



HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號 : 704)

2017 年報
ANNUAL REPORT

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Xu Guang (*Chairman and Chief Executive Officer*)#
Mr. Li Baoqi*

Non-Executive Directors

Mr. Wong Siu Hung, Patrick^
Mr. Huang Man Yem

Independent Non-Executive Directors

Mr. Lam Hoy Lee, Laurie
Mr. Lau Ka Ho
Mr. To Wing Tim, Paddy

AUDIT COMMITTEE

Mr. Lau Ka Ho (*Chairman*)
Mr. To Wing Tim, Paddy
Mr. Lam Hoy Lee, Laurie
Mr. Huang Man Yem

REMUNERATION COMMITTEE

Mr. Lam Hoy Lee, Laurie (*Chairman*)
Mr. To Wing Tim, Paddy
Mr. Lau Ka Ho
Mr. Huang Man Yem

NOMINATION COMMITTEE

Mr. Zhao Xu Guang (*Chairman*)
Mr. Lam Hoy Lee, Laurie
Mr. To Wing Tim, Paddy
Mr. Lau Ka Ho

COMPANY SECRETARY

Mr. Li Chi Chung

LEGAL ADVISER

Michael Li & Co.

AUDITORS

Ernst & Young

董事會

執行董事

趙旭光先生 (*主席及行政總裁*)#
李寶琦先生*

非執行董事

黃少雄先生^
黃文鑫先生

獨立非執行董事

林開利先生
劉家豪先生
杜永添先生

審核委員會

劉家豪先生 (*主席*)
杜永添先生
林開利先生
黃文鑫先生

薪酬委員會

林開利先生 (*主席*)
杜永添先生
劉家豪先生
黃文鑫先生

提名委員會

趙旭光先生 (*主席*)
林開利先生
杜永添先生
劉家豪先生

公司秘書

李智聰先生

法律顧問

李智聰律師事務所

核數師

安永會計師事務所

CORPORATE INFORMATION

公司資料

STOCK CODE

Hong Kong Stock Exchange: 704

股票代號

香港聯合交易所：704

CORPORATE WEBSITE

www.huscoke.com

公司網址

www.huscoke.com

PRINCIPAL OFFICE

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Admiralty, Hong Kong

主要辦事處

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金鐘道89號
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REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

註冊辦事處

Canon's Court
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Hamilton HM12
Bermuda

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong

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Level 22, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

股份過戶登記處

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香港灣仔
皇后大道東183號
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In Bermuda

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The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

百慕達

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
The Bank of East Asia Limited
The Hongkong and Shanghai Banking Corporation Limited

主要往來銀行

中國工商銀行(亞洲)有限公司
南洋商業銀行有限公司
東亞銀行有限公司
香港上海滙豐銀行有限公司

Appointed as Chief Executive Officer on 2 May 2017

於二零一七年五月二日獲委任為行政總裁

* Retired as Non-Executive Director on 2 June 2017 and appointed as Executive Director on 9 April 2018

* 於二零一七年六月二日退任非執行董事，並於二零一八年四月九日獲委任為執行董事

^ Re-designated on 9 April 2018

^ 於二零一八年四月九日調任

CHAIRMAN'S STATEMENT

主席報告

On behalf of the Board of Huscoke Resources Holdings Limited, I am pleased to present the annual report of the Group for the year ended 31 December 2017.

BUSINESS OVERVIEW

The PRC's economy continued to grow moderately during 2017, with its gross domestic product increased by 6.9% year-over-year, among which its gross industrial product increased by 6.6% year-over-year. Driven by the increasing demand of the infrastructure and real estate, as well as the government policies such as the national supply-side reform and coke capacity reduction campaign, the market supply of coke was overall tight. The coke prices fluctuated dramatically throughout the year, overall showing a rising trend and representing a growth of 16.3% year-over-year. Following by the rising coke prices and coke demand, the coke market has showed a recovery and bullish signal. Therefore, the revenue of coke production business of the Group improved over the last year.

However, opportunities also bring challenges. Due to the restricted supplies of coking coal and high coke prices, the prices of coking coal rose dramatically, resulting in a corresponding decrease in gross profit for coke. In addition to the sharp increase in transportation costs and labor costs, the net profit of coke production business was pressured. On the other hand, in order to promote the supply-side reform, the PRC government promulgated a series of policies, including the tightening of environmental standards and delaying the time period for coking coal to curb overcapacity, which also impacted the Group's coke production business. In response to these unfavorable market factors, the management has adopted various measures, such as adjusting sales and production strategies, strengthening the cost control and risk management. As such, the Group overcame the operational challenges and successfully maintained profit for the year.

本人謹此代表和嘉資源控股有限公司董事會，欣然提呈本集團截至二零一七年十二月三十一日止之年度報告。

業務回顧

二零一七年國內經濟繼續保持溫和增長，國內生產總值與去年同期比較增長6.9%，其中工業生產總值增長6.6%。受基礎建設及房地產需求等宏觀經濟因素，以及國家供給側改革和焦炭行業去產能等政策因素影響，全年焦炭整體供需情況持續緊張。焦炭市場價格年內較為波動，整體而言呈現折線上升走勢，全年焦炭價格升幅16.3%。受惠於焦炭價格上升及需求增加，焦炭市場普遍呈現復甦跡象，並重回上升周期，集團焦炭銷售情況較去年有所改善。

然而，市場機遇同樣帶來挑戰。受焦煤供應緊張以及焦炭價格上漲帶動，原材料價格亦大幅上升，使焦炭毛利水平受壓，加上運輸費、人工等其他費用上漲，對集團焦炭生產業務收益帶來一定程度的挑戰。另一方面，中國政府深化落實供給側改革，並出台一系列政策，包括收緊環保標準及延長結焦時間等措施，同樣對集團生產經營造成影響。為應對上述種種市場不利因素，集團管理層已採取多項應對措施，其中包括調整銷售生產策略、加強成本控制及風險管理等，成功克服經營上的挑戰，實現集團本年盈利。

CHAIRMAN'S STATEMENT

主席報告

FINANCIAL PERFORMANCE OVERVIEW

As a result of the dramatic rising of coke prices in 2017, the Group recorded total revenue of approximately HK\$1,330,791,000 for the year ended 31 December 2017 (“FY2017”, representing a huge jump of approximately 68% as compared to the same of approximately HK\$792,518,000 for the year ended 31 December 2016 (“FY2016”). Operating profit before interest and tax was approximately HK\$134,674,000 in FY2017, as compared to operating loss before interest and tax of approximately HK\$70,507,000 in FY2016. Profit attributable to shareholders amounted to approximately HK\$117,898,000 in FY2017, as compared to profit attributable to shareholders of approximately HK\$55,663,000 in FY2016. Basic earnings per share was 4.54 Hong Kong cents in FY2017, as compared to basic earnings per share of 4.00 Hong Kong cents in FY2016.

PROSPECTS

Looking ahead to 2018, The PRC's economy is expected to keep a moderate growth under stable economic circumstances. The PRC government is expected to further promote the supply-side reform to eliminate the excess and disqualified production capacities of steel and coal, resulting a structural improvement towards the supply and demand of coke and providing a strong support towards the prices of coke. The coke industry is expected to maintain a stable performance with good momentum of growth. The Group will pay a close attention to both domestic and international market situations and timely revise business strategies accordingly thereby improving the profitability of the Group.

On the other hand, the PRC government has implemented a series of environmental protection policies such as ‘The Air Pollution Prevention Action Plan’ to solve the long-standing air pollution problem. It is expected to impose a stricter environmental governance toward the coke industry. In response to the tightened environmental standard toward the coke industry, the Group will further upgrade its existing equipment and facilities so as to achieve cleaner emissions.

財務業績回顧

截至2017年12月31日止全年度（「2017年財政年度」），本集團錄得總收入約1,330,791,000港元，較截至2016年12月31日止全年度（「2016年財政年度」）總收入約792,518,000港元，大幅躍升約68%。於2017年財政年度，除利息及稅前經營溢利約134,674,000港元，2016年財政年度則錄得除利息及稅前經營溢利約70,507,000港元。於2017年財政年度，股東應佔溢利約117,898,000港元，而2016年財政年度之股東應佔溢利約55,663,000港元。於2017年財政年度，每股基本收益為4.54港仙，而2016年財政年度之每股基本收益為4.00港仙。

前景

展望二零一八年，中國宏觀經濟預期保持溫和增長，經濟形勢穩中向好。新一年中國政府將持續深化落實供給側改革，化解鋼鐵及焦炭行業的過剩及落後產能，使焦炭行業供需情況得到結構性改善，並為焦炭價格形成有力支持，預計焦炭行業將持續穩中向好。集團將密切關注國內外焦炭市場情況，適時調整經營發展策略，及時把握發展市場機遇，以提升集團業務的盈利水平。

另一方面，中國政府為解決長久以來空氣污染問題，已經出台《大氣污染防治行動計畫》等一系列環保政策，預計將採取更嚴格的環境治理措施，料將增加焦炭行業管理環保經營的壓力，因此集團在經營生產方面將可能面臨更艱鉅的挑戰。為應對焦炭行業的環保標準趨嚴，集團未來或將進一步為其生產設備及設施升級，以達至更清潔排放的目標。

CHAIRMAN'S STATEMENT

主席報告

The Group will explore collaborative opportunities relating to the exiting business and will integrate upstream and downstream assets that provide synergies to the current coke production business. At the same time, the Group will seek to broaden its business horizons by pursuing suitable investment opportunities in industries with competitive advantages and development potential so as to explore the possibilities of strategic transformation of the Group. The Group has disclosed a possible investment on March 29, 2018 and may invest in a China-based software service provider which the major product named E-dianbao, is an E-commerce Enterprise Resource Planning (ERP) software, thereby developing new economic business of the Group such as E-commerce software services. We are confident that the Group will have a better development in the future and create a greater value for all our shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to the shareholders of the Company for their continued support and sincerely thank the Directors and staff for their dedication and diligence. I also wish to take this opportunity to express my gratitude to the Group's customers, suppliers, bankers and convertible bonds holders for their ongoing support.

ZHAO Xu Guang
Chairman

29 March 2018

本集團將積極物色與現存業務相關的合作機會，整合煤炭產業鏈上下游資源，以發揮與焦炭生產業務的協同作用。與此同時，集團將尋找合適投資機會以拓闊業務領域，重點投資具競爭優勢及發展潛力的行業，從以探索集團戰略轉型機會。本集團已於二零一八年三月二十九日披露一項意向性投資項目，可能投資一間從事中國軟件服務供應商，其主要產品E店寶（「E店寶」）為一套電子商務企業資源規劃軟件，藉此發展電子商務軟件服務相關的新經濟業務。集團有信心在未來將會有更好業務發展，爭取為各位股東創造更大價值。

致謝

本人謹代表董事會感謝全體股東、業務合作伙件、長期客戶、銀行企業及可換股債券持有人的鼎力支持，以及向各董事及全體員工的努力不懈和寶貴貢獻致以衷心謝意。

主席
趙旭光

二零一八年三月二十九日

MARKET AND BUSINESS REVIEW

The PRC macro-economy continued to maintain moderate growth during 2017, with gross domestic product achieving a year-on-year growth of 6.9%, among which gross industrial output has increased by 6.6% as compared to the corresponding year. Driven by demand of infrastructure and real estate, the domestic steel production has continued to expand and led to a steady growth in coke demand. Meanwhile, the PRC government has initiated policies to curb overcapacity, including the tightening of environmental standards and delaying the time period for coking coal, which had led to shortages in coke supply as a whole. Also, due to restocking by steel companies and other seasonal factors, the coke prices have experienced volatility at peak level in recent years.

On the other hand, the coking coal price increased substantially as a result of capacity cut policies, resulting in a surge in cost of production and a corresponding decrease in gross profit for coke. At the same time, domestic railway transportation fee has risen multiple times during the year, as a result, sales expense increased significantly as compared to last year. The management has adopted prudent business strategies to cope with adverse factors such as market volatility and production cost increase, while successfully maintained profit for the year through higher production and operating efficiency and strengthened cost control.

In addition, the management has always attach great importance to production safety and environmental protection, place huge effort in developing as an enterprise that embraces safety and values the environment, strictly comply with production safety and environment related laws and regulations, as well as comply with national emission standards.

業務回顧

二零一七年中國宏觀經濟繼續保持溫和增長，國內生產總值同比增長6.9%，其中工業生產總值同比增長6.6%。受基礎建設與房地產需求帶動，國內鋼鐵行業生產持續擴張，並帶動焦炭需求穩定增長。與此同時中國政府推行包括收緊環保標準及延長結焦時間等去產能政策導致焦炭整體供應持續緊張，以及受鋼鐵企業補庫存以及季節性因素影響，促使焦炭價格在近年高位震盪。

另一方面，由於焦煤價格受去產能政策影響大幅上漲，生產成本因而急劇上升，導致焦炭毛利水平相應收窄。同時，國內鐵路運輸費用在年內多次上調價格，導致銷售費用較去年大幅增加。為應對市場波動大、生產成本增加等不利因素，管理層採取審慎務實的經營策略，通過提升生產經營效率以及加強成本控制，集團本年度成功繼續保持盈利。

另外，管理層一直重視生產安全及環境保護，致力成為安全為本及注重環保的企業，嚴格遵守安全生產及環境保護相關的法律法規，符合國內各項排放指標。

FINANCIAL REVIEW

Revenue, gross profit margin, net profit, profit attributable to owners of the parent and earnings per share

The total revenue was approximately HK\$1,330,791,000 (2016: HK\$792,518,000), representing an increase of approximately 68% as compared to the last corresponding year. The Group recorded gross profit margin of approximately 16% as compared to approximately 17% in 2016. The profit for the year and the profit attributable to owners of the parent amounted to approximately HK\$131,913,000 and HK\$117,898,000, respectively, as compared to the profit for the year and the profit attributable to owners of the parent of approximately HK\$60,381,000 and HK\$55,663,000, respectively, for the corresponding year in 2016. Basic earnings per share was 4.54 Hong Kong cents, as compared to basic earnings per share of 4.00 Hong Kong cents in 2016.

The Group is principally engaged in three business segments, namely: (i) trading of coke (the “**Coke Trading Segment**”); (ii) washing of raw coal into refined coal for sale and for further processing, and the sale of electricity and heat which are generated with by-products produced during washing of raw coal (the “**Coal-related Ancillary Segment**”); and (iii) processing of refined coal into coke for sale, and sale of coke by-products that are generated during coke production (the “**Coke Production Segment**”).

