
Indonesia	印尼	2,384,762	2,384,896
Others	其他	1,383	1,731
		<b>3,000,462</b>	3,184,160

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

### 5 分部資料

就管理目的，本集團僅有一個可呈報經營分部：礦石貿易以及生產和銷售鐵及特鋼製品。管理層出於資源配置及績效考評之決策目的，將其各業務單元之經營成果作為一個整體來進行管理。

#### 地域資料

##### (a) 來自外部客戶之收益

以上之收入資料乃基於客戶之地理位置。

##### (b) 非流動資產

以上之非流動資產資料乃基於該等資產之地理位置，並不包括遞延稅項資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 5 SEGMENT INFORMATION (Continued)

#### Information about major customers

For the year ended 31 December 2016, revenue of approximately HK\$80,570,000 (2015: HK\$9,390,000) were derived from three (2015: two) customers, amounted to approximately HK\$37,386,000, HK\$24,551,000 and HK\$18,633,000 respectively which individually accounted for over 10% of the Group's total revenue.

### 5 分部資料(續)

#### 主要客戶資料

截至二零一六年十二月三十一日止年度，收益約80,570,000港元(二零一五年：9,390,000港元)乃源自三名(二零一五年：兩名)客戶，分別約為37,386,000港元、24,551,000港元及18,633,000港元，個別佔本集團總收益逾10%。

### 6 REVENUE AND OTHER GAINS, NET

### 6 收益及其他盈利，淨額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
<b>Revenue</b>	<b>收益</b>		
Sale of goods:	銷貨：		
Stainless steel products	不銹鋼產品	20,872	10,543
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	73,805	9,057
Ferro-nickel alloys and others	鎳鐵合金及其他	82,083	19,097
		<b>176,760</b>	<b>38,697</b>
<b>Other gains, net</b>	<b>其他盈利，淨額</b>		
Changes in fair value of derivative financial instruments	衍生金融工具公允價值變動	28,569	27,128
Gain on disposal of property, plant and equipment, net	出售物業、廠房及設備之收益淨額	13,350	10,872
Foreign exchange gains, net	滙兌盈利淨額	22,078	11,751
Claims income received	已收申索收入	9,485	-
Others	其他	799	521
		<b>74,281</b>	<b>50,272</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 7 LOSS BEFORE INCOME TAX

The Group's loss before income tax is stated at after charging the following:

### 7 除所得稅前虧損

本集團除所得稅前虧損已扣除下列各項：

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Costs of inventories sold	已售存貨成本		<b>146,471</b>	44,157
Employee benefits expense	僱員福利開支	9	<b>72,786</b>	64,378
Research expenses	研發開支		<b>1,113</b>	800
Auditors' remuneration	核數師酬金			
— Audit services	— 審核服務		<b>3,950</b>	3,963
— Non-audit services	— 非審核服務		<b>1,463</b>	—
Depreciation	折舊	13	<b>82,355</b>	90,378
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	14	<b>5,144</b>	5,014
Minimum lease payments under operating leases in respect of buildings and equipment	有關樓宇及設備之經營租賃之最低租賃付款		<b>7,902</b>	8,314
Provision for impairment of inventories	存貨減值虧損撥備	19	<b>9,918</b>	79,683
Impairment of property, plant and equipment	物業、廠房及設備減值	13	<b>54,434</b>	440,356
Provision for impairment of trade receivables*	應收賬款減值撥備*	20	<b>4,635</b>	—
Provision for impairment of prepayments and other receivables*	預付款項和其他應收款項減值撥備*	21	<b>128,545</b>	25,570
Provision for claims and disputes* (note)	申索及爭議撥備*(附註)		—	85,321

\* Included in other expenses

\* 計入其他開支

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 7 LOSS BEFORE INCOME TAX (Continued)

Note: Provision for claims and disputes

As detailed in Note 31(b) to the consolidated financial statements, the Group has been involved in arbitration proceedings with a marine vessel owner since 2014 in relation to certain contracts of affreightment. The Group has been actively negotiating with the vessel owner since then and base on the latest circumstances, the directors consider that most likely the Group will be able to settle the claims at a consideration of approximately US\$5 million (equivalent to HK\$38,782,000), and therefore a provision for claims of the same amount was made for the year ended 31 December 2015.

In addition, during the year ended 31 December 2015, the Group also commenced negotiation with another vessel owner on compensation for unfulfilled obligations under certain contracts of affreightment. Based on the communication with the vessel owner, the directors considered that most likely the Group will be able to settle the obligations at a consideration of approximately US\$6 million (equivalent to HK\$46,539,000), and therefore a provision of the same amount was made for the year ended 31 December 2015. In January 2017, the Group entered into a settlement agreement with the vessel owner to settle the obligations in full for an amount of US\$6 million.

There are no other updates for the abovementioned cases up to the date of these consolidated financial statements.

### 7 除所得稅前虧損(續)

附註：申索及爭議撥備

如綜合財務報表附註31(b)所詳述，本集團自二零一四年起一直涉及就有關若干貨運合約與一名船主的仲裁法律程序。自此，本集團一直主動與該船主談判，基於最新情況，董事認為本集團極有可能將能夠按代價約5百萬美元(相當於38,782,000港元)解決申索，並因此於截至二零一五年十二月三十一日止年度計提相同申索金額的撥備。

此外，於截至二零一五年十二月三十一日止年度，本集團亦就若干貨運合約項下的未履約責任賠償與另一名船主開展談判。基於與船主的最新通訊，董事認為本集團極有可能將能夠按代價約6百萬美元(相當於46,539,000港元)清償責任，並因此於截至二零一五年十二月三十一日止年度計提相同申索金額的撥備。於二零一七年一月，本集團與船主簽訂一項清償協議，以6百萬美元的代價悉數清償責任。

直至該等綜合財務報表日期，概無有關上述事件的其他更新資料。

### 8 FINANCE COSTS, NET

### 8 融資成本淨額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	Notes 附註		
<b>Finance income</b>	<b>融資收入</b>		
Interest income on time deposits	定期存款利息收入	3,240	8,064
<b>Finance costs</b>	<b>融資成本</b>		
Interest on bank and other borrowings	銀行貸款及其他借貸利息	(312,245)	(440,722)
Interest on convertible bonds	可換股債券利息	(7,941)	(10,542)
		<b>(320,186)</b>	<b>(451,264)</b>
Finance costs, net	融資成本淨額	<b>(316,946)</b>	<b>(443,200)</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 9 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

### 9 僱員福利開支(包括董事薪酬)

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries	薪金	62,290	53,007
Retirement benefit scheme contributions and other costs	退休福利計劃供款及其他成本	10,267	10,684
Equity-settled share-based compensation expense (Note 30)	以股權結算之股份補償開支(附註30)	229	687
		<b>72,786</b>	<b>64,378</b>

#### (a) Five highest paid employees

The five highest paid employees during the year included three directors (2015: three directors), details of whose remuneration are set out in note (b) below. Details of the remuneration paid and payable to the remaining two (2015: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

#### (a) 五名最高薪僱員

本年度五名最高薪僱員包括三名董事(二零一五年:三名董事),該等董事之薪酬之詳情已載列於下文附註(b)。已付及應付餘下兩名(二零一五年:兩名)既非本公司董事亦非本公司首席執行官的最高薪僱員薪酬的詳情如下:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fees	袍金	-	-
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	2,694	2,694
Equity-settled share option expense	以股權支付之購股權開支	12	33
Retirement benefit scheme contributions	退休福利計劃供款	18	18
		<b>2,724</b>	<b>2,745</b>

The emoluments of the aforementioned individuals fell within the following band:

上述人士的薪酬屬下列範圍:

		2016 二零一六年	2015 二零一五年
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	2	2

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 9 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

#### (a) Five highest paid employees (Continued)

No emoluments have been paid to the five highest paid individuals (including Directors and other employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

#### (b) Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules)

##### (i) Directors' and chief executives' emoluments

The remuneration of each of the directors of the Company for the year ended 31 December 2016 is set out below:

		Salaries and bonus	Housing allowance	Equity-settled share option expense	Retirement benefit scheme	Total
	Fees				contributions	
	袍金	薪金及獎金	住房津貼	以股權支付之 購股權開支	退休福利 計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Executive Directors:	執行董事：					
Mr. Dong Shutong	董書通先生					
(Chief executive)	(首席執行官)	2,786	609	-	18	3,413
Mr. Dong Chengzhe	董誠喆先生	887	123	12	16	1,038
Mr. Song Wenzhou	宋文州先生	415	-	12	-	427
Mr. Yang Fei	楊飛先生	650	228	12	18	908
Mr. Wang Ping	王平先生	1,377	200	-	-	1,577
Non-executive Director:	非執行董事：					
Mr. Yang Tianjun	楊天鈞先生	-	-	-	-	200
Independent Non-executive Directors:	獨立非執行董事：					
Mr. Bai Baohua	白葆華先生	200	-	-	-	200
Mr. Huang Changhuai	黃昌淮先生	200	-	-	-	200
Mr. Wong Chi Keung	黃之強先生	200	-	-	-	200
Mr. Fahmi Idris	法米先生	200	-	-	-	200
		1,000	6,115	1,160	36	8,363

### 9 僱員福利開支(包括董事薪酬)(續)

#### (a) 五名最高薪僱員(續)

概無作為招攬加入或於加入本集團或作為離職補償而支付給五名最高薪人士(包括董事及其他僱員)之酬金(二零一五年：無)。

#### (b) 董事福利及利益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及香港上市規則規定所作之披露)

##### (i) 董事及首席執行官之薪酬

截至二零一六年十二月三十一日止年度，本公司各董事的薪酬載列如下：



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 9 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

#### (b) Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

##### (i) Directors' and chief executives' emoluments (Continued)

The remuneration of each of the directors of the Company for the year ended 31 December 2015 is set out below:

	Fees	Salaries and bonus	Housing allowance	Equity-settled share option expense	Retirement benefit scheme contributions	Total
	袍金	薪金及獎金	住房津貼	以股權支付之購股權開支	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元
Executive Directors: 執行董事:						
Mr. Dong Shutong 董書通先生 (Chief executive) (首席執行官)	-	2,849	612	-	18	3,479
Mr. Dong Chengzhe 董誠喆先生	-	929	137	34	16	1,116
Mr. Song Wenzhou 宋文州先生	-	416	-	33	-	449
Mr. Yang Fei 楊飛先生	-	650	214	33	18	915
Mr. Wang Ping 王平先生	-	1,386	200	-	-	1,586
Mr. Yin Sheping (note) 尹社平先生(附註)	-	-	-	-	-	-
Non-executive Director: 非執行董事:						
Mr. Yang Tianjun 楊天鈞先生	200	-	-	-	-	200
Independent Non-executive Directors: 獨立非執行董事:						
Mr. Bai Baohua 白葆華先生	200	-	-	-	-	200
Mr. Huang Changhuai 黃昌淮先生	200	-	-	-	-	200
Mr. Wong Chi Keung 黃之強先生	200	-	-	-	-	200
Mr. Fahmi Idris 法米先生	200	-	-	-	-	200
	1,000	6,230	1,163	100	52	8,545

Note: Mr. Yin Sheping resigned from 15 September 2015

附註：尹社平先生自二零一五年九月十五日起辭任

### 9 僱員福利開支(包括董事薪酬)(續)

#### (b) 董事福利及利益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及香港上市規則規定所作之披露)(續)

##### (i) 董事及首席執行官之薪酬(續)

截至二零一五年十二月三十一日止年度，本公司各董事的薪酬載列如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 9 EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

#### (b) Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and HK Listing Rules) (Continued)

##### (I) Directors' and chief executives' emoluments (Continued)

During the year ended 31 December 2016, no Director or chief executive waived or agreed to waive any emolument; and no emoluments were paid by the Group to the Directors or chief executive as an inducement to join or upon joining the Group or as compensation for loss of office (2015: Nil).

##### (II) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2015: Nil).

##### (III) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2015: Nil).

##### (IV) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2016, the Company did not pay consideration to any third parties for making available directors' services (2015: Nil).

##### (V) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2016, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors (2015: Nil).

##### (VI) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in these consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 9 僱員福利開支(包括董事薪酬)(續)

#### (b) 董事福利及利益(香港公司條例(第622章)第383條、公司(披露董事利益資料)規例(第622G章)及香港上市規則規定所作之披露)(續)

##### (I) 董事及首席執行官之薪酬(續)

截至二零一六年十二月三十一日止年度，概無董事或首席執行官放棄或同意放棄任何酬金，亦無作為招攬加入或於加入本集團或作為離職補償而由本集團支付給董事或首席執行官之酬金(二零一五年：無)。

##### (II) 董事退休福利

年內概無董事已收取或將收取任何退休福利(二零一五年：無)。

##### (III) 董事離職福利

年內概無董事已收取或將收取任何離職福利(二零一五年：無)。

##### (IV) 向第三方支付提供董事服務之代價

於截至二零一六年十二月三十一日止年度，本公司並未向任何第三方支付提供董事服務之代價(二零一五年：無)。

##### (V) 有關以董事、由董事控制的法團及與董事有關連的實體為受益人的貸款、準貸款及其他交易之資料

於截至二零一六年十二月三十一日止年度，概無作出以董事、由董事控制的法團及與董事有關連的實體為受益人的貸款、準貸款及其他交易(二零一五年：無)。

##### (VI) 董事於交易、安排或合約之重大權益

除本綜合財務報表披露外，於年底或年內任何時間，概無存續其他本公司作為訂約方且本公司董事於當中擁有重大權益(不論直接或間接)的與本集團業務有關的重大交易、安排或合約。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 10 INCOME TAX

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

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

The applicable Hong Kong profits tax rate of the Company, and its subsidiaries, which operate in Hong Kong, is 16.5% (2015: 16.5%).

The applicable income tax rate of the Group's Singaporean subsidiary, CNR Group Holding Pte Ltd ("CNRG"), is 17% (2015: 17%).

The subsidiaries of the Company incorporated in Indonesia are subject to a single income tax rate of 25% (2015: 25%).

According to the PRC Corporate Income Tax Law, the applicable income tax rate of the Group's PRC subsidiaries is 25% for the year (2015: 25%).