Coke Trading Segment

To continue the Group's effort in exploring business opportunities in coke trading segment and developing a long-term business relationship with Kailuan, the Group established a Hong Kong company, Herong Resources Limited (“**Herong**”), with one of Kailuan's shareholder, Rontac Resources Company Limited (“**Rontac**”) on 20 May 2015. The Group owns 51% shareholdings of Herong, while Rontac owns the remaining 49%. On 14 December 2017, the Group acquired 49% shareholdings of Herong from Rontac and as a result, the Group owns 100% shareholdings of Herong. This company is engaged in coke and coal trading business and commenced operation in the second half of 2015. PRC subsidiary operated raw coal trading with turnover approximately HK\$32,130,000 in 2017. Herong earned agency fee of coke and coal trading of approximately HK\$1,279,000 in 2016. The Group will continue to explore the direct coal and coke trading business opportunity in the future.

財務回顧

收入、毛利率、溢利淨額、母公司擁有人應佔溢利及每股盈利

總收入約1,330,791,000港元（二零一六年：792,518,000港元），較去年同期增加約68%。本集團錄得毛利率約16%，而二零一六年則約17%。本年度溢利及母公司擁有人應佔溢利分別約為131,913,000港元及117,898,000港元，而二零一六年同期之年度溢利及母公司擁有人應佔溢利分別約為60,381,000港元及55,663,000港元。每股基本盈利為4.54港仙，而二零一六年之每股基本盈利為4.00港仙。

本集團主要從事三個業務分類，即(i)焦炭貿易（「焦炭貿易分類」）；(ii)洗原煤以產生作銷售用途及進一步加工之精煤，以及銷售電能及熱能（洗原煤過程產生之副產品）（「煤炭相關附屬分類」）；及(iii)加工精煤以產生作銷售用途之焦炭，以及銷售因焦炭生產過程所產生之焦炭副產品（「焦炭生產分類」）。

焦炭貿易分類

為致力持續開拓焦炭貿易分類之商機，以及與開灤建立長久業務合作關係，本集團與開灤其中一名股東，融泰資源有限公司（「融泰」）於二零一五年五月二十日成立一間香港註冊的公司—和融資源有限公司（「和融」）。本集團擁有和融51%之股權，融泰則擁有餘下49%之股權。於二零一七年十二月十四日，本集團向融泰收購和融之49%股權，因此，本集團擁有和融之100%股權。該公司從事焦炭及煤炭貿易業務，並已於二零一五年下半年投入營運。中國附屬公司於二零一七年經營原煤貿易業務產生約32,130,000港元營業額，而和融於二零一六年錄得焦炭及煤炭貿易之代理費約1,279,000港元。本集團將於未來持續探索煤炭及焦炭的直接貿易機會。

Coal-related Ancillary Segment

The coal-related ancillary segment related to the washing of raw coal into refined coal for sales and for further processing, and the sale of electricity and heat which are generated as the by-products during washing of raw coal.

The capacity cut policy in the coal industry largely eliminated the old, small-scale, inefficient and high carbon emissions domestic coal miner and caused to contraction of coal supply. Thus, the company closely monitored the market demands, and strived to improve the high-quality supply capacity, and led to increase in external sales from HK\$77,359,000 in 2016 to HK\$109,619,000 in 2017, representing an increase of approximately 42%. The segment loss improved from HK\$261,000 in 2016 to the segment profit of approximately HK\$33,935,000 in 2017.

Coke Production Segment

Given increase in coke prices in 2017, the coke production segment recorded a substantial increase in revenue from HK\$715,159,000 in 2016 to approximately HK\$1,189,042,000 in 2017, representing an increase of 66%. The raw material prices soared significantly under the imbalance supply and demand situation. As a result, the coke market and price in 2017 also turned this segment from a profit status of HK\$104,579,000 in 2016 to a profit status of approximately HK\$171,015,000 in 2017.

Selling and Distribution Costs

The selling and distribution costs of the Group were mainly from the Coke Production Segment. It increased from approximately HK\$55,949,000 in 2016 to approximately HK\$146,429,000 in 2017, representing an increase of approximately 162%, as a result of increased long-distance transportation cost incurred to major customers in 2017.

Administrative Expenses

The administrative expenses of the Group amounted to approximately HK\$83,804,000 in 2017, representing an increase of approximately 5.3% from approximately HK\$79,608,000 in 2016. The increase in administrative expenses was mainly attributable to the increase in staff costs in Hong Kong operation for expansion of potential investment.

煤炭相關附屬分類

煤炭相關附屬分類涉及於洗原煤過程產生精煤作銷售用途及進一步加工之用，以及銷售電能及熱能(洗原煤過程產生之副產品)。

煤炭行業之去產能政策大規模淘汰舊式、小規模、低效率及高碳排放的國內煤炭採礦商，導致煤炭供應下跌。因此，本公司密切監察市場需求，並致力改善優質供應能力，導致外部銷售由二零一六年之77,359,000港元增加至二零一七年之109,619,000港元，增幅約為42%。分類虧損由二零一六年之261,000港元改善至二零一七年之分類溢利約33,935,000港元。

焦炭生產分類

由於焦炭價格於二零一七年上升，焦炭生產分類收入錄得大幅增長，由二零一六年之715,159,000港元增加至二零一七年之約1,189,042,000港元，升幅為66%。原材料價格在供需不平衡之形勢下顯著上升，致使焦炭市場及價格亦於二零一七年為本分類業務獲得利潤，由二零一六年之盈利約104,579,000港元轉為二零一七年之盈利約171,015,000港元。

銷售及分銷成本

本集團之銷售及分銷成本主要來自焦炭生產分類。由於二零一七年與主要客戶產生之長途運輸成本增加，銷售及分銷成本由二零一六年約55,949,000港元增加至二零一七年約146,429,000港元，增幅約為162%。

管理費用

本集團於二零一七年之管理費用約83,804,000港元，較二零一六年約79,608,000港元增加約5.3%。管理費用增加是由於香港業務拓展潛在投資使員工成本增加所致。

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Finance Costs

The finance costs of the Group mainly represented interest expenses the convertible bonds issued in 2016. The finance costs recorded by the Group increased to approximately HK\$8,015,000 in 2017 from approximately HK\$1,582,000 in 2016, mainly due to interest expense in relation to the convertible bond issued in November 2016.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposit as at 31 December 2017 (2016: Nil).

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period as compared with the year ended 31 December 2017.

The Group's principal financial instruments comprise convertible bonds and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, amounts due from the Non-controlling Shareholder, cash and bank balances, trade payables, and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below.

The Group regularly monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables, accruals and deposits received, other borrowings, convertible bonds, net of cash and bank balances. Capital includes the convertible bonds issued in 2016 and equity attributable to owners of the parent. The gearing ratios as at 31 December 2017 was 62% (31 December 2016: 71%).

財務費用

本集團之財務費用主要是來自二零一六年發行的可換股債券之利息開支。本集團錄得之財務費用由二零一六年約1,582,000港元增加至二零一七年約8,015,000港元，財務費用增加主要是由於二零一六年十一月發行的可換股債券之利息開支所致。

資產質押

本集團於二零一七年十二月三十一日並無抵押資產(包括抵押按金)(二零一六年：無)。

資本結構及資本管理

本集團資本管理之首要目標為確保本集團具備持續經營之能力，且維持穩健之資本比率，以支持其業務運作，爭取最大之股東價值。

本集團根據經濟情況之變動及相關資產之風險特質，管理其資本結構並作出調整。為維持或調整資本結構，本集團可能調整向股東派發之股息、向股東派回之資本或發行新股。與截至二零一七年十二月三十一日止年度比較，報告期內並無更改管理資本之目標、政策或程序。

本集團之主要金融工具包括可換股票據及其他借貸。該等金融工具之主要目的為籌集資金作本集團經營所需。本集團有若干其他不同金融資產及負債，例如貿易應收帳款、按金及其他應收帳款、應收非控股股東款項、現金及銀行結存、貿易應付帳款，以及其他應付帳款及應計款項，均直接來自其經營業務。

本集團金融工具之主要風險為外幣風險、信貸風險及流動資金風險。董事會檢討及協定管理各項有關風險之政策，並概述如下。

本集團採用資產負債比率定期監察資本狀況，計算方法為負債淨額除以經調整資金加負債淨額。債務淨額包括貿易應付帳款、其他應付帳款、應計款項及已收按金、其他借貸以及可換股債券，扣除現金及銀行結存。資金包括於二零一六年發行之可換股債券及母公司擁有人應佔股權。於二零一七年十二月三十一日之資產負債比率為62% (二零一六年十二月三十一日：71%)。

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As at 31 December 2017, the equity attributable to owners of the parent amounted to HK\$376,868,000 (31 December 2016: HK\$244,610,000). The equity attributable to owners of the Company per share was approximately HK\$0.15 per share for the year ended 31 December 2017 (31 December 2016: HK\$0.10 per share).

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were HK\$26,541,000 (31 December 2016: HK\$104,451,000) and 0.96 (31 December 2016: 0.84), respectively as at 31 December 2017.

As at 31 December 2017, the Group's cash and bank balances amounted to HK\$69,655,000 (31 December 2016: HK\$97,931,000). The total other borrowings and convertible bonds amounting to HK\$18,188,000 (31 December 2016: HK\$25,813,000) and HK\$41,427,000 (31 December 2016: HK\$36,835,000) respectively.

As of 31 December 2017 and 2016, the Group has no bills payable.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has taken the following measures:

- (a) On 22 December 2017, the Group entered into an amendment agreement with Kailuan (Hong Kong) International Co., Limited ("Kailuan") to extend the maturity date of convertible bonds to 31 August 2019.
- (b) During the year ended 31 December 2017, the Group secured agreements with lenders of other borrowings and certain creditors to waive borrowings and payables with a total amount of HK\$7,132,000, comprising the loan principal of HK\$6,000,000 and accrued interests of HK\$632,000 and other payable of HK\$500,000. One of the lenders had agreed to waive the interest charged on the loan balance from 1 January 2017.

During the year ended 31 December 2017, the Group also secured agreements with the lenders of other borrowings with a principal amount of HK\$19,813,000 to extend the repayment date from 30 June 2017 to 31 August 2019.

於二零一七年十二月三十一日，母公司擁有人應佔股權達376,868,000港元（二零一六年十二月三十一日：244,610,000港元）。本公司擁有人於截至二零一七年十二月三十一日止年度應佔股權約為每股0.15港元（二零一六年十二月三十一日：每股\$0.10港元）。

流動資金及財政資源

流動負債淨值及流動比率於二零一七年十二月三十一日分別為26,541,000港元（二零一六年十二月三十一日：104,451,000港元）及0.96（二零一六年十二月三十一日：0.84）。

於二零一七年十二月三十一日，本集團之現金及銀行結存為69,655,000港元（二零一六年十二月三十一日：97,931,000港元）。本集團其他借貸總額及可換股債券分別為18,188,000港元（二零一六年十二月三十一日：25,813,000港元）及41,427,000港元（二零一六年十二月三十一日：36,835,000港元）。

於二零一七年與二零一六年十二月三十一日，本集團並無應付票據。

為了改善本集團流動資金及現金流量以支持本集團之持續經營，本集團已採取以下措施：

- (a) 於二零一七年十二月二十二日，本集團與開灤（香港）國際有限公司（「開灤」）訂立修訂函件，以延長可換股債券之到期日至二零一九年八月三十一日。
- (b) 截至二零一七年十二月三十一日止年度，本集團與其他借貸之貸款人及若干債權人訂立協議，以豁免總額7,132,000港元之借貸及應付帳款，包括貸款本金額6,000,000港元及應計利息632,000港元及其他應付帳款500,000港元。其中一名貸款人已同意豁免自二零一七年一月一日起之貸款餘額利息。

截至二零一七年十二月三十一日止年度，本集團再與本金額19,813,000港元之其他借貸貸款人訂立協議，以將償付日期由二零一七年六月三十日延長至二零一九年八月三十一日。

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- (c) Management has used its best endeavor to improve the Group's operating performance to attain positive operating cash flows. The Group's operation has been recovering in light of an improved market demand for coke production in the PRC during the year. A gross profit of HK\$212,983,000 (2016: HK\$134,415,000) was recorded for the year ended 31 December 2017. The Group continued to generate net cash inflows from its operations during the year ended 31 December 2017. The Directors of the Company believe that the recovery momentum will continue and the operation will contribute positive cash inflows to the Group in the foreseeable future.
- (c) 管理層已盡其所能改善本集團之營運表現，以維持正數營運現金流。於本年度，由於中國焦炭市場需求改善，本集團營運亦逐漸恢復。截至二零一七年十二月三十一日止年度，本集團錄得毛利212,983,000港元（二零一六年：134,415,000港元）。於截至二零一七年十二月三十一日止年度內，本集團持續自營運產生現金流入淨額。本公司董事相信復甦之勢頭將持續，而營運將於可見未來為本集團帶來正數現金流入。
- (d) On 6 March 2018, the Group and the non-controlling shareholder of a PRC subsidiary (the “**Non-controlling Shareholder**”) entered into repayment and asset pledge agreements, pursuant to which the Non-controlling Shareholder commits to repay the balances due to the Group (being outstanding trade and other receivables) in the amount of RMB282,489,000 (HK\$333,535,000) as at 31 December 2017, after its new coking plant commences operation in August 2018, and that the entire amount will be settled within 12 months.
- (d) 於二零一八年三月六日，本集團與一間中國附屬公司之非控股股東（「非控股股東」）訂立還款及資產質押協議，據此，非控股股東承諾於二零一八年八月新焦炭廠房開始營運後償還於二零一七年十二月三十一日結欠本集團之結餘（即未償還貿易及其他應收帳款）人民幣282,489,000元（333,535,000港元），全數金額將於12個月內清償。

OPERATING LEASE AND CAPITAL COMMITMENTS

As at 31 December 2017, the Group had operating lease commitments of HK\$10,579,000 (2016: HK\$13,859,000).

經營租賃及資本承擔

於二零一七年十二月三十一日，本集團之經營租賃承擔為10,579,000港元（二零一六年：13,859,000港元）。

As at 31 December 2017, the Group had authorised, contracted, but not provided for capital commitments of HK\$3,355,000 (2016: HK\$11,262,000) in respect of plant and equipment acquisitions.

於二零一七年十二月三十一日，本集團有關收購廠房及設備之已授權、已訂約但未撥備之資本承擔為3,355,000港元（二零一六年：11,262,000港元）。

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board recognizes its responsibility to ensure the Company maintains a sound and effective risk management and internal control system. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The internal control system 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 business objectives.

風險管理及內部監控系統

董事會認同其有責任確保本公司維持穩健有效的風險管理及內部監控系統。本集團內部監控系統的設計及設立旨在確保保障資產不會在未經許可下使用或處置、依從及遵守相關規則及法規、根據相關會計準則及監管申報規定保存可靠的財務及會計記錄，以及適當地識別及管理可能影響本集團表現的主要風險。本集團內部監控的審核涵蓋主要財務、營運及合規監控及風險管理職能。內部監控系統僅作出合理而非絕對的保證可防範重大失實陳述或損失，其訂立旨在管理而非消除未能達致業務目標的風險。

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The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defense, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and monitors the risks. Therefore, the management is able to respond in timely manner to manage and mitigate the risks with a balance view of the business operation and risk appetite of the Group to ensure the risks are within the acceptable range. As the final line of defense, the audit committee of the Company, with the professional advices and independent assessment report from the external professional consultant, the independent evaluation on effectiveness of the systems was conducted on annual basis, ensures that the first and second lines of defense are effective through constant inspection and monitoring.

Further details on risk management and internal control systems, please refer to the section heading "RISK MANAGEMENT AND INTERNAL CONTROL" under CG Report on page 49 in this Annual Report.

INTEREST RATE RISK

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to short term cash and bank balances. The Group is also exposed to cash flow interest rate risk through the impact of interest rate changes on deposits. To minimize the fair value interest rate risk, the Group keeps its borrowings with a fixed rate of interest. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

FOREIGN CURRENCY RISK

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars ("HKD"). The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than functional currencies of the respective group entities.

本集團的風險管理框架包括風險識別、風險評估、風險處理及控制及檢討有關措施的有效性。風險管理框架乃按三級風險管理方法的指引進行。於第一道防線，業務單位負責識別、評估及監察與每項業務或交易有關的風險。作為第二道防線，管理層界定規則組合及模型、提供技術支持、制定新系統及監察風險。因此，管理層得而在迅速管理及緩解風險的同時，平衡本集團的業務營運及風險偏好，確保風險處於可接受範圍之內。作為最後一道防線，本公司審核委員會在外聘專業顧問(按年為系統的有效性進行獨立評估)的專業建議及獨立評估報告下透過持續檢查及監控確保第一道防線及第二道防線行之有效。

有關風險管理及內部監控系統之進一步詳情，請參閱本年報第49頁企業管治報告之「風險管理及內部監控」一節。

利率風險

公允值利率風險是指金融工具之價值基於市場利率有變而產生波動風險。現金流量利率風險是指金融工具之未來現金流量基於市場利率有變而產生波動風險。

本集團之公允值利率風險主要涉及短期現金及銀行結存。本集團亦因存款之利率變動影響而承擔現金流量利率風險。為盡量減低公允值利率風險，本集團維持固定利率借貸。管理層監察利率風險並將考慮於有需要時對沖重大利率風險。

外幣風險

本集團之貨幣資產、負債及交易均主要以人民幣(「人民幣」)、美元(「美元」)及港元(「港元」)計值。本集團因貨幣資產及負債以相關集團實體之功能貨幣以外貨幣計值而承受外幣風險。

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The Group does not have any hedging instruments outstanding. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in the future as may be necessary.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities which have not been provided for in the financial statements (2016: Nil).

TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EMPLOYEES AND REMUNERATION

During the year ended 31 December, 2017, the Group had approximately 1,500 employees (December 2016: approximately 1,500 employees) with 20 staff are stationed in Hong Kong and the rest are senior management and workers in Mainland China. The Group's staff costs amounted to approximately HK\$73,999,000 for the year ended 31 December 2017 and approximately HK\$62,753,000 was recorded in 2016.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward motivated individual performance. As at 31 December 2017, up to the date of approval of financial statements, there are 10,400,000 share options outstanding under the share option scheme.

本集團並無任何未行使對沖工具。本集團將持續觀察經濟情況及其外匯風險組合，並於日後有需要時考慮採取適當之對沖措施。

或然負債

於二零一七年十二月三十一日，本集團並無未於財務報表中撥備之任何重大或然負債（二零一六年：無）。

財資政策

本集團對財資及融資政策取態審慎，集中於風險管理及與本集團相關業務有直接關係之交易。

僱員及薪酬

截至二零一七年十二月三十一日止年度，本集團旗下員工約1,500人（二零一六年十二月：約1,500人），留駐香港之員工約20人，其餘均為國內高級管理人員及工人。截至二零一七年十二月三十一日止年度，本集團之員工成本約達73,999,000港元，而二零一六年同期所錄得之員工成本約為62,753,000港元。

僱員薪酬乃按工作性質及市場走勢釐定，並於年度增薪評估內設有表現評估部分及年終獎金，以推動及獎勵個人工作表現。於二零一七年十二月三十一日，截至批准財務報表日期，根據購股期權計劃之未行使購股期權為10,400,000份。

PROSPECTS

Looking ahead to 2018, it is expected that the coke market will grow steadily, with continued optimism to current situation. Following the promotion and implementation of supply-side structural reform by the PRC government, coupled with constant demand from downstream steel industry and active restocking activities, causing the current supply constraint in coke to be difficult to change in the short run, and as such it shall provide strong support to coke prices. However, since coke prices have increased considerably last year and the prospect for further increase is uncertain, it is expected that coke prices will fluctuate at current price level. The Group will actively pursue market opportunities, strengthen its relationship with existing customer, further develop new markets, expand its customer base, and enhance the competitiveness of the Group's business.

Meanwhile, amid increasing regulation requirements from the PRC government towards the coke industry, the Group may face tougher challenges in its production operation. We may increase our effort in environmental protection and production safety to ensure domestic environmental and production requirements are complied with.

In order for the Group to achieve sustainable development and business growth, the management has been exploring investment opportunities related to its existing businesses in addition to commencing new businesses that have competitive advantages and development potentials, including new economic business such as E-commerce software services, to improve business competitiveness and prospect, thus creating a stable profit stream in the long term and generates long term investment return for Shareholders.

展望

展望二零一八年，焦炭市場預料將平穩發展，基本形勢仍然樂觀。隨著中國政府推進落實供給側改革政策，下游鋼鐵行業需求持續，補庫存意願積極，短期難以改變焦炭供應緊張的現況，將為焦炭價格提供有力的支持。然而，由於焦炭價格已於去年上升不少，持續上行空間不明朗，預計焦炭價格將於現行價格水平波動。集團將積極把握市場機遇，鞏固與現有客戶的合作關係，並進一步開拓市場及擴展客戶基礎，提升集團業務的競爭力。

同時，面對中國政府對焦炭行業日益趨勢的監管要求，集團在生產經營方面可能面臨更艱鉅的挑戰，我們或會加強在環境保護及安全生產的投入，確保符合國內各項環保及生產要求。

為了集團可持續發展及業務持續增長，管理層除了尋找與現存業務相關的投資機會外，更會開展具競爭優勢及發展潛力的新業務，包括電子商務軟件服務等新經濟業務，以增強業務的競爭力及改善業務前景，長遠形成穩定的利潤來源，為各位股東帶來長遠穩定的投資回報。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及管理層之履歷詳情

EXECUTIVE DIRECTORS

Mr. ZHAO Xu Guang (“Mr. Zhao”), aged 54, was appointed as an Executive Director, the Chairman of the Board and the Chairman of the Nomination Committee with effect from 17 November 2016 and was appointed as Chief Executive Director on 2 May 2017. Mr. Zhao worked for the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. He also acted as chairman, general manager and director of various enterprises specializing in trading, investment, property and in the energy field. He served as chairman and executive director of Titan Petrochemicals Group Limited (“**Titan Petrochemicals**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1192) from July 2012 to September 2016. Mr. Zhao has more than 20 years of experience in business decision-making and management. He graduated from Guangdong University of Foreign Studies with a Bachelor of Economics degree.

Mr. LI Baoqi (“Mr. Li”), aged 63, was re-appointed as Executive Director and authorized representative of the Company on 9 April 2018. He had been appointed as an executive Director of the Company since 1 June 2008 until his re-designation as Non-Executive Director with effect from 25 November 2016. During his previous tenure as an Executive Director, Mr. Li was appointed as the Chief Executive Officer and Authorized Representative on 19 September 2011 and Joint General Manager on 17 November 2016. He was re-designated to Non-Executive Director with effect from 25 November 2016 and continues serves as director of subsidiaries of the Group. Mr. Li did not offer himself for re-election at the annual general meeting of the Company on 2 June 2017 and retired from his position as Non-Executive Director on 2 June 2017. Mr. Li has over 30 years of working experience in foreign economy and trade. He worked as the Assistant to General Manager of中國冶金進出口吉林公司(China Metallurgy Import and Export Jilin Company), the Manager and the Assistant General Manager of the Import and Export Division of中國冶金進出口深圳公司(China Metallurgy Import and Export Shenzhen Company, now known as中鋼集團深圳公司(China Steel Group Shenzhen Company)).

執行董事

趙旭光先生(「趙先生」)，現年54歲，自二零一六年十一月十七日獲委任為執行董事、董事會主席及提名委員會主席，並於二零一七年五月二日獲委任為行政總裁。趙先生曾任職中華人民共和國對外貿易經濟合作部。彼亦曾於多家貿易、投資、地產及能源領域之企業擔任主席、總經理及董事職務。彼於二零一二年七月至二零一五年九月曾任泰山石化集團有限公司(「泰山石化」，其股份於聯交所主板上市(股份代號：1192))之主席兼執行董事。趙先生於業務決策及管理方面擁有逾20年經驗。彼畢業於廣東外語外貿大學，持有經濟學士學位。

李寶琦先生(「李先生」)，現年63歲，於二零一八年四月九日重新獲委任為本公司之執行董事及授權代表。彼自二零零八年六月一日起曾任職本公司之執行董事直至二零一六年十一月二十五日調任為非執行董事。於上任執行董事期間，李先生曾於二零一一年九月十九日獲委任行政總裁兼授權代表及於二零一六年十一月十七日獲委任為聯席總經理。彼曾於二零一六年十一月二十五日調任為非執行董事，並一直於本集團其下附屬公司擔任董事職位。李先生於二零一七年六月二日本公司之股東週年大會並無尋求其連任為非執行董事並於二零一七年六月二日退任非執行董事。李先生於國際業務方面擁有逾三十年工作經驗。彼曾任中國冶金進出口吉林公司總經理助理、中國冶金進出口深圳公司(現稱為中鋼集團深圳公司)進出口部經理及副總經理等職位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及管理層之履歷詳情

NON-EXECUTIVE DIRECTORS

Mr. WONG Siu Hung, Patrick (“Mr. Wong”), aged 62, was appointed as an Executive Director with effect from 3 November 2016 and as a Joint General Manager and Authorized Representative on 17 November 2017 and re-designated as General Manager on 25 November 2017 and subsequently re-designated as Non-Executive Director on 9 April 2018 and remained as an Authorized Representative. Mr. Wong is an associate member of Chartered Institute of Bankers, United Kingdom, fellow member of the Hong Kong Institute of Directors since 1 April 2017 and member of The Institute of Management Consultants Hong Kong since 1 August of the same year and qualified as Certified Management Consultant. He holds a Master degree in Applied Finance from Macquarie University, Australia and completed the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017. He has more than 30 years of working experience in banking, finance, commodity trading and project development. He was an executive director of Titan Petrochemicals between 2008 and 2016. Prior to joining Titan Petrochemicals, Mr. Wong was the senior vice president of Commodity and Trade Finance at Societe Generale Singapore and the chief executive officer in the China Division of Louis Dreyfus Group, a global commodity trading firm.

Mr. HUANG Man Yem (“Mr. Huang”), aged 43, was appointed as a Non-Executive Director with effect from 3 November 2016. Mr. Huang holds a Master degree of Corporate Finance from the Hong Kong Polytechnic University and a Bachelor of Engineering in Electronic Engineering from City University of Hong Kong. Mr. Huang has more than 15 years of working experience in corporate development and restructuring, corporate establishment and M&A projects, and capital market transactions (i.e. equities and bonds/debts) on the stock exchanges of Hong Kong and Singapore respectively. Mr. Huang is currently the general manager of the Shanghai branch office of Expert Systems IVR (Asia) Co. Ltd., a Hong Kong based subsidiaries of AsiaPacific Region Unified Communications solution provider engaged in Unified Communications solutions development and corporate establishment consultant business. Mr. Huang was also a former member of the senior management of Titan Petrochemicals from April 2002 to May 2014.

非執行董事

黃少雄先生(「黃先生」)，現年62歲，自二零一六年十一月三日獲委任為執行董事，並自二零一六年十一月十七日出任聯席總經理及授權代表，其後自二零一六年十一月二十五日調任為本公司總經理並留任執行董事及授權代表。黃先生為英國特許銀行家協會准會員及分別於二零一七年四月一日成為香港董事學會資深會員及同年八月一日成為香港管理顧問學會會員及註冊管理顧問。彼持有澳洲麥格理大學應用財務碩士學位，及於二零一七年十月十二日修畢香港理工大學管理顧問行政文憑。彼在銀行、金融、商品貿易及項目開發方面擁有超過30年之工作經驗。於二零零八年至二零一五年，彼為泰山石化之執行董事。加盟泰山石化之前，黃先生曾於法國興業銀行(新加坡)商品及貿易財務部出任高級副總裁，以及在全球商品貿易公司路易達孚集團中國分部出任首席執行官。

黃文鑫先生(「黃先生」)，現年43歲，自二零一六年十一月三日獲委任為非執行董事。黃先生持有香港理工大學企業融資碩士學位及香港城市大學工程學院電子工程學士學位。黃先生分別在香港及新加坡證券交易所公司發展及重組、公司建設及併購項目，以及資本市場交易(即股票及債券/債務)擁有超過15年之工作經驗。黃先生現為亞太區統一通信解決方案供應商(從事統一通信解決方案開發及公司設立諮詢業務)之香港附屬公司Expert Systems IVR (Asia) Co. Ltd.之上海分公司總經理。黃先生於二零零二年四月至二零一四年五月為泰山石化高級管理層之前任成員。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及管理層之履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Ka Ho (“Mr. Lau”), aged 43, has been appointed as an Independent Non-Executive Director since April 2011. Mr. Lau is a member of the Remuneration Committee and the Nomination Committee, and the Chairman of the Audit Committee. Mr. Lau is currently the chief financial officer of Ajisen (China) Holdings Limited, a company listed on the Main Board of The Stock Exchange. Mr. Lau has over 15 years of working experience in audit, finance and business advisory, during which he worked for Deloitte Touche Tohmatsu and various listed companies in Hong Kong. Mr. Lau graduated from the Hong Kong Polytechnic University with a Bachelor’s degree in Accountancy. He is a certified public accountant and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. TO Wing Tim, Paddy (“Mr. To”), aged 65, has been appointed as an Independent Non-Executive Director since October 2009. Mr. To is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. To obtained his Diploma in Accountancy from The University of Hong Kong in 1991 and has over 30 years of experience in auditing, accounting and finance industry. Mr. To has been practicing as a certified public accountant in Hong Kong since 1980. Mr. To is a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Taxation Institute of Hong Kong and an associate member of the Association of Certified General Accountants in Canada.