### 10 所得稅

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

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

本公司及其於香港營運之附屬公司適用香港利得稅稅率為16.5%(二零一五年：16.5%)。

本集團新加坡附屬公司CNR Group Holding Pte Ltd(「CNRG」)的適用所得稅稅率為17%(二零一五年：17%)。

本公司於印度尼西亞註冊成立之附屬公司須按25%(二零一五年：25%)之單一所得稅稅率繳納所得稅。

根據中國企業所得稅法，本集團的中國附屬公司本年度之適用所得稅稅率為25%(二零一五年：25%)。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	Notes 附註		
Current income tax:	即期所得稅：		
— Mainland China	— 中國大陸	—	26
— Singapore	— 新加坡		
— Under-provision in prior year	— 過往年度撥備不足	443	—
Deferred income tax	遞延所得稅	18	1,115
Income tax expense	所得稅開支	443	1,141

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 10 INCOME TAX (Continued)

The tax charge on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the group companies as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損	<b>(646,235)</b>	(1,223,212)
Tax calculated at the applicable statutory tax rates of respective companies	按各公司適用法定稅率計算之稅項	<b>(144,139)</b>	(292,024)
Tax effect of:	下列各項之稅務影響：		
Income not subject to tax	毋須課稅收入	<b>(13,136)</b>	(14,695)
Expenses not deductible for tax	不可扣稅開支	<b>87,783</b>	167,573
Tax losses not recognised	未確認稅項虧損	<b>69,492</b>	140,287
Under-provision in prior year	過往年度撥備不足	<b>443</b>	-
Income tax expense	所得稅開支	<b>443</b>	1,141

The applicable income tax rate of the Group was 22.3% for the year ended 31 December 2016 (2015: 23.9%). The change is caused by a change in the relative results of the Group's subsidiaries in the respective countries.

### 11 DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

### 10 所得稅(續)

本集團除所得稅前虧損的稅務開支有別於按適用於集團公司業績的加權平均稅率計算得出的理論金額，載列如下：

截至二零一六年十二月三十一日止年度，本集團的適用所得稅率為22.3%(二零一五年：23.9%)。該變動乃由於本集團於各個國家的附屬公司的相關業績有所變動。

### 11 股息

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 12 LOSS PER SHARE

#### Basic

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares of 2,937,454,876 (2015: 2,751,501,842) in issue during the year.

#### Diluted

The calculation of the diluted loss per share for the year ended 31 December 2016 is based on the loss for the year attributable to equity holders of the Company, adjusted to reflect the interest on and change in fair value of the derivative component of the convertible bonds and share options. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2016 and 2015 because the impact of dilution of the convertible bonds and share options is anti-dilutive.

### 12 每股虧損

#### 基本

每股基本虧損乃根據本公司權益持有人應佔年度虧損及年內已發行普通股之加權平均股數即2,937,454,876股(二零一五年：2,751,501,842股)計算。

#### 攤薄

截至二零一六年十二月三十一日止年度之每股攤薄虧損乃根據本公司權益持有人應佔年度虧損計算，並作出調整以反映可換股債券衍生工具部分之利息及購股權公允價值變動。計算所用之普通股加權平均股數為年內已發行普通股之加權平均股數(按計算每股基本虧損所使用者)，以及假設於所有潛在攤薄普通股視為行使或轉換為普通股時按無償方式發行之普通股加權平均股數。

截至二零一六年及二零一五年十二月三十一日止年度，由於可換股債券及購股權之攤薄影響屬反攤薄，故每股攤薄虧損等於每股基本虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 13 PROPERTY, PLANT AND EQUIPMENT

### 13 物業、廠房及設備

		Buildings 樓宇 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Office equipment 辦公室設備 HK\$'000 千港元	Motor vehicles and others 汽車及其他 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>Cost:</b>	<b>成本值：</b>						
At 1 January 2015	於二零一五年一月一日	471,136	1,632,150	21,549	58,997	1,529,666	3,713,498
Additions	添置	-	274	6	959	19,071	20,310
Transfers	轉撥	5,052	2,898	-	-	(7,950)	-
Disposals	處置	-	-	-	(2,268)	(8,940)	(11,208)
Exchange realignment	匯兌差額	(26,753)	(95,396)	(1,040)	(3,148)	(89,375)	(215,712)
At 1 January 2016	於二零一六年一月一日	<b>449,435</b>	<b>1,539,926</b>	<b>20,515</b>	<b>54,540</b>	<b>1,442,472</b>	<b>3,506,888</b>
Additions	添置	-	2,307	1,048	565	17,540	21,460
Disposals	處置	-	-	(1,147)	(3,738)	(50,500)	(55,385)
Exchange realignment	匯兌差額	(28,477)	(97,707)	(1,136)	(3,098)	(103,650)	(234,068)
At 31 December 2016	於二零一六年十二月三十一日	<b>420,958</b>	<b>1,444,526</b>	<b>19,280</b>	<b>48,269</b>	<b>1,305,862</b>	<b>3,238,895</b>
<b>Accumulated depreciation:</b>	<b>累計折舊：</b>						
At 1 January 2015	於二零一五年一月一日	135,232	861,580	17,925	38,805	-	1,053,542
Depreciation	折舊	3,185	81,218	1,609	4,366	-	90,378
Disposals	處置	-	-	-	(1,804)	-	(1,804)
Exchange realignment	匯兌差額	(7,276)	(53,419)	(925)	(2,278)	-	(63,898)
At 1 January 2016	於二零一六年一月一日	<b>131,141</b>	<b>889,379</b>	<b>18,609</b>	<b>39,089</b>	<b>-</b>	<b>1,078,218</b>
Depreciation	折舊	2,786	75,273	1,116	3,180	-	82,355
Disposals	處置	-	-	(1,147)	(1,775)	-	(2,922)
Exchange realignment	匯兌差額	(8,421)	(59,563)	(1,026)	(2,415)	-	(71,425)
At 31 December 2016	於二零一六年十二月三十一日	<b>125,506</b>	<b>905,089</b>	<b>17,552</b>	<b>38,079</b>	<b>-</b>	<b>1,086,226</b>
<b>Accumulated impairment losses:</b>	<b>累計減值虧損：</b>						
At 1 January 2015	於二零一五年一月一日	276,278	73,508	210	395	1,131,562	1,481,953
Charge for the year	本年度支出	45,258	13,291	-	-	381,807	440,356
Disposal	處置	-	-	-	-	(8,940)	(8,940)
Exchange realignment	匯兌差額	(16,210)	(5,985)	(14)	(65)	(81,965)	(104,239)
At 1 January 2016	於二零一六年一月一日	<b>305,326</b>	<b>80,814</b>	<b>196</b>	<b>330</b>	<b>1,422,464</b>	<b>1,809,130</b>
Charge for the year	本年度支出	6,152	46,748	-	-	1,534	54,434
Disposal	處置	-	-	-	-	(35,277)	(35,277)
Exchange realignment	匯兌差額	(19,358)	(5,122)	(11)	(20)	(101,436)	(125,947)
At 31 December 2016	於二零一六年十二月三十一日	<b>292,120</b>	<b>122,440</b>	<b>185</b>	<b>310</b>	<b>1,287,285</b>	<b>1,702,340</b>
<b>Net carrying amount:</b>	<b>賬面淨值：</b>						
At 31 December 2016	於二零一六年十二月三十一日	<b>3,332</b>	<b>416,997</b>	<b>1,543</b>	<b>9,880</b>	<b>18,577</b>	<b>450,329</b>
At 31 December 2015	於二零一五年十二月三十一日	12,968	569,733	1,710	15,121	20,008	619,540

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2016 and 2015, certain of the Group's buildings and plant and machinery were pledged to secure a bank loan granted to the Group (Note 26).

As at 31 December 2016, the carrying amounts of the Group's property, plant and equipment and prepaid land lease payments by major cash generating units, are analysed as follows:

		Zhengzhou Plants 鄭州廠房 HK\$'000 千港元	Lianyungang Plant 連雲港廠房 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	385,581	63,145	1,603	450,329
Prepaid land lease payments	預付土地租賃款項	2,543	166,047	–	168,590
Total	總計	388,124	229,192	1,603	618,919

#### Impairment assessment — Zhengzhou Plants

As a result of the continuous unfavourable operating environment experienced in the steel industry, the Group's manufacturing and sales of iron and special steel products operations in Zhengzhou (the "Zhengzhou Plants") were temporarily suspended since March 2013 and had only been operating intermittently throughout the year 2016. The directors of the Company considered it as an impairment indicator and carried out an impairment review on property, plant and equipment and the related prepaid land lease payments of Zhengzhou Plants (Note 14).

Based on the results of the assessment, the recoverable amounts of property, plant and equipment and the related prepaid land lease payments of Zhengzhou Plants approximate their respective carrying amounts, and therefore no further impairment loss has been made for the year ended 31 December 2016.

### 13 物業、廠房及設備(續)

於二零一六年及二零一五年十二月三十一日，本集團若干樓宇與廠房及機器已抵押作本集團獲授銀行貸款(附註26)的質押物。

於二零一六年十二月三十一日，本集團物業、廠房及設備以及預付土地租賃款項按主要現金產生單位劃分之賬面值分析如下：

#### 減值評估 — 鄭州廠房

由於鋼材業內的經營環境持續欠佳，本集團從二零一三年三月起已短暫中止鄭州的鐵及特鋼製品生產及銷售業務(「鄭州廠房」)，於二零一六年僅間歇營運。本公司董事認為其屬減值跡象，故對鄭州廠房之物業、廠房及設備以及相關預付土地租賃款項(附註14)進行減值審閱。

基於評估結果，鄭州廠房之物業、廠房及設備以及相關預付土地租賃款項之可收回金額與其各自的賬面值相若，故並無於截至二零一六年十二月三十一日止年度計提進一步的減值虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Impairment assessment — Zhengzhou Plants (Continued)

The recoverable amounts of the property, plant and equipment and the related prepaid land lease payments have been determined based on value-in-use calculations. These calculations included applying certain assumptions in preparing cash flows projections for the cash generating unit. In preparing these projections, the directors assumed that, amongst other factors, business performance of the Zhengzhou Plants can be gradually improved during the projection period as a result of improving operating environment and by launching new products and seeking new orders from new customers with improved gross margins. The discount rate used in measuring value-in-use was 17% (2015: 17%), which is pre-tax and reflects the specific risks relating to the business.

As at 31 December 2016, if the gross margin had been 1% lower, an impairment charge of approximately HK\$49 million would be resulted; there would be no impairment charge if the discount rate used had been 1% higher.

#### Impairment assessment — Lianyungang Plant

During the year ended 31 December 2016, due to the continuous unfavourable market condition of nickel related products, which is the main business engaged by the Group's manufacturing plant in Lianyungang (the "Lianyungang Plant"), management upheld its decision to postpone the commencement of Lianyungang Plant's operation until year 2019. The directors of the Company considered it as an impairment indicator and carried out an impairment review on the property, plant and equipment and the related prepaid land lease payments of Lianyungang Plant (Note 14).

Based on the results of the assessment, the recoverable amounts of property, plant and equipment and the related prepaid land lease payments of Lianyungang Plant were determined to be HK\$63,145,000 and HK\$166,047,000 respectively, and therefore an impairment loss on property, plant and equipment payments of Lianyungang Plant of HK\$54,434,000 has been recognised in the consolidated income statement for the year ended 31 December 2016.

### 13 物業、廠房及設備(續)

#### 減值評估 — 鄭州廠房(續)

物業、廠房及設備以及相關預付土地租賃款項之可收回金額按使用價值基準計算。該等計算包括在編製現金產生單位之現金流預測時應用若干假設。編製該等預測時，董事假定多項因素，其中包括鄭州廠房之業務表現因經營環境改善及透過推出新產品及向新客戶取得毛利率更高的新訂單而於預測期內逐步改善。計算使用價值所用之貼現率為17% (二零一五年：17%)，此為稅前利率且反映與業務相關之特定風險。

於二零一六年十二月三十一日，倘毛利率下降1%，則將產生減值支出約49百萬港元；倘所用的貼現率上升1%，則將不會產生任何減值支出。

#### 減值評估 — 連雲港廠房

截至二零一六年十二月三十一日止年度，由於鎳相關產品(此乃本集團於連雲港之生產廠房主要涉足的業務(「連雲港廠房」))的市況欠佳，管理層維持其決定，延遲連雲港廠房投產時間至二零一九年。本公司董事認為其屬減值跡象，故對連雲港廠房之物業、廠房及設備以及相關預付土地租賃款項(附註14)進行減值審閱。

基於評估結果，連雲港廠房之物業、廠房及設備以及相關預付土地租賃款項之可收回金額分別釐定為63,145,000港元及166,047,000港元，故此連雲港廠房物業、廠房及設備付款之減值虧損54,434,000港元已於截至二零一六年十二月三十一日止年度之綜合收益表內確認。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Impairment assessment — Lianyungang Plant (Continued)

The recoverable amounts have been determined based on the value-in-use calculations. The discount rate used in measuring value-in-use was 20.2% (2015: 20.1%), which is pre-tax and reflects the specific risks relating to the business.

As at 31 December 2016, if the projected sales volume applied to the cash flow projection had been 5% higher/lower, the discount rate used had been 1% lower/higher, or the commencement of Lianyungang Plant's operation had been further postponed to year 2020, impairment charge for the year would have been approximately HK\$29 million lower/HK\$31 million higher, HK\$32 million lower/HK\$28 million higher, and HK\$28 million higher, respectively.

### 14 PREPAID LAND LEASE PAYMENTS

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值		182,915	200,868
Amortisation for the year	年內攤銷	7	(5,144)	(5,014)
Exchange realignment	匯兌差額		(9,181)	(12,939)
Carrying amount at 31 December	於十二月三十一日之賬面值		168,590	182,915
Less: Current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項之即期部分	21	(4,428)	(4,162)
Non-current portion	非即期部分		164,162	178,753

At 31 December 2016, the Group's leasehold land situated in Mainland China on lease of between 10 and 50 years with a net carrying amount of HK\$168,590,000 (2015: HK\$182,915,000) were pledged for bank loans granted to the Group (Note 26).

#### Impairment assessment

As at 31 December 2016, management carried out a review of the recoverable amounts of its property, plant and equipment, and prepaid land lease payments. Details of the impairment assessment on the Group's property, plant and equipment, and prepaid land lease payments as at 31 December 2016 are disclosed in Note 13.