Mr. LAM Hoy Lee, Laurie (“Mr. Lam”), aged 59, has been appointed as an Independent Non-Executive Director since September 2008. Mr. Lam is a member of the Audit Committee and the Nomination Committee, and the Chairman of the Remuneration Committee. Mr. Lam has 30 years of experience in legal field working as a solicitor in Hong Kong. Mr. Lam is a solicitor of Hong Kong and Singapore and a solicitor and counsel of Australia.

COMPANY SECRETARY

Mr. LI Chi Chung (“Mr. Li”), aged 49, was appointed as the Company Secretary on 25 November 2016. Mr. Li is a solicitor practising in Hong Kong and the founder partner of Michael Li & Co. He obtained the bachelor degree in laws from University of Sheffield in England in 1990 and was admitted as a solicitor of the High Court of Hong Kong in 1993. Mr. Li has 25 years of experience in legal field, extensive experience in advising corporate governance of listed companies, compliance of Listing Rules and other applicable Laws of Hong Kong. In addition to acting as company secretary and legal adviser of various listed companies, Mr. Li also acts as major speaker in public forums relating to listing matters in Hong Kong.

獨立非執行董事

劉家豪先生(「劉先生」)，現年43歲，自二零一一年四月獲委任為獨立非執行董事。劉先生為薪酬委員會及提名委員會成員，以及審核委員會主席。劉先生現為聯交所主板上市公司-味千(中國)控股有限公司之首席財務總監及公司秘書。劉先生於審計、財務及商業諮詢方面擁有超過15年經驗，期間於德勤•關黃陳方會計師行及多間香港上市公司任職。劉先生畢業於香港理工大學，取得會計學士學位。彼為執業會計師及香港會計師公會會員。

杜永添先生(「杜先生」)，現年65歲，自二零零九年十月獲委任為獨立非執行董事，現為審核委員會成員、薪酬委員會及提名委員會成員。杜先生於一九九一年獲授香港大學會計文憑。彼於審計、會計及財務行業擁有逾30年經驗，並自一九八零年起於香港擔任執業會計師。彼為香港會計師公會資深會員、香港稅務學會會員及加拿大註冊會計師協會會員。

林開利先生(「林先生」)，現年59歲，自二零零八年九月獲委任為獨立非執行董事，現為審核委員會成員及提名委員會成員，以及薪酬委員會主席。林先生於香港從事律師工作，於法律工作擁有30年經驗。林先生為香港、新加坡之律師及澳洲之律師及大律師。

公司秘書

李智聰先生(「李先生」)，現年49歲，於二零一六年十一月二十五日獲委任為公司秘書。李先生為香港執業律師及為李智聰律師事務所之創辦合夥人。彼於一九九零年取得英國謝菲爾德大學法律學士學位，其後於一九九三年在香港獲認可為高等法院律師。李先生於擁有25年法律經驗，其中為上市公司提供企業管治意見，符合上市規則及其他適用法律方面具豐富經驗。李先生除擔任多間上市公司之公司秘書和法律顧問外，亦為香港上市事宜相關之公眾研討會的主要講者。

REPORT OF THE DIRECTORS

董事會報告

The Directors are pleased to present their report, the CG Report and the ESG Report together with the audited consolidated financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in coke trading business, coal-related ancillary business and coke production business. The activities of each of its principal subsidiaries are set out in note 1 of the consolidated financial statements.

BUSINESS REVIEW

Business Overview and Financial Performance

The review of the Group's business and financial performance for the year ended 31 December 2017 are provided in the section "MANAGEMENT DISCUSSION AND ANALYSIS" in this annual report.

Principal Risks and Uncertainties

1. Risk arising from fluctuating prices of coke and coal

A large portion of our revenue and cost of sales is derived from the sale of coke and the purchase of coal, respectively. Our coke and coal are all priced according to prevailing market prices, therefore our business performance is heavily depending on the market prices difference between coke and coal. Historically, markets prices for coal and coke in China have fluctuated dramatically. The price of coke and coal is driven by numerous factors beyond our control, including the supply and demand in the market and domestic regulations. If the prices difference between coke and coal fall below certain level and cannot cover operational expenses, we could experience operational losses. In response to this risk factor, management will keep a close watch to the economic environment and adopt corresponding business strategies such as adjusting production plan and strengthening cost control.

董事欣然呈報其報告、企業管治報告及環境社會管治報告，以及截至二零一七年十二月三十一日止年度之經審核綜合財務報表。

主要業務

本公司為投資控股公司。本集團主要從事焦炭貿易業務、煤炭相關附屬業務及焦炭生產業務。本公司各主要附屬公司之業務載於綜合財務報表附註1。

業務回顧

業務回顧及財務業績表現

本集團於截至二零一七年十二月三十一日止年度之業務及財務業績表現回顧載於本年報「管理層討論及分析」一節。

主要風險及不明朗因素

1. 焦炭及煤炭價格波動所產生之風險

本集團大部分收益來自銷售焦炭，其大部分銷售成本則來自購買煤炭。所有焦炭及煤炭價格均按現行市價釐定，因此，我們的業務表現相當依賴焦炭與煤炭市價之間的差額。過往，中國煤炭及焦炭市價一直起伏波動。焦炭及煤炭價格受多項不受我們控制的因素影響，包括市場供求及國內法規。倘若焦炭與煤炭價格之間的差額跌至低於某個水平而不足以彌補營運開支，我們可能會錄得營運虧損。為應對這項風險因素，管理層將密切留意經濟環境並採納相應之業務策略，如調整生產計劃及加強成本監控。

2. Risk arising from domestic environmental regulations applicable to coke industry

The Group's coke production business belongs to high-pollution industry and is heavily regulated by the domestic law and regulations in China. Recent years, the PRC government has been strengthening the environment regulation towards coke industry and initiated a series of policies, including the tightening of environmental standards and delaying the time period for coking coal to curb overcapacity, which restricted coke production and increased the production costs. If the PRC government further impose a stricter environmental governance, our production may be forced to shut down and result in an operating loss. In response to this risk factor, management will timely invest and upgrade its existing equipment and facilities if necessary so as to achieve the domestic environmental standard.

3. Risk arising from credit exposure with its counterparties

The Group's trading terms with its customers are mainly on credit. As at 31 December 2017, approximately 66% of the Group's trade receivables were due from one customer who is the non-controlling shareholder. Therefore, the Group is subjected to significant concentration of credit risk in trade receivables. If non-controlling shareholder fails to perform their obligations, the Group will suffer impairment losses. In response to this risk factor, the group has already held enough collaterals over its trade receivables. Moreover, the management will adopt credit policy to strictly control over its outstanding receivables and further expand our customer base to diversify credit risk.

4. Risk arising from safety management

The Group's businesses are all of high hazardous nature and of complex uncertainties. We store, handle and transport volatile, flammable, hazardous liquid and gaseous chemical products, such as benzene, tar, sulphuric acid and coal gas. Improper handling of these materials and products can cause serious pollution, fires, explosions, personal injuries and possible legal liabilities. In response to this risk factor, management will adopt safety management policy and control system, reinforce safety warnings and education, promote safety skills training and improve employee's safety awareness.

2. 針對焦炭行業實施國內環境法規所產生之風險

本集團之焦炭生產業務屬於高污染行業，並受中國國內法律及法規高度規管。近年，中國政府一直加強焦炭行業之環境監管及推行一系列去產能政策，包括收緊環保標準及延長結焦時間等，使焦炭生產受到限制及生產成本增加。倘若中國政府進一步實施更嚴格的環境管治，我們將可能被迫關閉生產並因而錄得營運虧損。為應對這項風險因素，管理層將於必要時適時投資及提升其現有設備及設施，以符合國內環境標準。

3. 與貿易對手方進行信貸貿易所產生之風險

本集團主要以信貸方式與其客戶進行貿易。於二零一七年十二月三十一日，本集團貿易應收帳款中約66%來自一名非控股股東客戶。因此，本集團承擔高度集中的貿易應收帳款信貸風險。倘若該名非控股股東未能履行其責任，本集團將蒙受減值虧損。為應對這項風險，本集團已就貿易應收帳款持有足夠抵押品。此外，管理層將採納信貸政策，嚴格控制其未償還應收帳款，並進一步擴大客戶基礎以分散信貸風險。

4. 安全管理所產生之風險

本集團所有業務均屬高危險性質及充斥著複雜的不確定性。我們儲存、處理及運送高揮發性、易燃及有害之液態及氣態化學產品，如苯、焦油、硫酸及煤氣。不適當處理這些材料及產品可產生嚴重污染、火災、爆炸、人身傷害及潛在法律責任。為應對這項風險，管理層將採納安全管理政策及監控制度，設置安全警示並加強安全教育，提供安全技能培訓及改善僱員安全意識。

Future Business Development

Looking ahead to 2018, the coke market is expected to grow stably and moderately with optimism. With the promotion of the national supply-side reform, the Chinese government is expected to further restrict the governance toward production safety and environmental standard of coke industry, resulting an overall limitation of coke supplies. At the same time, the steel industry still maintains strong demands of coke and actively replenishes inventories of coke so it is difficult to solve the tight supply situation which provides a strong support to the coke price. However, since the price of coke has risen a lot during this year, it is uncertain about the upward potential of the coke price and it is expected to fluctuate at the current price level. In order to capture market opportunities and strengthen the competitiveness, the Group will consolidate relationship with existing customers, further develop new markets and expand the customer bases.

In addition, the Group is committed to social responsibilities, and attach importance to the production safety and environmental protection. Due to a more restricted governance of the Chinese government towards coke industry, the Group may face more difficult challenges towards coke production and business operation. The Group will pay a close attention to domestic industrial policies and may strengthen investment in production safety and environmental protection in order to fulfill the domestic compliance requirement.

To achieve a sustainable business operation and development for the Group, management will not only seek for cooperation and investment opportunities in line with the exiting business but also develop new businesses with competitive advantages and development potential. Through the implementation of the above business strategies, the Group is able to expand current businesses horizontally and vertically, as well as to venture into new business areas to improve the business prospects and strengthen the competitiveness of business. As such, the Group can build up its long-term profitability and provide a long-term stable return for all shareholders.

未來業務發展

展望二零一八年，焦炭市場預料將穩定溫和發展，且增長形勢樂觀。隨著國家供給側改革政策之推進，預期中國政府將進一步收緊對焦炭行業的安全生產及環境標準之管治，造成整體焦炭供應量收縮。另一方面，鋼鐵行業對焦炭的需求維持強勁，業界積極補充焦炭庫存，使供應緊張的情況難以解決，並為焦炭價格提供強大的支持。然而，由於焦炭價格已於年內大幅上漲，故其上升潛力已趨向於不明朗，且預計將於現水平徘徊。為捕捉市場機遇及加強競爭力，本集團將鞏固與現有客戶的合作關係，進一步開拓新市場及擴展客戶基礎。

此外，本集團致力承擔社會責任，重視生產安全及環境保護。基於中國政府對焦炭行業實行更嚴格的管治，本集團之焦炭生產及業務營運或會面對更艱鉅的挑戰。本集團將密切注視國內行業政策發展，並可能加強在生產安全及環境保護的投入，以履行國內合規要求。

為使本集團之業務營運及發展實現可持續性，管理層不但尋求與現有業務相符之合作及投資機會，還開拓具競爭優勢及發展潛力之新業務。通過實施上述業務策略，本集團能夠橫向及縱向擴展其現有業務及進軍新業務領域，從而改善業務前景及加強業務競爭力。因此，本集團能增強其長遠盈利能力及為全體股東帶來長遠穩定的回報。

REPORT OF THE DIRECTORS

董事會報告

Key Relationships with our Stakeholders

The Group strives to maintain harmonious relationship with its stakeholders, including but not limited to, its customers, suppliers and employees.

1. Customers

The Group continuously pays attention to strengthen and sustain the relationship with its major customers and ensure customer satisfaction by providing quality products and services to customers.

2. Suppliers

The Group has established long-term, effective and mutual beneficial working relationships with the major suppliers to ensure stable and sustainable supplies for the businesses of the Group.

3. Employees

Employees are regarded as one of the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

The remuneration policy and package of the Group's employees are periodically reviewed by the Chief Executive Officer of the Group. The principle of the Group's remuneration policy is fairness, motivating, performance-oriented and market-competitive. Apart from salaries, medical insurance, discretionary bonuses and retirement benefit scheme, the Group has also adopted share option schemes for its employees, providing incentives and rewards to eligible participants with reference to their contributions.