### 13 物業、廠房及設備(續)

#### 減值評估 — 連雲港廠房(續)

可收回金額按使用價值基準計算。計算使用價值所用之貼現率為20.2% (二零一五年：20.1%)，此為稅前利率且反映與業務相關之特定風險。

於二零一六年十二月三十一日，倘現金流量預測所用的預測銷量上升/下降5%，所用的貼現率下降/上升1%，或連雲港廠房的營運再延遲至二零二零年方開展，則年內減值支出分別減少約29百萬港元/增加約31百萬港元，減少32百萬港元/增加28百萬港元，及增加28百萬港元。

### 14 預付土地租賃款項

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值		182,915	200,868
Amortisation for the year	年內攤銷	7	(5,144)	(5,014)
Exchange realignment	匯兌差額		(9,181)	(12,939)
Carrying amount at 31 December	於十二月三十一日之賬面值		168,590	182,915
Less: Current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項之即期部分	21	(4,428)	(4,162)
Non-current portion	非即期部分		164,162	178,753

於二零一六年十二月三十一日，本集團位於中國大陸、租期介乎10至50年及賬面淨值為168,590,000港元(二零一五年：182,915,000港元)的租賃土地已作為本集團獲授銀行貸款(附註26)的質押物。

#### 減值評估

於二零一六年十二月三十一日，管理層審閱其物業、廠房及設備以及預付土地租賃款項之可收回金額。於二零一六年十二月三十一日，本集團物業、廠房及設備以及預付土地租賃款項之減值評估詳情於附註13披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 15 INTANGIBLE ASSET

### 15 無形資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
<b>Exclusive offtake right</b>	<b>獨家採購權</b>		
Carrying amount at 1 January	於一月一日之賬面值	<b>2,384,543</b>	2,384,543
Amortisation	攤銷	-	-
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>2,384,543</b>	2,384,543

Amortisation of intangible asset has been included in cost of sales.

In May 2007, the Group secured an exclusive offtake right from PT. Yiwon Mining ("Yiwon"), a limited company incorporated in Indonesia, whereby Yiwon agreed to exclusively sell the limonitic ores produced by Yiwon to the Group at a fixed price of US\$16 per dry tonne for a period of approximately 14 years. In September 2008, the term of the exclusive offtake right was extended to 29 years expiring on 24 January 2036.

During the year ended 31 December 2012, a number of Indonesian governmental authorities promulgated several new rules and regulations regarding ores export approval and export tax. Yiwon obtained the ore exporter status ("the Status Approval") and the ore export approval (the "Export Approval") on 13 June 2012 and 27 June 2012, respectively. The Status Approval is valid for two years while the Export Approval is valid for a period of three months from the date of their respective issuance, and Yiwon can re-apply for the Status Approval and the Export Approval before their respective expiry dates.

Pursuant to the new export tax regulation promulgated by the Ministry of Finance of Indonesia (the "MOF") on 16 May 2012, a 20% export tax (the "Export Tax") would be imposed on the limonitic ores exported from Yiwon to the Company. The Export Tax is calculated based on the base price published by the MOF periodically. The Export Tax will be borne by the Group.

According to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the Export Approval to Yiwon, the export price of limonitic ores to be sold by Yiwon to the Company shall be US\$23.5 per dry tonne (excluding the Export Tax) (the "New Export Price") instead of US\$16 per dry tonne.

無形資產攤銷已計入銷售成本。

於二零零七年五月，本集團獲得一間於印尼註冊成立之有限公司PT.Yiwon Mining (「Yiwon」)之獨家採購權，Yiwon同意以固定價格每乾公噸16美元向本集團獨家出售其所產褐鐵礦石，年期約為十四年。於二零零八年九月，獨家採購權之年期延長至二十九年，於二零三六年一月二十四日屆滿。

截至二零一二年十二月三十一日止年度，多個印尼政府機關頒佈若干有關礦石出口許可及出口稅的新規則及法規。Yiwon分別於二零一二年六月十三日及二零一二年六月二十七日取得礦石出口商資格(「資格認可」)及礦石出口許可(「出口許可」)。資格認可及出口許可的有效期限分別為其各自發行日期起計兩年及三個月期間，Yiwon可於資格認可及出口許可各自之屆滿日期前重新申請資格認可及出口許可。

根據印尼財政部(「財政部」)於二零一二年五月十六日頒佈之新出口稅規例，Yiwon向本公司出口的褐鐵礦石將被徵收20%的出口稅(「出口稅」)。出口稅按財政部定期公佈的基本價格計算。出口稅將由本集團承擔。

根據煤礦部長於二零一二年六月二十五日向授予Yiwon出口許可的商務部長發出之建議函件，Yiwon售予本公司的褐鐵礦石出口價將為每乾公噸23.5美元(未計出口稅)(「新出口價」)，而非每乾公噸16美元。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 15 INTANGIBLE ASSET (Continued)

On 10 January 2013, Yiwan issued a letter of undertaking to the Group. Without any prejudice to the terms of the exclusive offtake right, Yiwan irrevocably and unconditionally undertakes that, if at any time during the term of the exclusive offtake agreement, the Group requests the iron ores to be delivered to the Group's subsidiaries located in South Kalimantan, Indonesia for production, Yiwan will adjust the purchase price of such iron ores under the exclusive offtake right to US\$10 per tonne.

During the year ended 31 December 2013, the relevant Indonesian governmental authorities further promulgated that unprocessed ore export by mining business licence holders in Indonesia ("IUP Holders") would be banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to the relevant regulations regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with those relevant laws. Consequently, the export of unprocessed iron ores from Yiwan to the Group ceased with effect from 12 January 2014.

All of the rights, interest, title and benefits of the exclusive offtake agreement is pledged in favour of DB Trustees (Hong Kong) Limited as security trustee for and on behalf of the bondholders of the Senior Bonds and the Convertible Bonds (Notes 26 and 27).

In determining the recoverable amount of the intangible asset as at 31 December 2016, the directors, amongst other considerations, made reference to the disposal consideration as stipulated in a non-binding framework agreement entered into between the Group and Beijing Wincapital, an independent third party, on 21 January 2013, pursuant to which the Group proposed to dispose of 30% equity interest in SEAM to Beijing Wincapital at a consideration of approximately US\$150 million as detailed in Note 2.1(a). SEAM, together with its subsidiaries, are mainly engaged in the trading of ores and held the aforementioned intangible asset of the Group. Although no formal sales and purchases agreement has been entered into up to date, as the disposal consideration in discussion substantially exceeds the attributable carrying amount of the intangible asset, the Directors are of the opinion that there is no impairment of the intangible asset as at 31 December 2016.

### 15 無形資產(續)

二零一三年一月十日，Yiwan向本集團發出承諾函件。在不損害獨家採購權條款之情況下，Yiwan不可撤回及無條件承諾，倘本集團於獨家採購協議期限任何時間內要求將鐵礦石運送至本集團位於印尼南加里曼丹的附屬公司作生產用途，Yiwan將根據獨家採購權調整該等鐵礦石的採購價至每公噸10美元。

截至二零一三年十二月三十一日止年度，相關印尼政府機關進一步宣佈，於印尼的採礦業務許可證持有人(「許可證持有人」)將自二零一四年一月十二日起被禁止出口未加工礦石，惟許可證持有人已根據關於進行礦產及煤礦開採業務的相關法規在當地進行加工及提煉，並根據該等相關法律進行提煉及冶煉則除外。因此，Yiwan自二零一四年一月十二日起停止向本集團出口未加工鐵礦石。

獨家採購權協議的所有權利、權益、所有權及利益已為優先債券及可換股債券(附註26及27)作抵押，受益人為代表債券持有人之德意志信託(香港)有限公司(以擔保受託人身份代表債券持有人)。

在釐定於二零一六年十二月三十一日的無形資產可收回金額時，除了考慮其他因素外，董事參照本集團與獨立第三方北京匯贏於二零一三年一月二十一日訂立的不具約束力框架協議所規定的出售代價，根據該框架協議，本集團擬向北京匯贏出售其於南洋礦業的30%股本權益，代價約150百萬美元，詳情見附註2.1(a)。南洋礦業連同其附屬公司主要從事礦石貿易業務及持有本集團上述的無形資產。縱使直至現時並無訂立正式買賣協議，由於所討論的出售代價大幅超逾無形資產的應佔賬面值，董事認為，於二零一六年十二月三十一日，無形資產並無減值。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 16 PARTICULARS OF SUBSIDIARIES

All of the subsidiaries of the Company were incorporated/ established as limited liability companies. Particulars of the Company's principal subsidiaries are as follows:

### 16 附屬公司之詳情

本公司所有附屬公司註冊成立/成立為有限公司。本公司主要附屬公司之詳情如下：

Name of companies 公司名稱	Place of incorporation and place of operations 註冊成立及營業地點	Nominal value of issued shares/ paid-up capital 已發行股份/ 繳足股本之面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Infonics International Limited ("Infonics") (「Infonics」)	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$10,001 10,001 美元	100	–	Investment holding 投資控股
China Special Steel Holdings Company Limited 中國特鋼控股有限公司	Cayman Islands/Hong Kong 開曼群島/香港	US\$1 1 美元	–	100	Dormant 無營業
SEAM 南洋礦業	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100 美元	–	100	Trading of ore 礦石貿易
Fully Lead Global Investments Limited 灃泰環球投資有限公司	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1 美元	–	100	Investment holding 投資控股
CNRG	Singapore 新加坡	US\$400,000 400,000 美元	–	100	Trading of mineral ores and steel products and investment holding 礦石、鋼產品貿易及投資控股
Bilchart Maritime Pte. Ltd.	Singapore 新加坡	US\$2,000,000 2,000,000 美元	–	51	Provision of shipping services 提供航運服務
PT. Mandan Steel	Indonesia 印尼	IDR131,264,000,000 131,264,000,000 印尼盾	–	100	Investment holding 投資控股
PT. Batulicin Steel	Indonesia 印尼	US\$50,000,000/Nil 50,000,000 美元/零	–	61	Investment holding 投資控股
Zhengzhou Yongtong Special Steel Co., Ltd. ("Yongtong Special Steel") 鄭州永通特鋼有限公司(「永通特鋼」)	PRC 中國	RMB674,680,000 人民幣 674,680,000 元	–	100	Manufacture and sale of special steel products 製造及銷售特鋼產品

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 16 PARTICULARS OF SUBSIDIARIES (Continued)

### 16 附屬公司之詳情(續)

Name of companies 公司名稱	Place of incorporation and place of operations 註冊成立及營業地點	Nominal value of issued shares/ paid-up capital 已發行股份/ 繳足股本之面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Zhengzhou Yongtong Alloy Metals Co., Ltd. ("Yongtong Alloy Metals") 鄭州永通合金材料有限公司(「永通合金」)	PRC 中國	RMB3,000,000 人民幣3,000,000元	-	95	Trading of scrap steel 廢鋼貿易
Zhengzhou Xiangtong Electricity Co., Ltd. ("Xiangtong Electricity") 鄭州祥通發電有限公司(「祥通發電」)	PRC 中國	RMB10,000,000 人民幣10,000,000元	-	100	Generation and sale of electricity 發電及銷售電力
Zhengzhou Yongtong Fully Lead Trading Co., Ltd. ("Yongtong Fully Lead") 鄭州永通豐泰貿易有限公司(「永通豐泰」)	PRC 中國	RMB66,600,000 人民幣66,600,000元	-	100	Trading of mineral, steel and electronic products 礦、鋼及電子產品貿易
Henan Yongtong Stainless Steel Products Co., Ltd. (formerly known as: Henan Yongtong Nickel Co., Ltd.) ("Yongtong Stainless Steel") 河南永通不銹鋼製品有限公司(前稱：河南永通 鎳業有限公司)(「永通不銹鋼」)	PRC 中國	RMB266,000,000 人民幣266,000,000元	-	100	Manufacturing and trading of special steel products 製造及銷售特鋼產品
Lianyungang East Harvest Minerals Company Limited ("East Harvest Minerals") 連雲港東茂礦產品有限公司(「東茂礦產品」)	PRC 中國	US\$127,000,000 127,000,000美元	-	100	Trading of mineral ores and steel products and investment holding 礦石及鋼產品貿易及投資控股
Lianyungang City East Harvest Mining Company Limited ("East Harvest Mining") 連雲港市東茂礦業有限公司(「東茂礦業」)	PRC 中國	RMB390,000,000 人民幣390,000,000元	-	100	Trading of iron and steel products 鋼鐵產品貿易
Lianyungang Hongnie International Trading Company Limited ("Hongnie Trading") 連雲港宏鎳國際貿易有限公司(「宏鎳貿易」)	PRC 中國	US\$12,860,000/ US\$4,019,422.5 12,860,000美元/ 4,019,422.5美元	-	100	Trading of iron and steel products 鋼鐵產品貿易
Henan Jiakun New Materials Technology Co., Ltd. ("Henan Jiakun") 河南家坤新材料科技有限公司(「河南家坤」)	PRC 中國	RMB50,100,000 人民幣50,100,000元	-	100	Sale of metallic new materials 銷售金屬新材料

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 17 INTEREST IN AN ASSOCIATE

### 17 於一間聯營公司之權益

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Share of net assets	應佔資產淨值	-	-
Loan to an associate	貸款予一間聯營公司	56,975	56,975
Less: provision for impairment of loan to an associate	減：貸款予一間聯營公司之減值撥備	(56,975)	(56,975)
		-	-

Loan to an associate is unsecured, interest free and is not expected to be settled within one year.

貸款予一間聯營公司為無抵押、免息及預期不會在一年內償還。

Particulars of the associate are as follows:

該聯營公司之詳情如下：

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activity
名稱	所持有已發行股份詳情	註冊成立地點	本集團應佔所有權益百分比	主要業務
Full Harvest Development Limited	15,500 Ordinary shares of US\$ 1 each	Republic of Seychelles	47.42%	Investment holding
豐盛發展有限公司	15,500股每股面值1美元之普通股	塞舌爾共和國		投資控股

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 18 DEFERRED TAX

The movements in the deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Unrealised profit on inventories	存貨之未變現溢利		
At 1 January	於一月一日	-	1,115
Deferred tax charged to the consolidated income statement during the year (Note 10)	於年內計入綜合收益表之遞延稅項(附註10)	-	(1,115)
At 31 December	於十二月三十一日	-	-

Deferred tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2016, the Group had unrecognised tax losses to be carried forward against future taxable income amounted to approximately HK\$2,197,437,000 (2015: HK\$1,913,202,000). These tax losses have no expiry date except that approximately HK\$2,064,206,000 (2015: HK\$1,799,218,000) will expire in the next one to five years.

### 18 遞延稅項

年內遞延稅項資產及負債變動如下：

#### 遞延稅項資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Unrealised profit on inventories	存貨之未變現溢利		
At 1 January	於一月一日	-	1,115
Deferred tax charged to the consolidated income statement during the year (Note 10)	於年內計入綜合收益表之遞延稅項(附註10)	-	(1,115)
At 31 December	於十二月三十一日	-	-

就結轉的稅務虧損而確認的遞延稅項資產僅限於有關之稅務利益有可能透過未來應課稅溢利實現的部分。於二零一六年十二月三十一日，本集團有未確認可結轉以抵銷未來應課稅收入的稅務虧損約2,197,437,000港元(二零一五年：1,913,202,000港元)。除稅務虧損約2,064,206,000港元(二零一五年：1,799,218,000港元)會於未來一至五年內到期外，該等稅務虧損並無到期日。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 18 DEFERRED TAX (Continued)

#### Deferred tax liabilities

### 18 遞延稅項(續)

#### 遞延稅項負債

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Accelerated depreciation	加速折舊		
At 1 January	於一月一日	<b>1,285</b>	1,365
Deferred tax credited to the consolidated income statement during the year (Note 10)	年內計入綜合收益表之遞延稅項(附錄10)	-	-
Exchange realignment	匯兌差額	<b>(81)</b>	(80)
At 31 December	於十二月三十一日	<b>1,204</b>	1,285

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated after 31 December 2007.

As at 31 December 2016 and 2015, no deferred tax liabilities have been provided for in these consolidated financial statements as there was no temporary difference associated with investments in subsidiaries in Mainland China.

據中國企業所得稅法，於中國國內成立的外商投資企業向外國投資者宣派股息須按10%繳納預扣稅。此規定由二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者的司法權區訂有稅務協定，則可應用較低的預扣稅率。本集團適用的稅率為10%。因此，本集團有責任就於中國成立的該等附屬公司於二零零七年十二月三十一日後產生的盈利所分派的股息繳付預扣稅。

於二零一六年及二零一五年十二月三十一日，由於中國大陸附屬公司投資並無暫時差異，故並無於綜合財務報表中作出遞延稅項負債撥備。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 19 INVENTORIES

### 19 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Raw materials	原材料	100,606	130,457
Work in progress	在製品	5,049	1,984
Finished goods	製成品	222,467	257,207
Spare parts and consumables	備件及易耗品	12,964	14,815
		<b>341,086</b>	404,463
Less: provision for impairment losses	減：減值虧損撥備	<b>(110,486)</b>	(176,093)
		<b>230,600</b>	228,370

The movement of provision for impairment losses is as follows:

減值虧損撥備的變動如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	176,093	109,241
Utilisation	消耗	<b>(66,884)</b>	(3,418)
Impairment losses recognised for the year (Note 7)	年內已確認減值虧損(附註7)	<b>9,918</b>	79,683
Exchange realignment	匯兌差額	<b>(8,641)</b>	(9,413)
At 31 December	於十二月三十一日	<b>110,486</b>	176,093

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 20 TRADE AND NOTES RECEIVABLES

### 20 應收賬款及應收票據

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade receivables	應收賬款	(a)	56,157	33,833
Notes receivables	應收票據	(b)	112	334
			56,269	34,167
Less: provision for impairment losses	減：減值虧損撥備		(29,857)	(26,954)
			26,412	7,213

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

Note:

**(a) Trade receivables**

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

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

附註：

**(a) 應收賬款**

於報告期末，按發票日期計算之應收賬款之賬齡分析如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within 90 days	90日內	25,108	1,966
91 to 180 days	91至180日	456	-
181 to 365 days	181至365日	736	4,913
Over 1 year	超過一年	29,857	26,954
		56,157	33,833

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 20 TRADE AND NOTES RECEIVABLES (Continued)

#### (a) Trade receivables (Continued)

The movements in the provision for impairment losses of trade receivables are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	26,954	39,694
Impairment losses recognised for the year (Note 7)	年內已確認減值虧損(附註7)	4,635	-
Utilisation	消耗	(280)	(11,083)
Exchange realignment	匯兌差額	(1,452)	(1,657)
At 31 December	於十二月三十一日	29,857	26,954

As at 31 December 2016, trade receivables of HK\$29,857,000 (2015: HK\$26,954,000) were impaired in full. The amount of the individually impaired trade receivables mainly relate to customers that were in financial difficulties or aged over 1 year. All these receivables have been past due for over 1 year.

The ageing analysis of trade receivables that are either not yet past due or not considered to be impaired is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Not yet past due	尚未逾期	25,108	1,966
Past due but not impaired	已逾期但無減值		
Within 90 days	90日內	456	-
91 to 180 days	91至180日	-	-
Over 180 days	超過180日	736	4,913
		26,300	6,879

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers. The Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

### 20 應收賬款及應收票據(續)

#### (a) 應收賬款(續)

應收賬款減值虧損撥備變動如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
於二零一六年十二月三十一日，應收賬款 29,857,000 港元(二零一五年：26,954,000 港元) 悉數減值。個別減值應收賬款金額主要涉及出現財務困難之客戶或賬齡在一年以上。所有此等應收款項已逾期超過 1 年。		
並無逾期或不視作需減值之應收賬款之賬齡分析如下：		

於二零一六年十二月三十一日，應收賬款 29,857,000 港元(二零一五年：26,954,000 港元) 悉數減值。個別減值應收賬款金額主要涉及出現財務困難之客戶或賬齡在一年以上。所有此等應收款項已逾期超過 1 年。

並無逾期或不視作需減值之應收賬款之賬齡分析如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
尚未逾期亦無減值之應收款項涉及近期無拖欠記錄之多名分散客戶。		
已逾期但無減值之應收款項涉及獨立客戶，該等客戶於本集團過往記錄良好。董事認為由於信貸質素並無重大改變，有關結餘仍視為可悉數收回，故毋須就有關結餘作出減值撥備。		

尚未逾期亦無減值之應收款項涉及近期無拖欠記錄之多名分散客戶。

已逾期但無減值之應收款項涉及獨立客戶，該等客戶於本集團過往記錄良好。董事認為由於信貸質素並無重大改變，有關結餘仍視為可悉數收回，故毋須就有關結餘作出減值撥備。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 20 TRADE AND NOTES RECEIVABLES (Continued)

**(b) Notes receivables**

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

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within 90 days	90日內	56	215
91 to 180 days	91日至180日	56	119
		<b>112</b>	<b>334</b>

### 21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Prepayments to Yiwan (note)	預付Yiwan之款項(附註)	11,761	137,251
Prepayments to other suppliers	預付其他供應商之款項	24,925	5,983
Other prepayments	其他預付款項	35,782	2,393
Deposits and other receivables	按金及其他應收款項	13,682	7,960
Value-added tax recoverable	可收回增值稅	54,090	57,556
Current portion of prepaid land lease payments (Note 14)	預付土地租賃款項之即期部分(附註14)	4,428	4,162
		<b>144,668</b>	<b>215,305</b>

The carrying amounts of receivables and deposits approximate their fair values.

Note: As at 31 December 2016, the directors have reviewed the recoverable amount of prepayments to Yiwan. These prepayments were made for purchase of iron ores and have not been utilised by the Group recently because unprocessed iron ores are currently banned from export. Because of the winding up of CNRG as described in Note 37, the directors are of the opinion that the prepayments to Yiwan made by CNRG amounting to approximately HK\$126,879,000 as at 31 December 2016 may not be executed further and therefore a full provision has been made thereon. For the remaining HK\$11,761,000, the directors of the Company consider that Yiwan has the ability to meet its obligations for supplying iron ores by other means at the discretions of the Group and therefore are not impaired as at 31 December 2016.

### 20 應收賬款及應收票據(續)

**(b) 應收票據**

於報告期末，本集團應收票據之屆滿期如下：

### 21 預付款項、按金及其他應收款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Prepayments to Yiwan (note)	預付Yiwan之款項(附註)	11,761	137,251
Prepayments to other suppliers	預付其他供應商之款項	24,925	5,983
Other prepayments	其他預付款項	35,782	2,393
Deposits and other receivables	按金及其他應收款項	13,682	7,960
Value-added tax recoverable	可收回增值稅	54,090	57,556
Current portion of prepaid land lease payments (Note 14)	預付土地租賃款項之即期部分(附註14)	4,428	4,162
		<b>144,668</b>	<b>215,305</b>

應收款項及按金賬面值與彼等之公允價值相若。

附註：於二零一六年十二月三十一日，董事已對預付Yiwan之款項的可收回金額進行檢討。該等預付款項因購買鐵礦石而作出，但本集團近期並未動用該款項，原因是目前禁止出口未加工鐵礦石。由於如附註37所述之CNRG清盤，董事認為，於二零一六年十二月三十一日CNRG預付Yiwan約126,879,000港元之款項可能不會繼續執行，因此，已就此作出全額撥備。對於餘下的11,761,000港元，本公司董事認為Yiwan有能力通過本集團決定的其他方式履行其供應鐵礦石的責任。因此，該款項於二零一六年十二月三十一日並無減值。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 22 CASH AND CASH EQUIVALENTS, PLEDGED TIME DEPOSITS AND RESTRICTED CASH

### 22 現金及現金等值物、已抵押定期存款及受限制現金

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	20,143	14,337
Pledged time deposits	已抵押定期存款	1,687	117,738
Restricted cash (note)	受限制現金(附註)	-	12,294
		<b>21,830</b>	144,369
Less: Pledged time deposits for bank loans (Note 26(e))	減：為銀行貸款之已抵押定期存款(附註26(e))	-	(39,270)
Pledged time deposits for issuing bank acceptance notes (Note 24(b))	為取得銀行承兌票據之已抵押定期存款(附註24(b))	(1,674)	(78,455)
Pledged time deposits for senior bonds and convertible bonds (Note 26(k) and 27)	為優先債券及可換股債券之已抵押定期存款(附註26(k)及27)	(13)	(13)
Restricted cash (note)	受限制現金(附註)	-	(12,294)
Cash and cash equivalents	現金及現金等值物	<b>20,143</b>	14,337

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

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. As at 31 December 2016, the weighted average effective interest rate of the Group's time deposits was 0.50% (2015: 0.73%) per annum.

存於銀行之現金按每日銀行存款利率計算浮息。於二零一六年十二月三十一日，本集團定期存款加權平均有效年利率為0.50%（二零一五年：0.73%）。

As at 31 December 2016, cash and bank balances and pledged time deposits of the Group are mainly denominated in RMB. The carrying amounts of these balances approximate their fair values.

於二零一六年十二月三十一日，本集團現金及銀行結餘及已抵押定期存款主要以人民幣計值。該等結餘的賬面值與其公允價值相若。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 22 CASH AND CASH EQUIVALENTS, PLEDGED TIME DEPOSITS AND RESTRICTED CASH (Continued)

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 22 現金及現金等值物、已抵押定期存款及受限制現金(續)

人民幣與其他貨幣不可自由兌換，然而根據中國大陸外匯管理條例，以及結匯、售匯及付匯管理規定，本集團獲准透過經授權從事外匯兌換業務的銀行將人民幣兌換成其他貨幣。

### 23 OTHER LONG TERM PAYABLES

### 23 其他長期應付款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Other long term payables	其他長期應付款項		
Carrying amount at 1 January	於一月一日之賬面值	<b>9,073</b>	9,886
Transfer to other short term payables	轉撥至其他短期應付款項	<b>(198)</b>	(321)
Exchange realignment	匯兌差額	<b>(501)</b>	(492)
Carrying amount at 31 December	於十二月三十一日之賬面值	<b>8,374</b>	9,073

### 24 TRADE AND NOTES PAYABLES

### 24 應付賬款及應付票據

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade payables	應付賬款	<b>120,358</b>	118,009
Notes payables	應付票據	<b>1,444</b>	234,624
		<b>121,802</b>	352,633

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 24 TRADE AND NOTES PAYABLES (Continued)

#### (a) Trade payables

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

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within 90 days	90日內	22,843	8,646
91 to 180 days	91至180日	2,718	1,836
181 to 365 days	181至365日	4,987	6,134
1 to 2 years	1至2年	4,940	24,654
2 to 3 years	2至3年	18,183	45,441
Over 3 years	超過3年	66,687	31,298
		<b>120,358</b>	118,009

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

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

#### (b) Notes payables

An ageing analysis of the notes payables of the Group at 31 December 2016 is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within 90 days	90日內	1,444	1,432
91 to 180 days	91至180日	-	40,385
181 to 365 days	181至365日	-	47,385
1 to 2 years	1至2年	-	145,422
		<b>1,444</b>	234,624

#### (b) 應付票據

於二零一六年十二月三十一日，本集團應付票據之賬齡分析如下：

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 24 TRADE AND NOTES PAYABLES (Continued)

#### (b) Notes payables (Continued)

At 31 December 2016, notes payables of HK\$1,444,000 (2015: HK\$234,624,000) were denominated in RMB and secured by time deposits of HK\$1,674,000 (2015: HK\$78,455,000) (Note 22). The carrying amounts of notes payables approximate their fair values at the end of the reporting period.

### 24 應付賬款及應付票據(續)

#### (b) 應付票據(續)

於二零一六年十二月三十一日，應付票據1,444,000港元(二零一五年：234,624,000港元)以人民幣計值，並由定期存款1,674,000港元(二零一五年：78,455,000港元)作為抵押(附註22)。於報告期末，應付票據之賬面值與其公允價值相若。

### 25 OTHER PAYABLES AND ACCRUALS

### 25 其他應付款項及應計費用

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Advances from customers	客戶墊款	120,048	127,281
Payables related to purchases of property, plant and equipment	有關購買物業、廠房及設備之應付款項	69,498	79,017
Accrued interest expense	應計利息開支	544,846	406,438
Payroll payable	應付薪金	52,517	40,396
Amounts due to directors (Note 34)	結欠董事款項(附註34)	12,834	1,975
Provision for claims and disputes	申索及爭議撥備	121,832	114,833
Others	其他	222,379	132,214
		<b>1,143,954</b>	902,154

As at 31 December 2016, the carrying amounts of other payables and accruals approximate their fair values.