與主要權益人之關係

本集團努力與其權益人維持和諧關係，其權益人包括但不限於客戶、供應商及僱員。

1. 客戶

本集團持續重視鞏固及維繫其與主要客戶之關係，並向客戶提供優質產品及服務，確保客戶稱心滿意。

2. 供應商

本集團已與主要供應商締結長遠、具成效及互惠互利的營運關係，確保本集團各業務獲得穩定及可持續的供應。

3. 僱員

僱員被視為本集團最重要及最寶貴的財產。本集團人力資源管理之宗旨是透過給予具競爭力的薪酬待遇、完備的表現評核制度及適當的獎勵，報答及表揚表現優秀之員工；以及透過適當培訓及提供於本集團內部晉升之機會，推動員工事業發展及進步。

本集團之員工薪酬政策及待遇由本集團行政總裁定期檢討。本集團薪酬政策以公平、具鼓勵性、論功行賞及緊貼市場水平為原則。除薪金、醫療保險、酌情花紅及退休福利計劃外，本集團亦已為員工採納購股期權計劃，以按合資格參與者之貢獻向彼等提供獎勵及回報。

REPORT OF THE DIRECTORS

董事會報告

Environmental Policies and Performance

For the year ended 31 December 2017, the Group's key business operation in Shanxi strictly complied with applicable regulations, laws, and standards related to environmental and social aspects. The Group continues to invest in state-of-the-art facilities and implement emission control schemes to further reduce on-site emissions. At a broader societal scale, the Group has been providing 31% of heating demand for the local residents and indirectly reduced the air emissions from burning crude coal as a heating source by local farmers. Engagement with stakeholders has resulted in raised concerns on key material issues, which include: Air Emissions, Wastewater; Energy and Water Consumption; Occupational Health and Safety; Employment; Training and Development. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders for advancing environment, social and governance management.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiary in the PRC while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with all applicable laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2017 and up to the date of this report, the Board considers the Group has complied with all the applicable laws and regulations in the PRC and Hong Kong.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated financial statements on pages 81 to 199.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2017 were as follows:

環境政策及表現

截至二零一七年十二月三十一日止年度，本集團於山西省之主要業務營運已嚴格遵從與環境及社會方面有關之適用規則、法律及標準。本集團繼續投放資源於最先進的設施及實行排放管制計劃，以進一步降低生產現場之排放。在更廣闊的社會層面上，本集團持續向地方居民提供31%供熱需求，間接減少地方農民以燃燒原煤作為供熱來源所產生之大氣排放。經與主要權益人溝通後，對以下主要重大事項之關注已有所加強，包括：大氣排放，廢水排放，能源及水源消耗，職業健康及安全，僱傭，培訓與發展。本集團將繼續於所關注事項中尋找可以改善的地方，並與其權益人保持緊密溝通，促進環境社會管治之管理。

遵守法律及法規

本集團業務主要經由本公司之中國附屬公司進行，而本公司本身為聯交所上市公司。因此，我們的業務組織及營運須遵守中國及香港所有適用法律及法規。截至二零一七年十二月三十一日止年度及直至本報告日期，董事會認為本集團已遵守中國及香港所有適用法律及法規。

財務報表

本集團於截至二零一七年十二月三十一日止年度之業績載於第81至199頁之綜合財務報表內。

本公司之可供分派儲備

於二零一七年十二月三十一日，本公司可供分派予股東之儲備如下：

		2017 二零一七年 HK\$'000 千港元
Contributed surplus	繳入盈餘	1,689,847
Accumulated losses	累計虧損	<u>(2,141,400)</u>
		<u>(451,553)</u>

REPORT OF THE DIRECTORS

董事會報告

Under the Bermuda Companies Act 1981, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. As at 31 December 2017, the Company had no reserve available for distribution to shareholders (2016: Nil).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

DIRECTORS

The Directors of the Company who were in office during the year ended 31 December 2017 and up to the date of this report are as follows:

Executive Directors

Mr. Zhao Xu Guang (*Chairman and appointed as Chief Executive Officer on 2 May 2017*)

Mr. Li Baoqi (*retired on 2 June 2017 and appointed as Executive Director on 9 April 2018*)

Non-Executive Directors

Mr. Wong Siu Hung, Patrick (*re-designated as Executive Director to Non-Executive Director on 9 April 2018*)

Mr. Huang Man Yem

Independent Non-Executive Directors

Mr. Lam Hoy Lee, Laurie

Mr. Lau Ka Ho

Mr. To Wing Tim, Paddy

In accordance with the bye-law 99 of the Bye-Laws of the Company, Mr. Lam Hoy Lee, Laurie and Mr. To Wing Tim, Paddy will retire by rotation at the forthcoming annual general meeting of the Company, the AGM and being eligible, offer themselves for re-election.

Pursuant to bye-law 102(B) of the Bye-Law of the Company and subsequent to his appointment on 9 April 2018, Mr. Li Baoqi will hold office until the following annual general meeting of the Company and will retire at the annual general meeting, the 2018 AGM, and being eligible, offer himself for re-election.

The biographical details of the Directors are set out under section heading "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 16 to 18 of this annual report.

根據百慕達一九八一年公司法，本公司之繳入盈餘帳可供分派。然而，本公司不得於以下情況下宣派或派付股息，或自繳入盈餘作出分派：(a) 本公司未能或於作出派付後將未能支付其到期負債；或(b)其資產之可變現價值將因而少於其負債、其已發行股本及股份溢價帳之總和。於二零一七年十二月三十一日，本公司並無可供分派予股東之儲備(二零一六年：無)。

股息

董事會不建議派發截至二零一七年十二月三十一日止年度之末期股息(二零一六年：零港元)。

董事

截至二零一七年十二月三十一日止年度及直至本報告日期，本公司之在任董事如下：

執行董事

趙旭光先生(主席，並於二零一七年五月二日獲委任為行政總裁)

李寶琦先生(於二零一七年六月二日退任並於二零一八年四月九日獲委任為執行董事)

非執行董事

黃少雄先生(於二零一八年四月九日由執行董事調任為非執行董事)

黃文鑫先生

獨立非執行董事

林開利先生

劉家豪先生

杜永添先生

根據本公司公司細則細則第99條，林開利先生及杜永添先生將於本公司應屆股東週年大會上輪值告退，惟彼等符合資格並願意膺選連任。

根據本公司公司細則細則第102(B)條，李寶琦先生於二零一八年四月九日獲委任後之任期將直至本公司下屆股東週年大會為止，並將於二零一八年股東週年大會上退任，惟彼符合資格並願意膺選連任。

董事之履歷詳情載於本年報第16至18頁「董事及高級管理人員之履歷詳情」一節。

REPORT OF THE DIRECTORS

董事會報告

UPDATES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B (1) of the Listing Rules and the Companies (Directors' Report) Regulation, Chapter 622D of Hong Kong Laws, the updates of information of the Directors during the year ended 31 December 2017 and up to the date of this report are set out below:

最新董事資料

根據上市規則第13.51B(1)條及香港法例第622D條《公司(董事報告)規例》所提供，於截至二零一七年十二月三十一日止年度及直至本報告日期之最新董事資料載列如下：

Name of Director 董事姓名	Details of Updates 更新詳情
Mr. Zhao Xu Guang 趙旭光先生	<ul style="list-style-type: none">Appointed as Chief Executive Officer of the Company on 2 May 2017 於二零一七年五月二日獲委任為本公司行政總裁Adjusted the monthly salary to HK\$225,000 on 2 May 2017 considered the duties and responsibilities 其月薪因應其職務及職責而於二零一七年五月二日調整至225,000港元
Mr. Li Baoqi 李寶琦先生	<ul style="list-style-type: none">Retired from Non-Executive Director by rotation on the annual general meeting held on 2 June 2017 and decided not to stand for re-election to the office due to other personal commitment. 於二零一七年六月二日舉行之股東週年大會輪值告退，並因身肩其他個人事務而決定不尋求連任Appointed as Executive Director on 9 April 2018 and entitled to receive a monthly director fee of HK\$110,000 於二零一八年四月九日獲委任為執行董事並有權收取董事袍金每月110,000港元
Mr. Wong Siu Hung, Patrick 黃少雄先生	<ul style="list-style-type: none">Obtained fellow membership of the Hong Kong Institute of Directors on 1 April 2017 於二零一七年四月一日成為香港董事學會資深會員Obtained membership of The Institute of Management Consultants Hong Kong on 1 August 2017 於二零一七年八月一日成為香港管理顧問學會會員Qualified as Certified Management Consultant on 1 August 2017 於二零一七年八月一日成為註冊管理顧問Graduated the Executive Diploma in Management Consulting from The Hong Kong Polytechnic University on 12 October 2017 於二零一七年十月十二日修畢香港理工大學管理顧問行政文憑Re-designated as Executive Director to Non-Executive Director and adjusted the monthly salary to HK\$15,000 on 9 April 2018 於二零一八年四月九日由執行董事調任為非執行董事，其月薪調整至15,000港元
Mr. Lau Ka Ho 劉家豪先生	<ul style="list-style-type: none">Resigned as Company Secretary of Ajsen (China) Holdings Limited on 24 May 2017. 於二零一七年五月二十四日辭任味千(中國)控股有限公司之公司秘書

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' SERVICE CONTRACTS

The Directors will retire and offer themselves for re-election at the 2018 AGM do not have an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. All other directors are not appointed for specific terms and are subject to retirement by rotation and re-election at the annual general meeting of the Company.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors (the "INEDs") an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all of the INEDs are independent for the year ended 31 December 2017 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2017, the Company has in force the permitted indemnity provisions in the Directors' and officers' liability insurance maintained for the Group to indemnify the Directors against all losses and liabilities which may sustain or incur while acting in his capacity as Director in accordance with the Bye-Law of the Company and the Companies Ordinance of Hong Kong.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange, any other stock exchange, by private arrangement or by general offer.

SHARE CAPITAL

Saved as issue of 193,000,000 shares on 20 January 2017 due to bondholder exercised the conversion right attached to the 2008 Convertible Bonds as disclosed below on section heading "DEBENTURES", there was no issue nor other change in the share capital of the Company. Details of movements in the share capital of the Company and share issued during the year, together with the reasons therefore, are set out in note 25 to the financial statements.

董事之服務合約

將於二零一八年股東週年大會上輪值告退並願意膺選連任之董事概無與本公司或其任何附屬公司訂立本集團於一年內不得在不予賠償(法定賠償除外)之情況下終止之未屆滿服務合約。所有其他董事並無按特定年期委任，惟須於本公司之股東週年大會上輪值告退並可膺選連任。

獨立性之確認

本公司已接獲各獨立非執行董事(「獨立非執行董事」)按照上市規則第3.13條發出有關其獨立性之年度確認。本公司認為，全體獨立非執行董事於截至二零一七年十二月三十一日止年度及直至本報告日期均屬獨立。

獲准許彌償條文

截至二零一七年十二月三十一日止年度，於本集團投購之董事及高級人員責任保險中之獲准許彌償條文已告生效，以讓本公司彌償董事在以董事身分按照本公司之公司細則及香港公司條例行事期間可能蒙受或招致之一切損失及負債。

購買、出售或贖回上市證券

截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無於聯交所或任何其他證券交易所私人安排方式或以全面收購方式購買、出售或贖回本公司任何上市證券。

股本

除下文「債券」一節所披露，因債券持有人行使二零零八年可換股債券附帶之兌換權而於二零一七年一月二十日發行193,000,000股股份外，並無有關本公司股本之發行或其他變動。本公司股本於年內之變動及年內發行之股份詳情，連同有關之原因載於財務報表附註25。

REPORT OF THE DIRECTORS

董事會報告

DEBENTURES

The Company issued two tranches of zero coupon convertible bonds, each with a principal amount of HK\$1,100,000,000, to Mr. Wu Jixian on 16 May 2008 (the “**Tranche 1 Bonds**”) and on 31 October 2008 (the “**Tranche 2 Bonds**”) (collectively, the “**2008 Convertible Bonds**”). On 20 January 2017, the remaining Tranche 2 Bonds had a carrying amount of HK\$550,050,000 with principal amount of HK\$386,000,000 were converted into 193,000,000 shares of the Company. As at 31 December 2017, the 2008 Convertible Bonds were fully converted into shares of the Company.

On 2 November 2016, the Company issued convertible bonds in principal amount of HK\$43,277,000 to Kailuan (Hong Kong) International Co., Limited with interest at 2.5% per annum and mature 1 year from issue date and extended to 2 May 2018 per agreement on 30 December 2016 (the “**2016 Convertible Bonds**”). On 22 December 2017, an amendment letter was made to alter certain terms of the 2016 Convertible Bonds (the “**2017 Convertible Bonds**”), amongst others, extend the maturity date to 31 August 2019 (the “**Amendment**”). The Amendment was approved respectively by the Stock Exchange and by the shareholders of the Company on 5 February 2018 after the reporting period.

The 2017 Convertible Bonds carrying amount as at 31 December 2017 amounted to approximately HK\$41,427,000 (carrying amount of the 2016 Convertible Bonds at 31 December 2016: HK\$36,835,000). Details of the movement of the convertible bonds of the Company issued during the year ended 31 December 2017 are set out in note 29 to the consolidated financial statements.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the “**Scheme**”) which became effective on 31 May 2002 for the primary purpose of providing incentives to directors and eligible employees, and was already expired on 30 May 2012. On 28 March 2013, a new share option scheme (the “**New Scheme**”) was passed by way of an ordinary resolution in a special general meeting. The New Scheme lasts for a period of ten years and will expire on 27 March 2023. Under the Scheme and the New Scheme, the Board may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Particulars and details of the movement of the share option schemes of the Company are set out in note 26 to the consolidated financial statements.

債券

本公司分別於二零零八年五月十六日（「第一批債券」）及二零零八年十月三十一日（「第二批債券」）向吳際賢先生發行兩批本金額各為1,100,000,000港元之零息可換股債券（統稱「二零零八年可換股債券」）。於二零一七年一月二十日，餘下之第二批債券（帳面值為550,050,000港元及本金額為386,000,000港元）獲兌換為193,000,000股本公司股份。於二零一七年十二月三十一日，二零零八年可換股債券已全數兌換為本公司股份。

於二零一六年十一月二日，本公司向開灤（香港）國際有限公司發行本金額為43,277,000港元及票息率為每年2.5%之可換股債券（「二零一六年可換股債券」）。二零一六年可換股債券自發行日期起一年後到期，有關到期日於二零一六年十二月三十日經協定後已延長至二零一八年五月二日。於二零一七年十二月二十二日，二零一六年可換股債券若干條款因一份修訂函件而被修訂（「二零一七年可換股債券」），當中包括將到期日延長至二零一九年八月三十一日（「該修訂」）。該修訂於報告期後之二零一八年二月五日分別獲聯交所及本公司股東批准。

二零一七年可換股債券於二零一七年十二月三十一日之帳面值約為41,427,000港元（二零一六年可換股債券於二零一六年十二月三十一日之帳面值：36,835,000港元）。本公司可換股債券於截至二零一七年十二月三十一日止年度之變動詳情載於綜合財務報表附註29。

購股期權計劃

本公司採納自二零零二年五月三十一日起生效之購股期權計劃（「計劃」），主要目的為向董事及合資格僱員提供獎勵，其已於二零一二年五月三十日屆滿。於二零一三年三月二十八日，新購股期權計劃（「新計劃」）已於股東特別大會上藉普通決議案通過。新計劃為期十年，並將於二零二三年三月二十七日屆滿。根據計劃及新計劃，董事會可向合資格僱員（包括本公司及其附屬公司董事）授出購股期權，以認購本公司股份。

本公司購股期權計劃之詳情及變動詳情載於綜合財務報表附註26。

REPORT OF THE DIRECTORS

董事會報告

As at year ended 31 December 2017, movement of share options granted to certain Directors and eligible employees are set out below:

於截至二零一七年十二月三十一日止年度，若干董事及合資格僱員獲授予之購股期權變動詳情載列如下：

Number of share options 購股期權數目							Exercise price on share options HK\$ per share 購股期權行 使價 每股港元
Date of grant of share options	At 1 January 2017	Exercised during the year	Lapsed during the year	At 31 December 2017 於二零一七年 十二月 三十一日	Exercise period of share options		
Gao Jianguo 高建國	6 January 2012 二零一二年 一月六日	600,000	-	(600,000)	-	6 January 2012 – 5 January 2017 二零一二年一月六日至 二零一七年一月五日	0.80
	5 September 2014 二零一四年 九月五日	4,400,000	-	-	4,400,000	6 September 2014 – 5 September 2019 二零一四年九月六日至 二零一九年九月五日	0.66
		5,000,000	-	(600,000)	4,400,000		
Li Baoqi 李寶琦	6 January 2012 二零一二年 一月六日	500,000	-	(500,000)	-	6 January 2012 – 5 January 2017 二零一二年一月六日至 二零一七年一月五日	0.80
	5 September 2014 二零一四年 九月五日	4,000,000	-	-	4,000,000	6 September 2014 – 5 September 2019 二零一四年九月六日至 二零一九年九月五日	0.66
		4,500,000	-	(500,000)	4,000,000		
Other employees 其他僱員	6 January 2012 二零一二年 一月六日	240,000	-	(240,000)	-	6 January 2012 – 5 January 2017 二零一二年一月六日至 二零一七年一月五日	0.80
	5 September 2014 二零一四年 九月五日	5,760,000	-	(3,760,000)	2,000,000	6 September 2014 – 5 September 2019 二零一四年九月六日至 二零一九年九月五日	0.66
		6,000,000	-	(4,000,000)	2,000,000		
		15,500,000	-	(5,100,000)	10,400,000		

REPORT OF THE DIRECTORS

董事會報告

EQUITY-LINKED AGREEMENTS

Save for the “SHARE OPTION SCHEMES” and convertible bonds under “DEBENTURES” as disclosed above and in notes 26 and 29 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted as at 31 December 2017.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the employees of the Group and Directors is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to Directors and eligible employees. Details of the scheme are set out in section heading “SHARE OPTIONS SCHEMES” in this report and in note 26 to the financial statements.

RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed in Hong Kong. The Group's subsidiary which operates in Mainland China participates the central pension scheme operated by the local municipal government for its employees.

MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or the substantial shareholder of the Company nor their respective connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

股票掛鈎協議

除上文「購股期權計劃」所披露者、上文「債券」項下所披露之可換股債券及綜合財務報表附註26及29所披露者外，於截至二零一七年十二月三十一日止年度本公司概無訂立或存在任何股票掛鈎協議而將會或可導致本公司發行股份，或致使本公司須訂立協議而將會或可能導致本公司發行股份。

優先購買權

本公司之公司細則或百慕達法例均無有關優先購買權之條文，以規定本公司必須向現有股東按比例提呈發售新股份。

酬金政策

本集團僱員及董事之酬金政策由薪酬委員會根據僱員之優點、資歷和能力而制定。董事之酬金由薪酬委員會參考本公司之經營業績、個人表現和市場可資比較之數據而決定。

本公司已採納一項購股期權計劃，作為對董事及合資格僱員之一種激勵。計劃詳情載於本報告「購股期權計劃」一節及財務報表附註26。

退休福利計劃

本集團根據強制性公積金計劃條例，為其所有香港僱員推行界定供款強制性公積金退休福利計劃。本集團於中國內地經營之附屬公司為其僱員參與當地市政府運作之中央退休金計劃。

於重大交易、安排或合約之重大權益

概無本公司或其任何附屬公司所訂立而本公司董事或控股股東或彼等各自之關連實體直接或間接擁有重大權益之重大交易、安排或合約於年結日或年內任何時間仍然生效。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors of the Company had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS" and "SHARE OPTION SCHEMES" in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

董事之競爭業務權益

概無本公司董事於截至二零一七年十二月三十一日止年度擁有與本公司或其任何附屬公司存在競爭之任何業務之任何權益。

董事購入股份或債券之權利

除本報告「董事及主要行政人員之權益」及「購股期權計劃」章節所披露者外，於年內任何時間，本公司或其任何附屬公司概無參與訂立任何安排，令董事可藉購入本公司或任何其他法人團體之股份或債券而獲益，本公司董事或彼等之配偶或未滿十八歲之子女亦概無持有任何可認購本公司證券之權利或曾於年內行使任何該等權利。

董事及主要行政人員之權益

於二零一七年十二月三十一日，各董事及本公司主要行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中，擁有已記入本公司根據證券及期貨條例第352條須予存置之登記冊，或根據上市規則所載上市發行人董事進行證券交易的標準守則（「標準守則」）已知會本公司及聯交所之權益及淡倉如下：

REPORT OF THE DIRECTORS

董事會報告

Long positions in shares of the Company

於本公司股份之好倉

Name of Director	Nature of interest	Number of shares held	Approximate percentage of issued share capital
董事姓名	權益性質	所持股份數目	佔已發行股本概約百分比
Zhao Xu Guang 趙旭光	Interest of a controlled corporation (Note a) 控制法團之權益(附註a)	1,400,000,000	53.92%
To Wing Tim, Paddy 杜永添	Beneficial owner and Interest of spouse (Note b) 實益擁有人及配偶權益(附註b)	232,000	0.01%

Notes:

附註：

(a) As at 31 December 2017, the interests were held by Shun Wang Investments Limited which in turn was wholly owned by Mr. Zhao Xu Guang. Accordingly, Mr. Zhao was deemed to be interested in 1,400,000,000 shares of the Company under the Part XV of the SFO.

(a) 於二零一七年十二月三十一日，該等權益由順旺投資有限公司持有，而順旺投資有限公司由趙旭光先生全資擁有。因此，根據證券及期貨條例第XV部，趙先生被視作於1,400,000,000股本公司股份中擁有權益。

(b) As at 31 December 2017, Mr. To Wing Tim, Paddy, an independent non-executive Director of the Company, together with his spouse, respective holding of 60,000 Shares and 172,000 Shares of the Company. Accordingly, Mr. To Wing Tim, Paddy is deemed to have interest in 232,000 Shares of the Company under Part XV of the SFO.

(b) 於二零一七年十二月三十一日，本公司獨立非執行董事杜永添先生與其配偶分別持有60,000股本公司股份及172,000股本公司股份。因此，根據證券及期貨條例第XV部，杜永添先生被視作於232,000股本公司股份中擁有權益。

Long positions in the underlying shares of the Company

於本公司相關股份之好倉

Name of Director	Nature of interest	Number of underlying shares held	Approximate percentage of issued share capital (%)
董事姓名	權益性質	所持相關股份數目	佔已發行股本概約百分比
Li Baoqi 李寶琦	Beneficial owner 實益擁有人	4,000,000	0.15%

Note:

附註：

Mr. Li Baoqi, the Non-Executive Director who retired at annual general meeting of the Company held on 2 June 2017, was subsequently appointed as Executive Director on 9 April 2018. Mr. Li beneficial owns share options of the Company which entitled to subscribe for a maximum of 4,000,000 Shares upon exercise of the options in full.

李寶琦先生在本公司於二零一七年六月二日舉行之股東週年大會上退任非執行董事，並其後於二零一八年四月九日獲委任為執行董事。李先生實益擁有本公司之購股期權，其賦予彼權利於全數行使購股期權後認購最多4,000,000股股份。

REPORT OF THE DIRECTORS

董事會報告

Save as disclosed above, as at 31 December 2017, none of the Directors nor the chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

As at 31 December 2017, the interests and short positions of each person, other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company which had been notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register kept by the Company under section 336 of the SFO, were as follows:

(A) Long positions in shares of the Company:

Name of Shareholder	Nature of interest	Number of shares held	Approximate Percentage of issued share capital 佔已發行股本 概約百分比
股東姓名	權益性質	所持股份數目	概約百分比
Substantial Shareholders:		主要股東：	
Shun Wang Investments Limited 順旺投資有限公司	Beneficial owner (Note) 實益擁有人(附註)	1,400,000,000	53.92%
Zhao Xu Guang 趙旭光	Interest of a controlled corporation (Note) 控制法團之權益(附註)	1,400,000,000	53.92%
Other Person:		其他人士：	
Wu Ying 吳瑛	Beneficial owner 實益擁有人	131,400,000	5.06%

Note: As at 31 December 2017, the interests were held by Shun Wang Investments Limited which in turn was wholly owned by Mr. Zhao Xu Guang. Accordingly, Mr. Zhao was deemed to be interested in 1,400,000,000 shares of the Company under the Part XV of the SFO.

除上文所披露者外，於二零一七年十二月三十一日，各董事及本公司主要行政人員概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中，登記持有根據證券及期貨條例第352條須予記錄之權益或淡倉，或根據標準守則已知會本公司及聯交所之權益或淡倉。

主要股東及其他人士之權益

於二零一七年十二月三十一日，各人士(董事或本公司主要行政人員除外)於本公司之股份或相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部已知會本公司及聯交所之權益及淡倉(包括彼等根據證券及期貨條例該等條文被當作或視作擁有之權益及淡倉)，或記入本公司根據證券及期貨條例第336條存置之登記冊之權益及淡倉如下：

(A) 於本公司股份之好倉：

附註：於二零一七年十二月三十一日，該等權益由順旺投資有限公司持有，而順旺投資有限公司則由趙旭光先生全資擁有。因此，根據證券及期貨條例第XV部，趙先生被視作於1,400,000,000股本公司股份中擁有權益。

REPORT OF THE DIRECTORS

董事會報告

(B) Long positions in underlying shares of the Company:

(B) 於本公司相關股份之好倉：

Name of holder 持有人姓名	Nature of interest 權益性質	Number of underlying shares held 所持相關股份數目	Approximate Percentage of issued share capital 佔已發行股本概約百分比
Kailuan (Hong Kong) International Co., Limited 開灤(香港)國際有限公司	Beneficial owner (Note a) 實益擁有人(附註a)	144,256,976	5.56%
Kailuan (Group) Limited	Interest of a controlled corporation (Note b) 控制法團之權益(附註b)	144,256,976	5.56%
Kailuan (Hong Kong) Co., Limited 開灤(香港)有限公司	Interest of a controlled corporation (Note b) 控制法團之權益(附註b)	144,256,976	5.56%
Rontac Investment Company Limited	Interest of a controlled corporation (Note c) 控制法團之權益(附註c)	144,256,976	5.56%
Rontac Resources Company Limited 融泰資源有限公司	Interest of a controlled corporation (Note c) 控制法團之權益(附註c)	144,256,976	5.56%

Notes:

附註：

- (a) As at 31 December 2017, Kailuan (Hong Kong) International Co., Limited held the 2016 Convertible Bonds in aggregate principal amount of HK\$43,277,000. Pursuant to the terms and conditions of the convertible bonds, the current conversion price of HK\$0.3 per ordinary share, Kailuan (Hong Kong) International Co., Limited is entitled to subscribe for 144,256,976 Shares upon exercise of options in full. Accordingly, Kailuan (Hong Kong) International Co., Limited is beneficial interests in 144,256,976 underlying shares of the Company. On 8 March 2018, 2016 Convertible Bonds were transferred to Rontac Resources Company Limited. Accordingly, Kailuan (Hong Kong) International Co., Limited ceased to have interest in 2016 Convertible Bonds.
- (a) 於二零一七年十二月三十一日，開灤(香港)國際有限公司持有本金總額43,277,000港元之二零一六年可換股債券。根據可換股債券之條款及條件，開灤(香港)國際有限公司有權全數行使購股期權並按現行兌換價每股普通股0.3港元認購144,256,976股股份。因此，開灤(香港)國際有限公司於144,256,976股本公司相關股份中擁有實益權益。於二零一八年三月八日，二零一六年可換股債券由開灤(香港)國際有限公司轉讓至融泰資源有限公司，因此，開灤(香港)國際有限公司不再於二零一六年可換股債券中擁有權益。
- (b) As at 31 December 2017, Kailuan (Hong Kong) International Co., Limited is 51% owned by Kailuan (Hong Kong) Co., Limited which in turn is wholly owned by Kailuan (Group) Limited. Accordingly, both Kailuan (Hong Kong) Co., Limited and Kailuan (Group) Limited are deemed to be interested in 144,256,976 underlying shares of the Company under the Part XV of the SFO. On 8 March 2018, 2016 Convertible Bonds were transferred from Kailuan (Hong Kong) International Co., Limited to Rontac Resources Company Limited. In connection, Kailuan (Hong Kong) Co., Limited and Kailuan (Group) Limited ceased to have the deemed interest in 2016 Convertible Bonds.
- (b) 於二零一七年十二月三十一日，開灤(香港)國際有限公司由開灤(香港)有限公司擁有51%，而開灤(香港)有限公司則由Kailuan (Group) Limited全資擁有。因此，根據證券及期貨條例第XV部，開灤(香港)有限公司及Kailuan (Group) Limited均於144,256,976股本公司相關股份中被視作擁有權益。於二零一八年三月八日，二零一六年可換股債券由開灤(香港)國際有限公司轉讓至融泰資源有限公司，因此，開灤(香港)有限公司及Kailuan (Group) Limited均不再於二零一六年可換股債券中被視作擁有權益。
- (c) At as 31 December 2017, Kailuan (Hong Kong) International Co., Limited is 40% owned by Rontac Resources Company Limited which in turn is wholly owned by Rontac Investment Company Limited. Accordingly, both Rontac Resources Company Limited and Rontac Investment Company Limited are deemed to be interested in 144,256,976 underlying shares of the Company under the Part XV of the SFO. On 8 March 2018, Kailuan (Hong Kong) International Co., Limited transferred the 2016 Convertible Bonds from Kailuan (Hong Kong) International Co., Limited to Rontac Resources Company Limited. In connection, Rontac Resources Company Limited is beneficial interest in 144,256,976 underlying shares of the Company and Rontac Investment Company Limited is deemed to be interested in 144,256,976.
- (c) 於二零一七年十二月三十一日，開灤(香港)國際有限公司由融泰資源有限公司擁有40%，而融泰資源有限公司則由Rontac Investment Company Limited全資擁有。因此，根據證券及期貨條例第XV部，融泰資源有限公司及Rontac Investment Company Limited均於144,256,976股本公司相關股份中被視作擁有權益。於二零一八年三月八日，開灤(香港)國際有限公司轉讓二零一六年可換股債券予融泰資源有限公司，因此，融泰資源有限公司實益持有144,256,976股本公司相關股份權益及Rontac Investment Company Limited於144,256,976股股份中被視作擁有權益。

REPORT OF THE DIRECTORS

董事會報告

Save as disclosed above, as at 31 December 2017, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which had been notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

During the year 2017, there were no connected transactions and continuing connected transactions which were required to be disclosed in accordance with the requirements of the Listing Rules.