於二零一六年十二月三十一日，其他應付款項及應計費用之賬面值與其公允價值相若。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS

### 26 銀行及其他借貸

		2016 二零一六年			2015 二零一五年		
		Contractual interest rate (%)	Original maturity	HK\$'000 千港元	Contractual interest rate (%)	Original maturity	HK\$'000 千港元
Note 附註		合同利率(%)	原到期日		合同利率(%)	原到期日	
<b>Current</b>	<b>即期</b>						
Non-current bank loan — secured	非即期銀行貸款 — 有抵押	(a)	6.6 2019 二零一九年	93,907	—	—	—
Non-current syndicated bank loan — secured	非即期銀團貸款 — 有抵押	(b)	5.2–6.2 2019 二零一九年	556,859	—	—	—
Non-current bank loans — unsecured	非即期銀行貸款 — 無抵押	(c)	5.2–5.3 2019 二零一九年	396,496	—	—	—
Current bank loans — unsecured	即期銀行貸款 — 無抵押	(d)	—	—	6.6	2016 二零一六年	23,872
Non-current bank loan- unsecured	非即期銀行貸款 — 無抵押	(d)	—	—	7.2	2016 二零一六年	59,680
Other bank loan- unsecured	其他銀行貸款 — 無抵押	(d)	—	—	5.0	On demand 須按要求償還	52,675
Current bank loans — secured — USD	即期銀行貸款 — 有抵押 — 美元	(e)	—	—	2.5	2016 二零一六年	39,530
— RMB	— 人民幣	(f)	—	—	6.4–8.0	2015–2016 二零一五年– 二零一六年	302,721
Other loans	其他貸款	(g)	10.0–11.4 2014–2015 二零一四年– 二零一五年	447,176	10.0–11.4	2014–2015 二零一四年– 二零一五年	835,520
Other borrowings — unsecured — related parties	其他借貸 — 無抵押 — 關連方	(h)	Nil–43.2 On demand 零–43.2 須按要求償還	104,499	Nil–43.2	On demand 須按要求償還	90,262
— related parties of the Potential Investor	— 潛在投資者的關連方	(i)	10.0–58.4 2015 — 2016 二零一五年– 二零一六年	243,611	10.0–58.4	2015 二零一五年	189,676
— other third parties	— 其他第三方	(j)	Nil–21.6 2014 — 2016 零–21.6 二零一四年– 二零一六年	69,560	8.0–108.0	2014–2015 二零一四年– 二零一五年	70,105
The 12% Coupon Senior Bonds	12%票面息優先債券	(k)	12.0 2018 二零一八年	390,990	12.0	2018 二零一八年	390,990
The Modified 10% Coupon Bonds	經修訂10%票面息債券	(l)	10.0 2015 二零一五年	28,400	10.0	2015 二零一五年	28,400
				<b>2,331,498</b>			<b>2,083,431</b>

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (a) Non-current secured bank loan

In May 2016, the Group replaced certain overdue RMB secured bank loans and notes payables to the extent of RMB55,000,000 (equivalent to HK\$61,487,000) (2015: HK\$65,648,000) as mentioned in note (f) below and RMB29,000,000 (equivalent to HK\$32,420,000) (2015: HK\$34,614,000), respectively by this 3-year secured bank loan.

As at 31 December 2016, this bank loan is secured by a number of leasehold land in Mainland China with net carrying amount of HK\$37,927,000 (2015: HK\$40,599,000). However, as there is a repayment on demand clause in the bank loan agreement, the outstanding amount of the 3-year secured bank loan of HK\$93,907,000 has been classified as current liabilities as at 31 December 2016.

#### (b) Non-current secured syndicated bank loan

In January 2016, the Group obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$556,859,000) from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans (as mentioned in notes (d) and (f) below) and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 (equivalent to HK\$300,302,000) and RMB79,737,000 (equivalent to HK\$89,141,000), respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. During the year ended 31 December 2016, the New Facilities have been fully drawn down.

The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of HK\$556,859,000 was immediately due and payable as at 31 December 2016.

### 26 銀行及其他借貸(續)

#### (a) 非即期有抵押銀行貸款

於二零一六年五月，本集團以一項三年期有抵押銀行貸款取代若干逾期人民幣有抵押銀行貸款及應付票據，金額分別為人民幣55,000,000元(相當於61,487,000港元)(二零一五年：65,648,000港元)(如下文附註(f)所述)及人民幣29,000,000元(相當於32,420,000港元)(二零一五年：34,614,000港元)。

於二零一六年十二月三十一日，該筆銀行貸款以數幅位於中國大陸，賬面淨值為37,927,000港元(二零一五年：40,599,000港元)的租賃土地作為抵押。然而，由於銀行貸款協議載有按要求償還條款，故於二零一六年十二月三十一日，尚未償還之三年期有抵押銀行貸款93,907,000港元已分類為流動負債。

#### (b) 非即期有抵押銀團貸款

於二零一六年一月，本集團已自中國一銀團取得一項三年期的銀團貸款約人民幣498百萬元(相當於556,859,000港元)，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款(如下文附註(d)及(f)所述)及應付票據，金額分別為人民幣268,620,000元(相當於300,302,000港元)及人民幣79,737,000元(相當於89,141,000港元)；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元(「新造融資」)，為期三年。於截至二零一六年十二月三十一日止年度，新造融資已全數提取。

銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽訂銀團貸款協議後未能履行該等銀團貸款融資項下的若干承擔及限制性契諾規定。因此，未償還的三年期銀團貸款金額556,859,000港元於二零一六年十二月三十一日即時成為為到期應付。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (c) Non-current unsecured bank loans

In June 2016, the Group obtained an unsecured 3-year loan facility for an amount of RMB360 million (equivalent to HK\$402,459,000) from a PRC bank (the "Unsecured Loan Facility"). As at 31 December 2016, approximately RMB355 million (equivalent to HK\$396,496,000) has been drawn down from the Unsecured Loan Facility mainly to replace part of the loans in relation to the proposed disposal of a 30% equity interest in SEAM to the extent of RMB300,000,000 (equivalent to HK\$335,383,000) as detailed in note (g) below.

However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of HK\$396,496,000 was immediately due and payable as at 31 December 2016.

#### (d) Unsecured bank loans

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

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

### 26 銀行及其他借貸(續)

#### (c) 非即期無抵押銀行貸款

於二零一六年六月，本集團已自中國一銀行取得無抵押三年期貸款融資(「無抵押貸款融資」)，金額為人民幣360百萬元(相當於402,459,000港元)。於二零一六年十二月三十一日，已自無抵押貸款融資中提取一筆貸款約人民幣355百萬元(相當於396,496,000港元)，此乃主要用於取代有關建議出售南洋礦業30%股本權益的部分貸款，金額為人民幣300,000,000元(相當於335,383,000港元)(如下文附註(g)詳述)。

然而，本集團於簽訂貸款協議後未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定。因此，此筆貸款未償還金額396,496,000港元於二零一六年十二月三十一日即時成為到期應付。

#### (d) 無抵押銀行貸款

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

於截至二零一五年十二月三十一日止年度，本集團應付票據人民幣44,131,000元(相當於52,675,000港元)已逾期，且於二零一五年十二月三十一日，相關銀行已重新將其指定為無抵押銀行貸款。該無抵押銀行貸款隨後由本集團於二零一六年二月償還，資金主要來自二零一六年一月自潛在投資者的一名關連方取得的人民幣50百萬元借貸(如上文附註(i)所述)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (e) USD secured bank loans

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

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

During the year ended 31 December 2016, these USD secured bank loans of HK\$39,530,000 had been settled mainly by utilising the Group's pledged time deposits of HK\$39,270,000.

#### (f) RMB secured bank loans

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

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

During the year ended 31 December 2016, RMB secured bank loans amounting to RMB55,000,000 (equivalent to HK\$61,487,000) (2015: HK\$65,648,000) had been replaced by the secured bank loan as mentioned in note (a) above. The remaining RMB secured bank loans to the extent of RMB198,620,000 (equivalent to HK\$232,386,000) (2015: HK\$237,073,000) had been refinanced by the syndicated loan with a term of 3 years as mentioned in note (b) above.

### 26 銀行及其他借貸(續)

#### (e) 美元有抵押銀行貸款

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

於截至二零一五年十二月三十一日止年度，本集團未能支付若干該等有抵押銀行貸款的利息，導致發生違約事件，而該等貸款立即成為到期償還。

於截至二零一六年十二月三十一日止年度，該等美元有抵押銀行貸款39,530,000港元主要透過動用本集團已抵押定期存款39,270,000港元結清。

#### (f) 人民幣有抵押銀行貸款

於二零一五年十二月三十一日，人民幣有抵押銀行貸款包括：(i)以數幅位於中國大陸，賬面淨值為143,183,000港元的租賃土地作為抵押的銀行貸款人民幣50,000,000元(相當於59,680,000港元)；(ii)以數幅位於中國大陸，賬面淨值為40,599,000港元的租賃土地作為抵押的銀行貸款人民幣55,000,000元(相當於65,648,000港元)；及(iii)以一幅位於中國大陸的租賃土地，及賬面淨值總額為零港元之樓宇、廠房及機器作為抵押的銀行貸款人民幣148,620,000元(相當於177,393,000港元)，貸款亦由董先生擔保。

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

截至二零一六年十二月三十一日止年度，人民幣有抵押銀行貸款金額人民幣55,000,000元(相當於61,487,000港元)(二零一五年：65,648,000港元)已被有抵押銀行貸款所取代(如上述附註(a)所述)。剩餘人民幣有抵押銀行貸款金額人民幣198,620,000元(相當於232,386,000港元)(二零一五年：237,073,000港元)已由一項三年期的銀團貸款進行再融資(如上述附註(b)所述)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (g) Other loans

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

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

As at 31 December 2015, the Financing Loans comprised of:

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

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

- (ii) Loans provided by Gongyi Jiahui Technology Promotion Service Centre LLP (“Gongyi Jiahui”) in the aggregate of RMB500,000,000 (equivalent to HK\$596,800,000) for a term of three to six months from the respective drawdown dates.

### 26 銀行及其他借貸(續)

#### (g) 其他貸款

於二零一三年一月二十一日，本集團與北京匯贏訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計為大約150百萬美元(相當於約1,170百萬港元)。截至綜合財務報表批准日期，建議交易仍未完成，尚未訂立任何正式買賣協議。

就建議出售事項而言，截至二零一五年十二月三十一日，北京匯贏為本集團安排若干貸款融資(「融資貸款」)，總額為人民幣700,000,000元(相當於835,520,000港元)。倘建議出售得以完成，有關借貸可藉抵銷出售代價支付。

於二零一五年十二月三十一日，融資貸款包括：

- (i) 貸款人民幣200,000,000元(相當於238,720,000港元)為北京匯贏安排的為期兩年的有抵押融資。

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

- (ii) 鞏義市佳匯技術推廣服務中心(有限合夥)(「鞏義佳匯」)提供貸款合共人民幣500,000,000元(相當於596,800,000港元)，為期三至六個月(由相關提款日期起計)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (g) Other loans (Continued)

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

As at 31 December 2015, all of the Financing Loans were overdue.

During the year ended 31 December 2016, as mentioned in note (c) above, the Financing Loans provided by Gongyi Jiahui to the extent of RMB300,000,000 (equivalent to HK\$335,383,000) were refinanced by a bank loan under the Unsecured Loan Facility as mentioned in note (c) above.

As at 31 December 2016, all of the outstanding Financing Loans totalling RMB400,000,000 (equivalent to HK\$447,176,000) remained overdue. The Group is in the process of negotiating with the counterparties to extend the terms of these outstanding balances.

#### (h) Unsecured borrowings from related parties

As at 31 December 2016 and 2015, unsecured borrowings from related parties comprised of: (i) loans from a Mr. Dong's relative of RMB25,700,000 (equivalent to HK\$28,731,000) (2015: HK\$30,676,000), which bear interest at rates of 36% to 43% per annum; and (ii) loans from the ultimate holding company of the Company consisting of amounts of S\$5,642,000, US\$1,715,000 and HK\$8,429,000 (in aggregate equivalent to HK\$50,592,000) (2015: HK\$59,586,000), which bear interest at a rate of 8% per annum except for an amount of US\$1,715,000, which is interest free.

In addition, in November and December 2016, the Group also obtained interest-free loans of RMB23,520,000 from certain relatives of Mr. Dong, of which RMB22,520,000 (equivalent to HK\$25,176,000) remained outstanding as at 31 December 2016. These loans have been fully repaid subsequent to the year ended in January 2017.

### 26 銀行及其他借貸(續)

#### (g) 其他貸款(續)

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

於二零一五年十二月三十一日，所有融資貸款均已逾期。

截至二零一六年十二月三十一日止年度，如上述附註(c)所述，鞏義佳匯提供融資貸款人民幣300,000,000元(相當於335,383,000港元)已由無抵押貸款融資項下的銀行貸款進行再融資(如上述附註(c)所述)。

於二零一六年十二月三十一日，所有未償還融資貸款合共為人民幣400,000,000元(相當於447,176,000港元)仍逾期。本集團正在與對手方進行磋商，以延長該等未結餘額之期限。

#### (h) 從關連方借入的無抵押借貸

於二零一六年及二零一五年十二月三十一日，從關連方借入的無抵押借貸包括：(i)從董先生親屬借入的貸款人民幣25,700,000元(相當於28,731,000港元)(二零一五年：30,676,000港元)，按年利率36厘至43厘計息；及(ii)向本公司最終控股公司借入貸款，該貸款包括5,642,000新加坡元、1,715,000美元及8,429,000港元(相當於合共50,592,000港元)(二零一五年：59,586,000港元)，除了貸款1,715,000美元為免息外，其他貸款按年利率8厘計息。

此外，於二零一六年十一月及十二月，本集團亦獲董先生的若干親屬提供人民幣23,520,000元之免息貸款，其中人民幣22,520,000元(相當於25,176,000港元)於二零一六年十二月三十一日仍未償還。該等貸款於截至二零一七年一月止年度之後已全數償還。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

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

As at 31 December 2016, the total borrowing obtained from certain related parties of the Potential Investor amounted to RMB217,910,000 (equivalent to HK\$243,611,000) (2015: HK\$189,676,000). All these borrowings were overdue as at 31 December 2016.

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

#### (j) Unsecured borrowings from other third parties

As at 31 December 2016, unsecured borrowings from other third parties comprised of: (i) a loan from an independent third party of RMB1,000,000 (equivalent to HK\$1,118,000) (2015: HK\$1,193,000), which bear interest at 12% per annum; (ii) a loan from an independent third party of US\$2,500,000 (equivalent to HK\$19,387,000) (2015: HK\$19,377,000), which bear interest at 8% per annum; (iii) an interest-free loan of RMB4,879,000 (equivalent to HK\$5,455,000) provided by a customer of the Group which is repayable on demand; (iv) loans from certain independent third parties of RMB21,000,000 (equivalent to HK\$23,477,000) (2015: HK\$25,066,000), RMB17,000,000 (equivalent to HK\$19,005,000) (2015: HK\$20,291,000), and RMB1,000,000 (equivalent to HK\$1,118,000) (2015: Nil) which bear interest at rates of 21.6% per annum, 19.2% per annum and 6.4% per annum, respectively.

As at 31 December 2016, unsecured borrowings to the extent of HK\$62,987,000 (2015: HK\$70,105,000) and HK\$6,573,000 (2015: Nil) were overdue and repayable on demand, respectively.

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

On 13 June 2014, the Company completed a restructuring of its then existing 10% Coupon Senior Bonds and 6% Coupon Convertible Bonds with nominal amount of HK\$390,990,000 and HK\$181,575,000, respectively ("Bonds Restructuring").

### 26 銀行及其他借貸(續)

#### (i) 來自潛在投資者的關連方的無抵押借貸

於二零一六年十二月三十一日，自潛在投資者的若干關連方取得借貸合共人民幣217,910,000元(相當於243,611,000港元)(二零一五年：189,676,000港元)。所有該等借貸於二零一六年十二月三十一日已逾期。

本集團一直積極與上述借貸之放貸人進行磋商，以重續及延長償還日期兩年。

#### (j) 來自其他第三方的無抵押借貸

於二零一六年十二月三十一日，自其他第三方的無抵押借貸包括(i)來自一名獨立第三方之貸款人民幣1,000,000元(相當於1,118,000港元)(二零一五年：1,193,000港元)，按年利率12厘計息；(ii)來自一名獨立第三方之貸款2,500,000美元(相當於19,387,000港元)(二零一五年：19,377,000港元)，按年利率8厘計息；(iii)本集團一名客戶提供之免息貸款人民幣4,879,000元(相當於5,455,000港元)，該款項須於要求時償還；(iv)來自若干獨立第三方之貸款人民幣21,000,000元(相當於23,477,000港元)(二零一五年：25,066,000港元)、人民幣17,000,000元(相當於19,005,000港元)(二零一五年：20,291,000港元)及人民幣1,000,000元(相當於1,118,000港元)(二零一五年：無)，分別按年利率21.6厘、年利率19.2厘及年利率6.4厘計息。

於二零一六年十二月三十一日，無抵押借貸金額62,987,000港元(二零一五年：70,105,000港元)及6,573,000港元(二零一五年：無)分別已逾期及按需償還。

#### (k) 12% 票面息優先債券

於二零一四年六月十三日，本集團完成對其當時面值分別為390,990,000港元及181,575,000港元的10%票面息優先債券及6%票面息可換股債券的重組(「債務重組」)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (k) The 12% Coupon Senior Bonds (Continued)

Key terms of the then existing 10% Coupon Senior Bonds have been amended as follows:

- (i) Interest rate: 12% per annum, which is repayable quarterly in arrears;
- (ii) Final maturity date: 12 December 2018;
- (iii) Repayment: The Company shall redeem the bonds at 100% of the remaining principal of HK\$390,990,000 in 8 quarterly instalments commencing 12 March 2017 to and including the Final Maturity Date;
- (iv) Redeemable in cash at the option of the Company at their early redemption amount calculated by using the bond principal with an interest rate of 12% payable on a quarterly basis, at any time prior to the final maturity date, providing that early redemption may not be exercised by the Company within 30 days of the end of a specific close period.

Details of the amendments to the terms of the then existing 6% Coupon Convertible Bonds have been disclosed in Note 27. The amendments are considered to be substantial modification of terms of these bonds and therefore have been accounted for as extinguishment of financial liabilities; and the amended Senior Bonds ("12% Coupon Senior Bonds") and amended convertible bonds ("8% Coupon Convertible Bonds") have been recognised upon the completion of the Bonds Restructuring.

The 12% Coupon Senior Bonds with the embedded redemption options were initially recognised as a debt host contract, which was measured using an equivalent market interest rate for a similar bond without a redemption option, and are subsequently carried at amortised cost. The embedded redemption options were initially recognised as an embedded derivative, which was measured using valuation technique. At its initial recognition and at each subsequent reporting period end date, the fair value of the embedded redemption options was insignificant. The fair value of the 12% Coupon Senior Bonds was valued by Greater China Appraisal Limited.

### 26 銀行及其他借貸(續)

#### (k) 12% 票面息優先債券(續)

當時10%票面息優先債券之主要條款修訂如下：

- (i) 年利率：12厘，每季度支付前期的利息；
- (ii) 最終到期日：二零一八年十二月十二日；
- (iii) 償還：本公司須於二零一七年三月十二日至最終到期日(包括該日)，分8個季度等額贖回剩餘本金額390,990,000港元的債券100%；
- (iv) 於最終到期日前任何時間，本公司可選擇以現金支付提早贖回額贖回債券，提早贖回額按債券本金額及利率12厘作季度計算，惟本公司於指定關閉期間結束後起計30日內不得提早贖回債券。

修訂當時6%票面息可換股債券條款之詳情已於附註27披露。該等修訂被視為重大修訂該等債券之條款，並因此已列賬為金融負債之抵銷；而已修訂的優先債券(「12%票面息優先債券」)及已修訂的可換股債券(「8%票面息可換股債券」)已於完成債券重組後確認。

12%票面息優先債券連同內含之贖回權初步確認為債務主合同，按類似但不含贖回權的債券的相同市場利率計量，其後以攤銷成本列值。內含之贖回權初步確認為內含衍生工具，利用估值法計算。於初步確認時及其後各報告期結算日，內含之贖回權的公允價值並不重大。12%票面息優先債券之公允價值乃為漢華評值有限公司作出的估值。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (k) The 12% Coupon Senior Bonds (Continued)

During the year ended 31 December 2014, the Company failed to make interest payment under the relevant terms and conditions of the Modified 10% Coupon Bonds (see note (l) below), 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds (Note 27) of HK\$1,420,000, HK\$11,698,000 and HK\$2,990,000, respectively. This constituted an event of default under the respective terms of the Bonds. As a result, the outstanding carrying amounts of the Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds became immediately due and payable. In addition, all unwinding of interest was accelerated; and all the liabilities of the Bonds have been classified as current liabilities thereafter.

During the year ended 31 December 2016, the Company also failed to make further interest payments of the Bonds of HK\$53,798,000 (2015: HK\$64,344,000).

Despite the above, DB Trustees (Hong Kong) Limited, the trustee for the holders of the Bonds, has not demanded immediate repayment of the Bonds and their related interest up to the date of approval of the consolidated financial statements. The Group has been actively negotiating with the holders of the Bonds for the execution of the Debt Restructuring Proposal to facilitate the Group meeting its obligations. At the meetings of the holders of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, extraordinary resolutions were passed and resolved that no holder of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds shall demand repayment of any amount due under the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of the 12% Senior Bonds and 8% Coupon Convertible Bonds or request the trustee to take any of the foregoing actions.

Following the passing and effectiveness of these resolutions, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

### 26 銀行及其他借貸(續)

#### (k) 12% 票面息優先債券(續)

截至二零一四年十二月三十一日止年度，本公司未能根據經修訂10%票面息債券(參見下文附註(l))、12%票面息優先債券及8%票面息可換股債券(附註27)之相關條款及條件支付利息，分別為1,420,000港元、11,698,000港元及2,990,000港元。根據該等債券之相關條款，此事構成違約事件。因此，經修訂10%票面息債券、12%票面息優先債券及8%票面息可換股債券之未行使賬面值，成為即時到期應付。此外，所有利息撥回已加速，而該等債券之所有負債已於其後分類為流動負債。

截至二零一六年十二月三十一日止年度，本公司亦未能支付該等債券之進一步利息53,798,000港元(二零一五年：64,344,000港元)。

儘管發生上述事件，截至綜合財務報表批准日期，德意志信託(香港)有限公司(為該等債券持有人之受託人)並無要求即時償還該等債券及其相關利息。本集團已積極與該等債券持有人進行磋商，以執行債務重組建議，促使本集團履行其責任。於二零一六年六月二十一日及二零一六年七月六日分別舉行的12%票面息優先債券及8%票面息可換股債券持有人大會通過特別決議案，12%票面息優先債券及8%票面息可換股債券持有人不得要求償還12%票面息優先債券及8%票面息可換股債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動(不論是否根據12%票面息優先債券及8%票面息可換股債券之條款及條件)或請求受託人向本公司採取任何上述行動。

於該等決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼群島計劃及香港計劃之相關債權人批准及法院頒令。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 26 BANK AND OTHER BORROWINGS (Continued)

#### (k) The 12% Coupon Senior Bonds (Continued)

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

#### (l) The Modified 10% Coupon Bonds

The Group's Modified 10% Coupon Bonds were recognised on the remaining 284 then 10% Coupon Convertible Bonds of the Group with an aggregate nominal amount of HK\$28,400,000 (the "Modified 10% Coupon Bonds") as a result of the amendments to the terms and conditions governing the then 10% Coupon Convertible Bonds pursuant to an extraordinary resolution dated 31 May 2012.

Upon the amendment, the Group determined the fair value of the Modified 10% Coupon Bonds based on the valuation performed by Great China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option.

The Modified 10% Coupon Bonds were matured on 12 March 2015. As at 31 December 2015 and 2016, an event of default occurred under the terms of the Modified 10% Coupon Bonds, details of which have been disclosed in note (k) above.

### 27 CONVERTIBLE BONDS

On 13 June 2014, the Company completed the Bonds Restructuring as stated in Note 26(k), whereupon the terms and conditions governing the 6% Convertible Bonds of the Group with aggregate nominal amount of HK\$181,575,000 have been amended as follows:

- (i) Amended the interest rate payable from 6% per annum to 8% per annum;
- (ii) Extended the final maturity date of the 8% Coupon Convertible Bonds from 12 March 2015 to 12 March 2018;
- (iii) The price at which ordinary shares will be issued upon conversion of the Convertible Bonds will be reduced to HK\$0.30 per ordinary share, subject to adjustment in the manner provided in the Convertible Bonds Trust Deed;

### 26 銀行及其他借貸(續)

#### (k) 12% 票面息優先債券(續)

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

#### (l) 經修訂 10% 票面息債券

由於根據日期為二零一二年五月三十一日之特別決議案對 10% 票面息可換股債券之條款及條件進行修訂，本集團經修訂 10% 票面息債券已於本集團餘下 284 份總面值 28,400,000 港元的 10% 票面息可換股債券(「經修訂 10% 票面息債券」)中確認。

於修訂完成後，本集團乃根據漢華評值有限公司利用同類債券(無轉換權)之相等市場利率作出之估值釐定經修訂 10% 票面息債券之公允價值。

經修訂 10% 票面息債券已於二零一五年三月十二日到期。於二零一五年及二零一六年十二月三十一日，根據經修訂 10% 票面息債券之條款發生違約事件，詳情於上文附註(k)披露。

### 27 可換股債券

於二零一四年六月十三日，本公司已完成債務重組(如附註26(k)所載)，本集團總面額為 181,575,000 港元及票面息為 6% 之可換股債券之條款及條件已修訂如下：

- (i) 將應付年利率由 6% 修訂為 8%；
- (ii) 將 8% 票面息可換股債券之最終到期日由二零一五年三月十二日延至二零一八年三月十二日；
- (iii) 兌換可換股債券後，將發行普通股之價格削減至每股普通股 0.30 港元(可按有關可換股債券信託契據規定之方式調整)；

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27 CONVERTIBLE BONDS (Continued)

- (iv) Amended to the Conversion Price re-set mechanics to provide a reduced Floor Price of HK\$0.18;
- (v) Added a provisional clause to the definition of “Relevant Event” (note) to ensure that the suspension of trading of the ordinary shares of the Company on the Stock Exchange at the completion date of the Debt Restructuring will not constitute a Relevant Event unless it continues for a period of 120 consecutive calendar days following 12 June 2014;
- (vi) Amended the Reserve Account arrangements to reduce the Required Minimum Balance from US\$10,000,000 to US\$1,000; and
- (vii) The addition of provisions which will require the Company to credit to the balance of the Reserve Account amounts calculated by reference to the volume of dry tonnes of ore exported to SEAM in the event that the current restrictions imposed on the export of ores under the Exclusive Offtake Agreement are lifted and which will require the Company to accelerate the payments schedule in such circumstances.

Note:

A “Relevant Event” occurs:

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

The amendments are considered to be substantial modification of terms of the 6% Convertible Bonds. Consequently, the 6% Convertible Bonds have been accounted for as extinguishment of financial liabilities and the 8% Coupon Convertible Bonds have been recognised upon the completion of the Bonds Restructuring.

### 27 可換股債券(續)

- (iv) 修訂兌換價重設機制，訂明0.18港元之下調最低價格；
- (v) 對「有關事件」之定義新增臨時條文(附註)，確保本公司普通股於債務重組完成日期暫停於聯交所買賣將不會構成一項有關事件，除非其於二零一四年六月十二日後持續為期連續120個曆日；
- (vi) 修訂儲備賬安排，以將規定最低結餘由10,000,000美元減至1,000美元；及
- (vii) 加入額外條文，條文規定假如撤銷對獨家採購協議項下出口礦石的現有限制，本公司須將參照出口往南洋礦業的礦石乾噸數量計算的數額計入儲備賬結餘內。在此等情況下，本公司須縮短付款時間表。

附註：

「有關事件」於以下情況發生：

- (1) 倘本公司普通股停止於香港聯交所上市或不再獲准於香港聯交所買賣，或倘股份已連續超過九十個曆日在香港聯交所暫停買賣；或
- (2) 倘本公司之控制權出現變動。

該等修訂被視為對6%票面息之可換股債券之條款作出之重大修訂，因此，6%票面息之可換股債券已列賬為金融負債之抵銷，而8%票面息可換股債券已於完成債務重組後確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27 CONVERTIBLE BONDS (Continued)

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

### 27 可換股債券(續)

可換股債券之負債及衍生工具部分之變動如下：

		<b>Liability component of convertible bonds</b>	<b>Derivatives financial instruments</b>	<b>Total</b>
		可換股債券 之負債部分 HK\$'000 千港元	衍生金融工具 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	143,925	84,373	228,298
Conversion into ordinary shares (Note 28)	轉換為普通股(附註28)	(26,400)	(15,476)	(41,876)
Changes in fair value	公允價值之變動	-	(27,128)	(27,128)
At 31 December 2015	於二零一五年 十二月三十一日	<b>117,525</b>	<b>41,769</b>	<b>159,294</b>
Conversion into ordinary shares (Note 28)	轉換為普通股(附註28)	<b>(70,750)</b>	<b>(13,200)</b>	<b>(83,950)</b>
Changes in fair value	公允價值之變動	-	<b>(28,569)</b>	<b>(28,569)</b>
At 31 December 2016	於二零一六年 十二月三十一日	<b>46,775</b>	-	<b>46,775</b>

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

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 27 CONVERTIBLE BONDS (Continued)

The Group also recognised a number of derivatives, based on the valuation performed by Greater China Appraisal Limited, the values of which comprise:

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

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

The fair values of the derivatives were valued by Greater China Appraisal Limited using the scenario analysis model. As at 31 December 2016, the fair value of the derivative financial instruments of the 8% Coupon Convertible Bonds was HK\$Nil.