None of the related party transactions as set out in note 34 to the consolidated financial statements falls under the definition of “connected transaction” or “continuing connected transaction” under Chapter 14A of the Listing Rules.

LOANS AND OTHER BORROWINGS

The total loans and other borrowings of the Group as at 31 December 2017 amounted to HK\$18,188,000 (2016: HK\$25,813,000). Particulars of loans and other borrowings are set out in note 23 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Group as at 31 December 2017 amounted to approximately HK\$495,154,000 (2016: HK\$412,849,000). Details of movements of property, plant and equipment are set out in note 12 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 79.3% of the Group's total turnover and the largest customer accounted for approximately 51.6% of the Group's total turnover.

The five largest suppliers of the Group accounted for approximately 74.3% of the Group's total purchases for the year and the largest supplier accounted for approximately 48% of the Group's total purchases.

除上文所披露者外，於二零一七年十二月三十一日，就董事或本公司主要行政人員所知，概無人士（董事或本公司主要行政人員除外）於本公司之股份或相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部之條文已知會本公司及聯交所之權益或淡倉。

管理合約

年內，並無任何有關本公司或其附屬公司全盤業務或任何重大部份業務之管理及行政之合約訂立或存在。

關連交易

於二零一七年，概無關連交易及持續關連交易須按照上市規則之規定予以披露。

概無綜合財務報表附註34所載與關連人士之交易符合上市規則第14A章下有關「關連交易」或「持續關連交易」之定義。

貸款及其他借貸

本集團於二零一七年十二月三十一日之貸款及其他借貸達18,188,000港元（二零一六年：25,813,000港元）。貸款及其他借貸詳情載於綜合財務報表附註23。

物業、廠房及設備

本集團於二零一七年十二月三十一日之物業、廠房及設備約值495,154,000港元（二零一六年：412,849,000港元）。物業、廠房及設備之變動詳情載於綜合財務報表附註12。

主要客戶及供應商

本集團五大客戶佔本集團總營業額約79.3%，而最大客戶則佔本集團總營業額約51.6%。

本集團五大供應商佔本集團本年度之購貨總額約74.3%，而最大供應商則佔本集團購貨總額約48%。

REPORT OF THE DIRECTORS

董事會報告

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

The Group is committed to establishing a close and caring relationship with our employees, providing quality services to its customers and enhancing cooperation with its business partners.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has complied with the sufficiency of public float requirement under the Listing Rules during the year ended 31 December 2017.

EVENTS AFTER THE REPORTING PERIOD

On 22 December 2017, the Company entered into a conditional amendment letter with Kailuan (Hong Kong) International Co., Limited, at the time being the holder of the convertible bonds with principal amount of HK\$43,277,000 issued by the Company on 2 November 2016 (the **"2016 Convertible Bonds"**) to alter certain terms of the convertible bonds (the **"Alteration"**). In connection therewith, the Company despatched relevant circular and notice of special general meeting to its shareholders on 15 January 2018 for considering to approve the Alteration. Subsequently, the Alteration was respectively approved by the Stock Exchange and by the shareholders of the Company at the special general meeting held on 5 February 2018 (the **"2018 SGM"**). As such, a deed of modification was executed and the amendments are in effective and the maturity date of the 2016 Convertible Bonds is extended to 31 August 2019. Please refer to the announcement and the circular of the Company dated 22 December 2017 and 15 January 2018, respectively, for further details.

On 29 March 2018, the Group entered into a non-legally binding letter of intent (the **"Letter of Intent"**) with EDB Holdings Limited (the **"EDB"**). Pursuant to the Letter of Intent, both parties agreed to commence further negotiation in good faith on the possible investment whereby the Company may invest in EDB through acquisition or subscription of its shares, with investment amount between HK\$50,000,000 to HK\$150,000,000 as consideration, acquire a percentage of its share capital. EDB's principle subsidiary, 北京聖特爾科技發展有限公司, is a China-based software service provider which the major product named E店寶, is an E-commerce Enterprise Resources Planning software (**"ERP"**). The involvement of ERP business is new to the Group business profile and indicate the possible future development of the Group. The Group will continue to regularly review and adjust the overall development strategy to increase the profitability base of the business.

本公司董事、董事之聯繫人士或據董事所知擁有本公司股本5%以上權益之股東，於年內任何時間概無於本集團任何五大供應商或客戶中擁有權益。

本集團致力與員工建立緊密互助關係，為客戶提供高質素服務及提升與業務夥伴的合作關係。

足夠之公眾持股量

根據於本年報日期本公司公開所得資料及就董事所知，本公司於截至二零一七年十二月三十一日止年度一直遵守上市規則之足夠公眾持股量規定。

報告期後事項

於二零一七年十二月二十二日，本公司與開灤（香港）國際有限公司訂立有條件修訂函件，當時對方為本公司於二零一六年十一月二日發行之本金額為43,277,000港元之可換股債券（「二零一六年可換股債券」）持有人，修訂函件旨在修改可換股債券若干條款（「有關修改」）。就此，本公司於二零一八年一月十五日向其股東寄發相關通函及股東特別大會通告，以考慮批准有關修改。其後，有關修改分別獲聯交所批准及獲本公司股東於二零一八年二月五日舉行之股東特別大會（「二零一八年股東特別大會」）上批准。承上，修改契據已獲簽立且修訂已生效，而二零一六年可換股債券之到期日已延長至二零一九年八月三十一日。有關進一步詳情，請參閱本公司日期為二零一七年十二月二十二日之公告及日期為二零一八年一月十五日之通函。

於二零一八年三月二十九日，本集團與EDB Holdings Limited（「EDB」）訂立無法律約束力之意向書（「意向書」）。根據意向書，訂約雙方同意就潛在投資展開進一步善意磋商，據此，本公司可透過收購或認購EDB股份向其作出投資，投資額為50,000,000港元至150,000,000港元之間，以作為收購其一定百分比的股本之代價。EDB之主要附屬公司北京聖特爾科技發展有限公司為一間中國軟件服務供應商，其主要產品E店寶為一套電子商務企業資源規劃軟件（「ERP」）。ERP業務對本集團而言為一項新的業務領域，反映本集團未來之可能發展。本集團將繼續定期檢討及調整整體業務策略，以提高業務盈利基礎。

REPORT OF THE DIRECTORS

董事會報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measures to achieve efficient use of resources, energy saving and waste reduction. The details of environmental, social and governance information of the Group for the year ended 31 December 2017 are set out in the ESG Report on pages 53 to 72 to this annual report.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance practices. The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group. The Company is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Bermuda Companies Law, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and/or the rules and regulations of the jurisdictions where the shares of the Company are listed and traded. Details of the corporate governance practices of the Group for the year ended 31 December 2017 are set out in the CG Report on pages 37 to 52 to this annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of Members of the Company will be closed from 31 May 2018 (Thursday) to 5 June 2018 (Tuesday), both days inclusive. In order to qualify for the attendance of the forthcoming annual general meeting of the Company to be held on 5 June 2018 (Tuesday), share transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 30 May 2018 (Wednesday).

AUDITOR

The consolidated financial statements for the year ended 31 December 2017 have been audited by Ernst & Young. Ernst & Young will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2018 AGM.

On behalf of the Board

Zhao Xu Guang

Chairman

環境、社會及管治

本集團致力支持環境的可持續發展，努力遵守環保相關法律及法規，採取措施以達致資源有效利用、節能及減廢。本集團截至二零一七年十二月三十一日止年度之環境、社會及管治詳情載於本年報第53至72頁之環境社會管治報告。

企業管治

本集團致力保持高水平之企業管治常規標準。本集團已遵循對營運有重大影響之相關法律及法規。本公司受上市規則、公司收購、合併及股份回購守則、百慕達公司法、公司條例（香港法例第622章）、證券及期貨條例（香港法例第571章）及／或本公司股份上市及買賣所在之司法權區之規則及規例所規管。本集團截至二零一七年十二月三十一日止年度之企業管治常規詳情載於本年報第37至52頁之企業管治報告。

暫停股份過戶登記

本公司將於二零一八年五月三十一日（星期四）起至二零一八年六月五日（星期二）（包括首尾兩日）暫停股份過戶登記。為符合資格出席本公司將於二零一八年六月五日（星期二）舉行之應屆股東週年大會，股份過戶表格連同有關股票須不遲於二零一八年五月三十日（星期三）下午四時三十分送達本公司之香港股份過戶登記分處卓佳秘書商務有限公司，地址為香港灣仔皇后大道東183號合和中心22樓。

核數師

截至二零一七年十二月三十一日止年度之綜合財務報表已由安永會計師事務所審核。安永會計師事務所將於應屆二零一八年股東週年大會上退任，並符合資格且願意獲續聘。

代表董事會

主席

趙旭光

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is committed to upholding high standard of corporate governance. The Directors believes that effective corporate governance practices emphasised on accountability and transparency is the key to protect the interest of our shareholders, investors and other stakeholders, enhance the confidences in the Group business and fulfil its social responsibility.

CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the Group corporate governance practices which have applied the principles set out in the Corporate Governance Code (the “CG Code”) in Appendix 14, under the Listing Rules issued by the Stock Exchange together with all other applicable rules under Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance and other applicable laws, rules and guidelines.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2017 and up to the date of this report, except for the code provisions A.2.1, A.6.7, C.2.5 and D.1.4 with reasons for each deviation explained hereunder, the Company has complied with the code provisions as set out in the CG Code.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors. All Directors have confirmed in writing, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year ended 31 December 2017.

CORPORATE GOVERNANCE STRUCTURE

The Company has designed an appropriate corporate governance structure for the Group which headed by an effective Board of Directors. To assist the Board in discharging its duties and facilitate effective management, the Board has established three Board committees (each, a “Board Committee”), including Audit Committee, Nomination Committee and Remuneration Committee. The Board undertakes the corporate governance function and lead by the Chairman. The majority member of each Board Committee is independent non-executive Directors, and each Board Committee has its own defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the websites of the Company and the Stock Exchange.

董事會致力持守高水平之企業管治。董事相信，強調問責性及透明度之企業管治常規倘行之有效，其將在保障股東、投資者及其他權益人之利益、加強對本集團業務之信心及履行社會責任上發揮關鍵作用。

企業管治常規

董事會定期檢討本集團之企業管治常規。有關常規採用聯交所上市規則附錄14之企業管治常規守則（「企業管治守則」）所載原則，以及上市規則下之所有其他適用規則、證券及期貨條例、公司條例及其他適用法例、規例及指引。

遵守企業管治守則

截至二零一七年十二月三十一日止年度及直至本報告日期，除偏離守則條文第A.2.1條、第A.6.7條、第C.2.5條及第D.1.4條外（偏離原因於下文說明），本公司已遵守企業管治守則所載之守則條文。

遵守標準守則

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的標準守則（「標準守則」），作為董事進行證券交易之行為守則。經本公司作出特定查詢後，全體董事已以書面確認，其於截至二零一七年十二月三十一日止整個年度已全面遵守標準守則。

企業管治架構

本公司已設計出一套適合本集團的企業管治架構，並透過董事會的有效運作來領導。為協助董事會執行其職務及提高管理效率，董事會已成立三個委員會（各自稱為「董事會委員會」），分別為審核委員會、提名委員會及薪酬委員會。董事會由主席帶領，共同履行企業管治職能。各董事會委員會之成員均以獨立非執行董事佔大多數，而各董事會委員會均已各自制定經董事會核准之明確書面職權範圍，內容涵蓋委員會之職務、權力及職能。該等職權範圍文本可於本公司及聯交所網站查閱。

BOARD OF DIRECTORS

The Board comprises seven Directors, including two Executive Directors, namely Mr. Zhao Xu Guang (Chairman) and Mr. Li Baoqi, two Non-Executive Directors, namely Mr. Wong Siu Hung, Patrick and Mr. Huang Man Yem, and three Independent Non-Executive Directors, namely Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.

Directors' Retirement at 2018 AGM

In accordance with the bye-law 99 of the Bye-Laws of the Company, Mr. Lam Hoy Lee, Laurie and Mr. To Wing Tim, Paddy will retire by rotation at the forthcoming annual general meeting of the Company, the 2018 AGM and, being eligible, offer themselves for re-election.

Pursuant to bye-law 102(b) of the Bye-Laws of the Company, Mr. Li Baoqi appointed on 9 April 2018 will hold office until the following annual general meeting and will retire at the annual general meeting, the 2018 AGM, and being eligible, offer himself for re-election.

Responsibilities of the Board

The Company is headed by the Board which is responsible for the leadership. The Board is ultimately accountable for the Group's operations, strategies, financial performance and compliance. The following outlined the key matters are reserved to the Board for approval:

- set Group's overall objectives and business strategies
- establish Board Committees, define the role and duties of each Board Committees
- authorise delegation of power to the management for implementation of its decisions
- direct and supervise management performance
- oversees the Group's compliance with statutory and regulatory obligations
- review financial statements, announcements and reports
- recommendation of dividends and its distribution

董事會

董事會由七名董事組成，包括兩名執行董事（趙旭光先生（主席）及李寶琦先生）、兩名非執行董事（黃少雄先生及黃文鑫先生）及三名獨立非執行董事（林開利先生、劉家豪先生及杜永添先生）。

於二零一八年股東週年大會上退任之董事

根據本公司公司細則細則第99條，林開利先生及杜永添先生將於本公司應屆二零一八年股東週年大會上輪值告退，彼等符合資格並願意膺選連任。

根據本公司公司細則細則第102(b)條，於二零一八年四月九日獲委任之李寶琦先生將留任至下屆股東週年大會為止，並將於二零一八年股東週年大會上退任，惟彼符合資格並願意膺選連任。

董事會之責任

本公司由董事會領導，而董事會須承擔領導的責任。董事會須就本集團之營運、策略、財務表現及合規事宜負上最終責任。下列關鍵事務由董事會負責批准：

- 制定本集團之整體目標及業務策略
- 設立董事會委員會，訂明各董事會委員會之角色及職務
- 賦予管理層落實決策之權力
- 指導並監督管理層之行動
- 監察本集團遵守法定及監管義務之情況
- 審閱財務報表、公告及報告
- 提出股息及有關股息派發之建議

Delegation to the Management

The Board has delegated its power to the Executive Directors to act on its behalf. The Executive Directors are responsible for day-to-day management of operations, implements the decisions approved by the Board, conduct regular meetings with the senior management of the Company and its subsidiaries and associated companies, at which operational issues and financial performance are evaluated. The Executive Directors are required to report and update the Board on a regular basis on business development, financial positions, market updates, risk management, compliance and corporate governance issues.