The 8% Coupon Convertible Bonds and the 12% Coupon Senior Bonds (as detailed in Note 26(k) above) are secured by (i) the pledge of the Group's time deposits amounting to HK\$13,000; (ii) all of the rights, interest, title and benefits of the Exclusive Offtake Agreement; and (iii) all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability, which is the sole legal and beneficial holder of the convertible bonds issued by Yiwon with principals amounting to HK\$46,500,000 and US\$3,000,000, respectively which are convertible into ordinary shares of Yiwon.

As at 31 December 2016 and 2015, an event of default occurred under the terms of the 8% Coupon Convertible Bonds, details of which have been disclosed in Note 26(k).

### 27 可換股債券(續)

本公司亦根據漢華評值有限公司作出之估值確認數項衍生工具，其價值包括以下各項：

- (i) 債券持有人按兌換價將8%票面息可換股債券轉換為本公司普通股的期權的公允價值；
- (ii) 本公司贖回8%票面息可換股債券的選擇權公允價值；及
- (iii) 持有人要求本公司於發生有關事件後贖回8%票面息可換股債券的潛在選擇權的公允價值。

該等選擇權相互關連，三者間僅有一項可被行使。因此，三者不能單獨確認，而被整體確認為單一的複合衍生金融工具。

該衍生工具之公允價值乃由漢華評值有限公司利用場景分析模型作出估值。於二零一六年十二月三十一日，8%票面息可換股債券衍生金融工具之公允價值為零港元。

8%票面息可換股債券及12%票面息優先債券(如上文附註26(k)詳述)由下列各項作抵押：(i)質押本集團定期存款13,000港元；(ii)獨家採購協議之所有權利、權益、所有權及利益；及(iii)First Elite Development Limited於南洋礦產有限公司持有之所有股份。南洋礦產有限公司乃一間於香港註冊成立的私人有限公司，為Yiwon所發行本金分別為46,500,000港元及3,000,000美元之可換股債券(可轉換為Yiwon的普通股)之唯一合法及實益持有人。

於二零一六年及二零一五年十二月三十一日，8%票面息可換股債券的條款發生違約事件，詳情於附註26(k)披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 28 SHARE CAPITAL

### 28 股本

		2016 二零一六年		2015 二零一五年	
		Number of ordinary shares 普通股數	HK\$'000 千港元	Number of ordinary shares 普通股數	HK\$'000 千港元
Authorised (HK\$0.1 each):	法定(每股0.1港元):				
At 1 January and 31 December	於一月一日及 十二月三十一日	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid (HK\$0.1 each):	已發行及繳足 (每股0.1港元):				
At 1 January	於一月一日	2,766,540,198	276,654	2,678,540,198	267,854
Conversion of convertible bonds	轉換可換股債券	321,590,907	32,159	88,000,000	8,800
At 31 December	於十二月三十一日	3,088,131,105	308,813	2,766,540,198	276,654

During the year ended 31 December 2016, convertible bonds with principal amount of HK\$70,750,000 (2015: HK\$26,400,000) were converted into 321,590,907 (2015: 88,000,000) new ordinary shares of the Company at HK\$0.22 (2015: HK\$0.30) per share in accordance with the terms of the convertible bonds.

截至二零一六年十二月三十一日止年度，本金金額為70,750,000港元(二零一五年：26,400,000港元)之可換股債券已根據可換股債券之條款按每股0.22港元(二零一五年：0.30港元)轉換為321,590,907股(二零一五年：88,000,000股)本公司新普通股。

### 29 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

#### Share premium

Under the Companies Law (2009 Revision) of the Cayman Islands, the share premium and contributed surplus are distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

### 29 儲備

本集團本年度及過往年度儲備的金額及其變動在綜合財務報表的綜合權益變動表中列示。

#### 股份溢價

根據開曼群島公司法(二零零九年修訂本)，股份溢價及實繳盈餘可分派予本公司股東，條件為本公司於緊隨建議分派股息當日有能力償還在日常業務過程中到期的債項。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 29 RESERVES (Continued)

#### Contributed surplus

The contributed surplus of the Group represents the difference between the aggregate of the nominal value of the paid-up capital of Infonics acquired pursuant to the Group reorganisation on 29 April 2006 and the nominal value of the Company's shares issued in exchange therefor.

#### Capital reserve

At 31 December 2016, the balance of capital reserve is non-distributable and represents the additional contribution by a shareholder in 2003 amounting to HK\$36,047,000 (equivalent to approximately RMB37,147,000), and the capitalisation of payable to a shareholder amounting to HK\$79,760,000 (equivalent to approximately RMB85,000,000) in respect of which Mr. Dong waived his rights and benefits to the debts owed to him by Yongtong Special Steel in 2004.

#### Statutory reserves

In accordance with the Company Law of the PRC and the respective Articles of Association of Yongtong Special Steel, Yongtong Alloy Metals, Xiangtong Electricity, Yongtong Nickel, East Harvest Minerals, East Harvest Mining, Hongnie Trading, Yongtong Fully Lead and Henan Jiakun, these companies are each required to allocate 10% of their profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP"), to the statutory surplus reserves (the "SSR") until these reserves reach 50% of the registered capital.

Subsequent to the re-registration of Yongtong Special Steel as a wholly-foreign-owned company on 10 November 2003, allocation to the SSR was no longer required. According to the relevant PRC regulations applicable to wholly-foreign-owned companies, Yongtong Special Steel is required to allocate a certain portion (not less than 10%) of its profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until this reserve reaches 50% of its registered capital.

The SSR and SRF are non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

### 29 儲備(續)

#### 實繳盈餘

本集團之實繳盈餘指根據於二零零六年四月二十九日之集團重組所收購 Infonics 之繳足股本總面值與本公司就交換有關股本而發行之股份之面值之差額。

#### 資本儲備

於二零一六年十二月三十一日，資本儲備結餘乃不可分派之儲備，包含一名股東於二零零三年增資之 36,047,000 港元（約相等於人民幣 37,147,000 元）以及二零零四年董先生同意放棄永通特鋼向其結欠之債務之權利及利益，按應付股東款項撥充資本方式，於資本儲備賬內入賬之 79,760,000 港元（約相等於人民幣 85,000,000 元）。

#### 法定儲備

根據中國公司法以及永通特鋼、永通合金、祥通發電、永通不銹鋼、東茂礦產品、東茂礦業、宏鎳貿易、永通豐泰及河南家坤之章程細則，該等公司各自須按根據中國公認會計準則（「中國公認會計準則」）計算之除稅後溢利之 10% 計提法定公積金（「法定公積金」），直至該等儲備分別達到各自註冊資本之 50% 為止。

永通特鋼於二零零三年十一月十日重新註冊為外商獨資企業後毋須再計提法定公積金。根據適用於外商獨資企業之有關中國法規，永通特鋼須將根據中國公認會計準則計算之除稅後溢利按若干比例（不少於 10%）提撥法定準備金（「法定準備金」），直至該儲備達到永通特鋼註冊資本之 50% 為止。

除非公司清盤，否則法定公積金與法定準備金概不可分派，但可在符合中國有關法規所載之若干限制下用於抵銷累計虧損或資本化為繳足股本。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 29 RESERVES (Continued) Distributable reserves

For dividend purposes, the amount which the PRC subsidiaries can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those that are reflected in this report which is prepared in accordance with IFRSs.

In accordance with the Company Law of the PRC, profits after tax of the PRC subsidiaries can be distributed as dividends after the appropriations to the SSR and SRF set out above.

### 30 SHARE OPTION SCHEME

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

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

### 29 儲備(續) 可供分派儲備

就股息而言，中國附屬公司可合法分派之股息金額，乃參考按照中國公認會計準則編製之中國法定財務報表所反映之可供分派溢利而釐定。有關溢利與按照國際財務報告準則編製之本報告所反映之溢利並不相同。

根據中國公司法，中國附屬公司除稅後溢利在按上文所述提撥至法定公積金及法定準備金後，可分派作股息。

### 30 購股權計劃

於二零零五年五月二日，本公司批准一項購股權計劃（「購股權計劃」），據此，董事可酌情授予本集團董事及僱員認購本公司股份之購股權。購股權計劃之股份認購價將由董事於授出有關購股權時釐定，不得低於下列各項之最高者：(i) 股份面值；(ii) 於授出有關購股權當日（必須為營業日）聯交所每日報價表所列股份之收市價；及(iii) 緊接授出有關購股權當日前五個營業日聯交所每日報價表所列之股份平均收市價。

根據購股權計劃可授出之購股權涉及之股份數目最多不得超過本公司已發行股本之10%，亦不得超過本公司已發行股本面值之30%，連續十年有效。購股權計劃自二零零五年五月二日起計十年有效。倘於截至授出日期止任何12個月期間全面行使過往根據購股權計劃授予一名人士之全部購股權將導致已經或將向其發行之股份總數超逾當時根據該購股權計劃已經及將可發行之股份總數上限1%，則不得向其授出購股權。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 30 SHARE OPTION SCHEME (Continued)

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

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options. The options will have a vesting schedule of five years whereby only 20% of the options shall be exercisable 12 months after the grant date and an additional 20% may be exercised by the grantee in each subsequent year until five years later when 100% of the options may be exercised.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

### 30 購股權計劃(續)

授予本公司董事、首席執行官或主要股東，或任何彼等之聯繫人之購股權須事先經獨立非執行董事准許。此外，倘授予本公司主要股東或獨立非執行董事，或任何彼等之聯繫人之購股權於任何12個月期間的任何時間超出本公司已發行股份0.1%或總值(根據本公司於授出日期之股份價格)超過5百萬港元，均須預先得到股東於股東大會上批准。

提呈授出之購股權可於提呈日期起計28日內接納，而承授人須支付合共1港元之象徵式代價。所授出之購股權之行使期由各董事釐定，經過一段歸屬期後可開始行使，而屆滿日期不得遲於提呈購股權日期起計十年。購股權之歸屬期為五年，據此，僅20%購股權可於授出日期後12個月行使，而其後每年承授人將可行使額外20%購股權，直至五年期後購股權可全數行使。

購股權並不授予持有人享有股息或於股東大會上投票之權利。

以下購股權於年內尚未根據購股權計劃行使：

		2016 二零一六年		2015 二零一五年	
		Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千份	Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港元	Number of options 購股權數目 '000 千份
At 1 January	於一月一日	1.03	40,545	1.05	58,815
Forfeited during the year	於年內沒收	0.91	(2,010)	1.10	(18,270)
At 31 December	於十二月三十一日	1.04	38,535	1.03	40,545

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 30 SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Exercise price <sup>1</sup> HK\$ per share 行使價 <sup>1</sup> 每股港元	Exercise period 行使期	2016	2015
		二零一六年	二零一五年
		Number of options 購股權數目	
		'000 千份	'000 千份
1.91	6 March 2008 to 5 March 2017 二零零八年三月六日至二零一七年三月五日	2,550	2,550
2.45	20 March 2009 to 19 March 2018 二零零九年三月二十日至二零一八年三月十九日	6,885	7,195
0.63	20 Jan 2013 to 19 Jan 2022 二零一三年一月二十日至二零二二年一月十九日	29,100	30,800
		<b>38,535</b>	40,545

<sup>1</sup> The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The Group charged share option expense of approximately HK\$229,000 during the year ended 31 December 2016 (2015: share option expense of approximately HK\$687,000).

At the end of the reporting period, the Company had 38,535,000 (2015: 40,545,000) share options outstanding under the Share Option Scheme, which represented approximately 1.25% (2015: 1.46%) of the Company's shares in issue as at 31 December 2016. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 38,535,000 (2015: 40,545,000) additional ordinary shares of the Company and an additional share capital of HK\$3,853,500 (2015: HK\$4,054,500) and share premium of HK\$36,218,250 (2015: HK\$37,847,750) (before issue expenses).

### 30 購股權計劃(續)

於報告期末尚未行使之購股權之行使價及行使期如下：

Exercise price <sup>1</sup> 行使價 <sup>1</sup> 每股港元	Exercise period 行使期	2016	2015
		二零一六年	二零一五年
		Number of options 購股權數目	
		'000 千份	'000 千份
1.91	6 March 2008 to 5 March 2017 二零零八年三月六日至二零一七年三月五日	2,550	2,550
2.45	20 March 2009 to 19 March 2018 二零零九年三月二十日至二零一八年三月十九日	6,885	7,195
0.63	20 Jan 2013 to 19 Jan 2022 二零一三年一月二十日至二零二二年一月十九日	29,100	30,800
		<b>38,535</b>	40,545

<sup>1</sup> 於供股及紅股發行或於本公司其他類似股本變動之情況下，購股權行使價可予調整。

本集團於截至二零一六年十二月三十一日止年度扣除購股權開支約為229,000港元(二零一五年：購股權開支約687,000港元)。

於報告期末，本公司根據購股權計劃，有38,535,000(二零一五年：40,545,000)份尚未行使之購股權，佔本公司於二零一六年十二月三十一日之已發行股份約1.25%(二零一五年：1.46%)。在本公司現行股本結構下，倘悉數行使尚未行使之購股權，將導致本公司額外發行38,535,000(二零一五年：40,545,000)股本公司之普通股，增添股本3,853,500港元(二零一五年：4,054,500港元)，以及扣除發行開支前之股份溢價36,218,250港元(二零一五年：37,847,750港元)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES

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

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

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

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

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

### 31 或然負債

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES (Continued)

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

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

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

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

### 31 或然負債

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

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

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

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES (Continued)

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

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

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

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

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

### 31 或然負債 (續)

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

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

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

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

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES (Continued)

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

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

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

In order to resolve certain of the above claims and disputes, Yongtong Special Steel and CNRG, subsidiaries of the Group, also entered into an agreement with RR on 6 June 2016, pursuant to which, and on a “no admission of liability” basis that, Yongtong Special Steel shall deliver certain equipment to RR as a consideration for offsetting any payables due by the Group to RR to the extent of RMB30,000,000. Upon delivery of all relevant equipment and acknowledgement receipt by RR, any liabilities that the Group may owe to RR shall be reduced by RMB30,000,000. These equipment have been delivered to and acknowledged receipt by RR before 31 December 2016.

### 31 或然負債 (續)

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

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

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

為了解決上述若干申索及糾紛，本集團附屬公司永通特鋼及CNRG與RR於二零一六年六月六日訂立一份協議，據此及按「無須承擔責任」的基準，永通特鋼將會向RR交付若干設備，作為抵銷本集團應向RR支付的任何應付款項的代價，金額達人民幣30,000,000元。在交付所有相關設備及RR提供接收憑證後，本集團可能欠RR的任何負債將會減少人民幣30,000,000元。於二零一六年十二月三十一日之前，該等設備已交付予RR，並由RR確認接收。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES (Continued)

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

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

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

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

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

### 31 或然負債(續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議

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

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

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

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

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 31 CONTINGENT LIABILITIES (Continued)

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

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

As at 31 December 2016 and up to the date of approval of the consolidated financial statements, based on the best knowledge and information of the directors, there are no other major claims in relation to any COAs that the Group has entered into saved as disclosed in these consolidated financial statements.

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

### 32 OPERATING LEASE ARRANGEMENT — AS LESSEE

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years. At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	3,981	6,832
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	2,254	3,040
		<b>6,235</b>	<b>9,872</b>

### 31 或然負債(續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議(續)

截至二零一六年十二月三十一日止年度，本集團一直積極與TORM磋商就上述有關其他損失的申索達成和解。董事在編製綜合財務報表時，已就此獲取法律意見，並基於法律程序目前的進展、所交換的證據及與TORM的最新通訊，認為本集團極有可能將能夠以代價約5百萬美元(相當於38,782,000港元)就其他損失的申索達成和解。本集團於截至二零一五年十二月三十一日止年度已計提相同金額的申索撥備。

於二零一六年十二月三十一日及截至綜合財務報表批准日期，據董事深知及盡悉，除綜合財務報表所披露者外，本集團再無涉及其訂立任何有關租船貨運合約之其他重大申索。

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

### 32 經營租賃安排 — 作為承租人

本集團根據經營租賃安排租用若干辦公室物業。經商定之物業租賃年期介乎兩至三年。於二零一六年十二月三十一日，本集團於下列各段期間到期根據不可撤銷經營租賃之未來最低租金付款總額如下：



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 33 COMMITMENTS

In addition to the operating lease commitments detailed in Note 32 above, the Group had the following capital commitments at the end of the reporting period:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及設備	47,352	54,544

### 34 RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following material transactions and outstanding balances with related parties during the year and as at the end of the reporting period:

#### Transactions with related parties

Names of related parties 關連方名稱	Nature of transactions 交易性質	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Easyman (note a) Easyman (附註 a)	Interest expense (note b) 利息費用 (附註 b)	2,933	4,890
Ms. Sun Qiadian ("Ms. Sun") (note d) 孫巧點女士 (「孫女士」) (附註 d)	Interest expense (note d) 利息費用 (附註 d)	12,801	13,613

### 33 承擔

除上文附註32中詳列之經營租賃承擔外，本集團於報告期末之資本承擔如下：

### 34 關連方交易

除於綜合財務報表其他地方詳述之交易外，本集團於年內及報告期末與關連方進行下列重大交易及與關連方之未結餘額：

#### 與關連方的交易

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 34 RELATED PARTY TRANSACTIONS (Continued) Outstanding balances with related parties

### 34 關連方交易(續) 與關連方的未結餘額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Prepayments to Yiwan (Note 21, notes a and c)	預付Yiwan之款項 (附註21、附註a及c)	11,761	137,251
Loan to Full Harvest Development Limited (Note 17)	貸款予豐盛發展有限公司(附註17)	56,975	56,975
Amounts due to Easyman (note b)	結欠Easyman款項(附註b)	50,592	59,586
Amount due to Ms. Sun (note d)	結欠孫女士款項(附註d)	28,731	30,676
Amounts due to Directors (note e)	結欠董事款項(附註e)	12,834	1,975

Notes:

- (a) Easyman is a company wholly owned by Mr. Dong. The Directors consider that Mr. Dong through Easyman, as a lender of Yiwan, has an indirect economic interest in Yiwan.
- (b) Details of the terms of amounts due to Easyman are disclosed in Note 26.
- (c) Prepayments are made to Yiwan for purchases of iron ores. The amount is unsecured and interest free and will be settled by offsetting the relevant purchases. Also see Note 21.
- (d) Ms. Sun Qiaodian is the spouse of Mr. Dong. Amount due to Ms. Sun is unsecured and is repayable by 31 December 2016. Interest is calculated at mutually agreed terms.
- (e) Amounts due to Directors are unsecured, interest free and repayable on demand.
- (f) Details of compensation of key management personnel of the Group are included in Note 9 to the consolidated financial statements.

附註：

- (a) Easyman乃一間由董先生全資擁有之公司。董事認為董先生通過Easyman作為Yiwan之放款人而於Yiwan擁有間接經濟利益。
- (b) 結欠Easyman款項條款之詳情披露於附註26。
- (c) 預付Yiwan之款項因購買鐵礦石而作出。該金額為無抵押及免息，並將以抵銷相關購買而清償。詳情見附註21。
- (d) 孫巧點女士為董先生之配偶。結欠孫女士款項為無抵押及須於二零一六年十二月三十一日償還。利息是按相互同意條款計算。
- (e) 結欠董事款項為無抵押、免息及於要求時償還。
- (f) 本集團主要管理人員之報酬詳情載於綜合財務報表附註9。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 35 TRANSFERS OF FINANCIAL ASSETS

At 31 December 2016, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills"), to certain of its suppliers in order to settle trade payables due to such suppliers with a carrying amount in aggregate of HK\$111,095,379 (31 December 2015: HK\$22,349,000). In addition, the Group discounted certain bills receivable accepted by banks in the PRC (the "Discounted Bills"), to certain banks to finance its operating cash flow with a carrying amount in aggregate of HK\$Nil (31 December 2015: HK\$47,563,000). The Endorsed Bills and the Discounted Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC and relevant discounting arrangement with certain banks, the holders of the Endorsed Bills and the Discounted Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement").

In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Endorsed Bills and the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Endorsed Bills and the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills and the undiscounted cash flows to repurchase these Endorsed Bills and Discounted Bills are equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Endorsed Bills and the Discounted Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Endorsed Bills and the Discounted Bills. No gains or losses were recognised from the continuing involvement, both during the year or cumulatively.

### 35 轉讓金融資產

於二零一六年十二月三十一日，本集團為中國若干銀行接納之應收票據向其若干供應商背書（「已背書票據」），以清償結欠該等供應商的應付賬款，賬面總值為111,095,379港元（二零一五年十二月三十一日：22,349,000港元）。此外，本集團向若干銀行折現中國若干銀行接納之應收票據（「已折現票據」），以撥付其營運現金流量，賬面總值為零港元（二零一五年十二月三十一日：47,563,000港元）。已背書票據及已折現票據於報告期末起一至六個月內到期。根據中國票據法及與若干銀行的相關折讓安排，倘接納銀行拖欠付款，已背書票據及已折現票據的持有人對本集團有追溯權（「持續參與」）。

董事認為，本集團已轉讓大部分有關已背書票據及已折現票據的風險及回報。因此，本集團已全數終止確認已背書票據及已折現票據的賬面值。本集團於已背書票據及已折現票據的持續參與可能產生的最大虧損以及購回該等已背書票據及已折現票據的未折現現金流量相等於其賬面值。本公司董事認為，本集團於已背書票據及已折現票據的持續參與的公允價值並不重大。

年內，本集團並未於轉讓已背書票據及已折現票據日期確認任何盈利或虧損，亦無就持續參與確認任何年度或累計盈利或虧損。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

#### Statement of financial position of the Company

### 36 本公司之財務狀況表及儲備變動

#### 本公司財務狀況表

		As at 31 December 於十二月三十一日	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	Notes 附註		
<b>ASSETS</b>	<b>資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	67	20
Interests in subsidiaries	於附屬公司之權益	498,464	1,047,905
		<b>498,531</b>	1,047,925
<b>Current assets</b>	<b>流動資產</b>		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	2,568	4,043
Pledged time deposits	已抵押定期存款	13	13
Cash and cash equivalents	現金及現金等值物	55	1,639
		<b>2,636</b>	5,695
<b>Total assets</b>	<b>總資產</b>	<b>501,167</b>	1,053,620
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	308,813	276,654
Reserves	儲備	(577,276) (a)	(45,690)
<b>Total equity</b>	<b>權益總額</b>	<b>(268,463)</b>	230,964
<b>LIABILITIES</b>	<b>負債</b>		
<b>Current liabilities</b>	<b>流動負債</b>		
Trade payables	應付賬款	-	3,848
Other payables and accruals	其他應付款項及應計費用	303,465	200,594
Bank and other borrowings	銀行及其他借貸	419,390	458,920
Convertible bonds	可換股債券	46,775	117,525
Derivative financial instruments	衍生金融工具	-	41,769
		<b>769,630</b>	822,656
<b>Total liabilities</b>	<b>總負債</b>	<b>769,630</b>	822,656
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>	<b>501,167</b>	1,053,620

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2017 and was signed on its behalf.

本公司之財務狀況表獲董事會於二零一七年三月三十日批准及由其代表簽署。

**Dong Shutong**  
董書通  
Director  
董事

**Yang Fei**  
楊飛  
Director  
董事

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

#### Statement of financial position of the Company (Continued)

Note (a) Reserve movement of the Company

### 36 本公司之財務狀況表及儲備變動 (續)

#### 本公司財務狀況表 (續)

附註(a) 本公司儲備變動

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元 (Note) (附註)	Share option reserve 購股權儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	3,152,210	296,966	36,471	(2,367,589)	1,118,058
Total comprehensive loss for the year	年度全面虧損總額	-	-	-	(1,197,511)	(1,197,511)
Conversion of convertible bonds	轉換可換股債券	33,076	-	-	-	33,076
Equity-settled share based compensation expense (Note 30)	以股權結算之股份補償開支 (附註30)	-	-	687	-	687
At 31 December 2015	於二零一五年十二月三十一日	3,185,286	296,966	37,158	(3,565,100)	(45,690)
At 1 January 2016	於二零一六年一月一日	<b>3,185,286</b>	<b>296,966</b>	<b>37,158</b>	<b>(3,565,100)</b>	<b>(45,690)</b>
Total comprehensive loss for the year	年度全面虧損總額	-	-	-	(583,606)	(583,606)
Conversion of convertible bonds	轉換可換股債券	51,791	-	-	-	51,791
Equity-settled share based compensation expense (Note 30)	以股權結算之股份補償開支 (附註30)	-	-	229	-	229
At 31 December 2016	於二零一六年十二月三十一日	<b>3,237,077</b>	<b>296,966</b>	<b>37,387</b>	<b>(4,148,706)</b>	<b>(577,276)</b>

Note: Contributed surplus of the Company represents the difference between the value of the net assets of the underlying subsidiaries acquired by the Company pursuant to the Group reorganisation on 29 April 2006 and the nominal value of the Company's shares issued in exchange therefor.

附註：本公司的實繳盈餘指本公司根據本集團於二零零六年四月二十九日進行的重組而收購的相關附屬公司之淨資產價值與本公司為交換該等資產而發行的股份面值之間的差額。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

### 37 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, the Group has the following major events occurred after the reporting period:

During the year ended 31 December 2016, CNRG received a statutory demand letter dated 25 August 2016 from a legal adviser acting for the Comptroller of Singapore Income Tax (the "Comptroller") demanding a sum of approximately S\$5,159,000 (equivalent to approximately HK\$28,756,000), comprising the unpaid income tax and penalties imposed by the Comptroller to be paid or secured or compounded to the Comptroller's satisfaction within three weeks from the date of the statutory demand, failing which the legal adviser had instructions to commence winding-up proceedings against CNRG pursuant to section 254(1)(e) read with section 254(2)(a) of the Singapore Companies Act (Cap.50). These liabilities have been fully provided for by the Group as at 31 December 2016.

On 1 November 2016, CNRG was notified that an application was filed on 28 October 2016 to the High Court of the Republic of Singapore seeking the winding up of CNRG and appointment of liquidator of CNRG pursuant to Rule 31 of the Companies (Winding Up) Rules R1 (the "Winding Up Application").

Subsequent to the year ended 31 December 2016, the Group received an Order of Court upon the hearing of the Winding Up Application at the High Court of the Republic of Singapore held on 6 March 2017. The High Court of the Republic of Singapore ordered that, amongst others, CNRG be wound up and a liquidator be appointed to commence the winding up proceedings. Up to the date of approval of these consolidated financial statements, the winding up proceedings are still in progress. The directors consider that the winding up of CNRG would not result in any further material adverse effect to the Group's financial position.

### 37 報告期後事項

除綜合財務報表其他地方所披露者外，本集團於報告期後發生下列重大事件：

截至二零一六年十二月三十一日止年度，CNRG於二零一六年八月二十五日接獲新加坡所得稅總監（「總監」）的法律顧問發出的法定付款要求通知書，要求支付合共約5,159,000新加坡元（相當於約28,756,000港元）的款項，包括欠繳所得稅及總監加徵的罰款，有關款項須由該法定付款要求日期起計三星期內支付或擔保或按複利計算而令總監滿意，否則法律顧問將按指示根據新加坡公司條例（第50章）第254(1)(e)條（連同第254(2)(a)條）對CNRG展開清盤程序。於二零一六年十二月三十一日，本集團已就該等負債作出全面撥備。

於二零一六年十一月一日，CNRG接獲通知，一份根據《公司（清盤）規則》R1第31條尋求對CNRG進行清盤並委任CNRG清盤人的申請已經於二零一六年十月二十八日提交予新加坡共和國高等法院（「清盤申請」）。

於截至二零一六年十二月三十一日止年度之後，本集團於二零一七年三月六日在新加坡共和國高等法院就清盤申請舉行聆訊過後接獲法庭命令。新加坡共和國高等法院命令，其中包括，CNRG進行清盤並委任一名清盤人啟動清盤程序。截至綜合財務報表批准日期，清盤程序仍在進行中。董事認為CNRG的清盤將不會對本集團的財務狀況產生任何進一步的重大不利影響。

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