Code Provision D.1.4

Pursuant to code provision D.1.4, issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

Reason for Deviation

As disclosed in the Report of the Directors and explained in respective appointment announcement published, there are no service contract nor letter of appointment of directors. This constitutes a deviation from code provision D.1.4 of the CG Code. The Board will nevertheless review the need to have the formal letter and service contract from time to time.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Zhao Xu Guang, being the Chairman of the Board, also act as Chief Executive Officer since 2 May 2017.

Code Provision A.2.1

Code provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Reason for Deviation

Mr. Zhao Xu Guang is the Chairman of the Board and also serves as Chief Executive Officer since 2 May 2017. The deviation is noted by the Board and the Directors consider the dual role is essential as Mr. Zhao provides the Company with strong and consistent leadership and facilitates the implementation and execution of the business strategies while the Group re-build and develop its business with his leadership in Board, and thus achieves the Company's objectives efficiently and effectively in response to the changing environment.

賦權管理層

董事會賦予執行董事其權力以代其行事。執行董事負責管理日常營運、落實由董事會批准之決策，並與本公司及其附屬公司及聯營公司之高級管理層定期舉行會議，藉此評價營運相關議題及財務表現。執行董事須定期向董事會匯報並提供有關業務發展、財務狀況、市場發展、風險管理、監管合規及企業管治事宜之最新資料。

守則條文第D.1.4條

根據守則條文第D.1.4條，發行人應有正式的董事委任函，訂明董事委任之主要條款及條件。

偏離原因

誠如董事會報告所披露及各份已刊發之委任公告所闡釋，並無訂立任何服務合約或董事委任函。此偏離了企業管治守則之守則條文第D.1.4條。儘管如此，董事會將不時檢討是否需要訂立正式委任函及服務合約。

主席及行政總裁

董事會主席為趙旭光先生，彼亦同時自二零一七年五月二日起擔任行政總裁。

守則條文第A.2.1條

企業管治守則之守則條文第A.2.1條規定主席與行政總裁的角色應有區分，並不應由同一人兼任。

偏離原因

趙旭光先生為董事會主席並自二零一七年五月二日起兼任行政總裁。董事會已注意到有關偏離，而各董事均認為趙先生身兼二職有其必要，因趙先生為本公司提供強而有力且貫徹一致的領導，有利業務策略的制訂及推行，同時在彼領導下之董事會，本集團得以重建及發展其業務，並因此能在不斷變化的環境中，有效及高效地實現本公司的目標。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board considers that the Company has established a strong corporate governance structure in place to ensure effective management, Mr. Wong Siu Hung, Patrick, the Executive Director who also act as General Manager responsible for daily operation management of the Group while Mr. Zhao is more focus on business strategic development. In addition, the three independent Non-Executive Directors in Board which ensure there is a strong independent element on the Board which can effectively exercise independent judgement and oversight the business management in major decision making. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

NON-EXECUTIVE DIRECTORS

The Board comprises four Non-Executive Directors including Independent Non-Executive Directors, namely, Mr. Huang Man Yem, Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy. According to the bye-law 99 of the Bye-Laws, at each Annual General Meeting, one-third of the Directors at the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. All non-executive Directors also subject to retirement by rotation requirement under the Bye-Laws and shall retire from office at least once every three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board comprises of three members out of seven board members in total, representing over 40% of Board, are Independent Non-Executive Directors (the “INEDs”). The Board is satisfied that current composition of INEDs in compliance with the requirement of INEDs under Rules 3.10(1) and (2) and 3.10A of the Listing Rule.

All INEDs are professionals with qualification recognition, either certified public accountant or lawyer, who possess extensive experience in their own professions. The biography details of the INEDs are set out on page 18 of this annual report. During the year 2017, all INEDs contribute impartial view to the Board members and make independent judgement on issues discussed at the Board meetings.

INDEPENDENCE CONFIRMATION

The Company have received annual confirmation of independence from each INED for the financial year ended 31 December 2017 pursuant to the independence guidelines as set out in Rule 3.13 of the Listing Rules, upon review and assesses, the Board consider each of the INEDs fulfilled the independence requirement throughout the year. The INEDs had been identified in all corporate communications of the Company that disclose the names of Directors.

董事會認為，本公司已建立強大的企業管治架構，以確保有效管理。執行董事黃少雄先生兼任總經理，負責本集團日常營運管理，趙先生則比較集中於業務戰略發展。此外，董事會三名獨立非執行董事能確保董事會有強大的獨立性，能在重大決策中有效行使獨立判斷和監督業務管理。儘管如此，董事會將根據當前情況不時檢討架構。

非執行董事

董事會有四名非執行董事（包括獨立非執行董事），分別為黃文鑫先生、林開利先生、劉家豪先生及杜永添先生。根據公司細則第99條，於每屆股東週年大會上，當時之三分之一董事須輪值告退，惟每一名董事須每三年最少輪值告退一次。全體非執行董事亦須根據公司細則輪值告退，並須每三年最少退任一次。

獨立非執行董事

董事會七名成員中，共三名成員為獨立非執行董事（「獨立非執行董事」），佔董事會成員數逾40%。董事會信納現時之獨立非執行董事組成比例符合上市規則第3.10(1)及(2)條及第3.10A條。

全體獨立非執行董事均為專業人士，具備會計師或律師之認可資格，於各自之專業領域擁有豐富經驗。獨立非執行董事之履歷詳情載於本年報第18頁。於二零一七年，全體獨立非執行董事為董事會成員提供客觀意見，並就董事會會議上商議之議題作出獨立判斷。

確認獨立性

根據上市規則第3.13條所載之獨立性指引，本公司已收到各獨立非執行董事就截至二零一七年十二月三十一日止財政年度之年度獨立性確認書。經審閱及評估後，董事會認為各獨立非執行董事於整個年度一直符合獨立性要求。本公司所有公司通訊均披露了董事姓名，當中亦已記載獨立非執行董事之姓名。

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RELATIONSHIP BETWEEN BOARD MEMBERS

Saved as disclosed under section heading “BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT” on pages 16 to 18 under this annual report, none of the members of the Board has any relationship, neither financial, business, family or other material/relevant relations, among each other.

INSURANCE FOR DIRECTORS AND OFFICERS

The Company has arranged appropriate insurance cover in respect of legal action against the Directors and management of the Group.

INDEPENDENT PROFESSIONAL ADVICE

All Board members have separate and independent access to the Company Secretary and management of the Group to fulfil their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group’s expense upon their request.

COMPANY SECRETARY

The Company Secretary of the Company, Mr. Li Chi Chung, undertakes to ensure a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to Directors’ obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. During the year ended 31 December 2017, the Company Secretary finished no less than 15 hours of relevant professional training and in compliance with the training requirement under Rule 3.29 of the Listing Rules.

BOARD MEETINGS AND PROCEEDINGS

Regular Board meetings were held four (4) times during the financial year ended 31 December 2017. The Directors have access to the advice and services of the Company Secretary and company secretarial team for ensuring that the Board procedures, all applicable rules and regulations are followed.

The chairman of the meeting and the General Manager set the meeting agenda in consultation with other Board members and with assistance of the company secretarial team. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting and reasonable notice was given for other board meetings. Board papers and meeting materials with sufficient information details are sent to Board and Committee members at least 3 days before each meeting to enable the Directors to make informed decisions.

董事會各成員之間的關係

除本年報第16至18頁「董事及高級管理人員之履歷詳情」一節所披露者外，董事會成員彼此之間概無任何關係，不論是財務上、業務上、家屬或其他重大／相關之關係。

董事及高級管理人員保險

本公司已就針對董事及本公司管理層之法律行動安排合適保險。

獨立專業意見

為履行彼等之職務，全體董事會成員均可自行及循獨立途徑聯絡公司秘書及本集團管理層。獨立專業意見可於董事提出要求時索取，以協助有關董事執行彼等之職務，費用由本集團承擔。

公司秘書

本公司之公司秘書李智聰先生承諾確保董事會內部和董事會與高級管理層之間有良好的信息流通；就董事根據上市規則及適用法律及法規下之責任，向董事會做出建議；以及協助董事會實施企業管治常規。截至二零一七年十二月三十一日止年度，公司秘書已完成不少於15小時之相關專業培訓，符合上市規則第3.29條之培訓規定。

董事會會議及議事程序

董事會於截至二零一七年十二月三十一日止財政年度舉行了四(4)次董事會定期會議。董事可獲得公司秘書及公司秘書團隊之意見及使用其服務，以確保董事會程序及所有適用規則及規例獲得遵守。

會議主席及總經理經諮詢其他董事會成員及在公司秘書團隊之協助下制定會議議程。董事會會議通告於各董事會定期會議舉行前至少14日發送予董事，至於其他董事會會議，亦會給予合理通知期。董事會及委員會成員於各會議舉行前至少3日獲發送會議文件及會議資料，當中載有充分詳細資料，以供董事作出知情決定。

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Minutes of Board meetings and Board Committee meetings are drafted by the Company Secretary of the meetings and recorded in sufficient details the matters discussed and decisions reached and have been circulated to the Directors for comment and record in a timing manner. Originals of all minutes of the Company are kept by the company secretarial team and open for inspection by Directors.

董事會及董事會委員會之會議記錄由會上之公司秘書草擬，當中詳細記錄商議事項及所作決定，並已適時分發予各董事以供彼等發表意見及作記錄之用。本公司所有會議記錄之正本交公司秘書團隊保管，並開放予董事查閱。

If a Director has conflict of interest in a matter to be considered by the Board which the Board has determined to be material, that Director will be abstained from voting on the relevant resolutions with conflict of interest and that he/she shall not be counted in the quorum present at such Board meeting.

如某董事於董事會將予審議之事宜上有利益衝突，而董事會判定有關利益衝突為重大，該董事將放棄就有利益衝突之相關決議案投票，且不會計入有關董事會會議之法定出席人數。

Attendance of Board Meeting and General Meeting during FY2017

於二零一七年財政年度之董事會會議及股東大會出席人數

The attendance of Board meetings and general meeting during the year ended 31 December 2017 is set out below:

截至二零一七年十二月三十一日止年度，董事會會議及股東大會之出席人數載列如下：

Capacity & Name of Director	Board Meetings Attended/Held & Eligible to Attend 董事會會議 出席人數/舉行次數 及有權出席人數	Attendance at 2017 AGM 二零一七年 股東週年大會 出席情況
董事職銜及姓名		
Executive Directors	執行董事	
Mr. Zhao Xu Guang (<i>Chairman & CEO</i>)	趙旭光先生(主席兼行政總裁)	4/4
Mr. Wong Siu Hung, Patrick (<i>General Manager</i>)	黃少雄先生(總經理)	4/4
Non-Executive Directors	非執行董事	
Mr. Huang Man Yem	黃文鑫先生	4/4
Mr. Li Baoqi (<i>retired on 2 June 2017</i>)	李寶琦先生(於二零一七年六月二日退任)	3/4
Independent Non-Executive Directors	獨立非執行董事	
Mr. Lam Hoy Lee, Laurie	林開利先生	4/4
Mr. Lau Ka Ho	劉家豪先生	4/4
Mr. To Wing Tim, Paddy	杜永添先生	4/4

Code Provision A.6.7

Code provision A.6.7 of CG Code stipulates that Independent Non-Executive Directors and other Non-Executive Directors should attend general meeting and develop a balanced understanding of the views of shareholders.

守則條文第A.6.7條

根據企業管治守則之守則條文第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，對股東的意見有公正的了解。

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Reason for Deviation

The non-executive Director, Mr. Huang Man Yem was unable to attend the annual general meeting of the Company held on 2 June 2017 due to his other business engagements. This constitutes a deviation from code provision A.6.7 of the CG Code.

The Company Secretary has reminded the Non-Executive Director the non-compliance consequence and the Company will remind the Directors to attend general meetings in future.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To encourage Directors in continuous professional development (the “CPD”) to refresh their knowledge and skills, the Company have provided the Directors with updates on the development of the Listing Rules and other applicable regulations and laws in connection to their duties and responsibilities of being a Director. The Company also provided to the Directors the monthly business performance and position updates of the Group to ensure the Board discharge their duties under Rule 13.08 and code provision A.6.5 of CG Code under the Listing Rules.

For the year ended 31 December 2017, all Directors have provided to the Company a record of their CPD training by attending seminars and conferences, taking courses and reading materials. A summary of training topics covered as follows:

偏離原因

非執行董事黃文鑫先生因另有要務在身，未能出席本公司於二零一七年六月二日舉行的股東週年大會。此偏離了企業管治守則之守則條文第A.6.7條。

公司秘書已提請該名非執行董事注意不合規的後果，而本公司將提醒各董事於未來出席股東大會。

持續專業發展

為鼓勵各董事參與持續專業發展（「持續專業發展」）以更新其知識及技能，本公司已針對董事之職務及職責，向董事提供關於上市規則及其他適用規例及法律之最新發展情況。本公司亦已向董事提供本集團之每月業務表現及業務狀況更新，以確保董事會能根據上市規則第13.08條及上市規則企業管治守則之守則條文第A.6.5條執行職務。

截至二零一七年十二月三十一日止年度，全體董事均已向本公司提供彼等參與持續專業發展培訓之記錄，培訓包括出席研討會及討論會、修讀課程及閱讀培訓材料。培訓涵蓋之課題概列如下：

Name of Director	Topics of Training		
	Legal/ Accounting/ Financial	Corporate Governance	Group Business/ Directors Duties
董事姓名	法律/ 會計/財務	企業管治	集團業務/ 董事職務
Mr. Zhao Xu Guang	趙旭光先生	✓	✓
Mr. Wong Siu Hung, Patrick	黃少雄先生	✓	✓
Mr. Li Baoqi	李寶琦先生	✓	✓
Mr. Huang Man Yem	黃文鑫先生	✓	✓
Mr. Lam Hoy Lee, Laurie	林開利先生	✓	✓
Mr. Lau Ka Ho	劉家豪先生	✓	✓
Mr. To Wing Tim, Paddy	杜永添先生	✓	✓

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AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, namely, Mr. Lau Ka Ho who also acts as Chairman of the committee, Mr. To Wing Tim, Paddy and Mr. Lam Hoy Lee, Laurie, and one Non-Executive Director, Mr. Huang Man Yem.

The Audit Committee is responsible for reviews and supervises the Group's accounting policies and financial reporting, risk management and internal control practices, maintains an appropriate relationship with the external auditors and ensure the regulatory compliance of the Group.

During the review of financial statements, management reported liquidity position of the Group and measures taken/to be taken to enable the Group to sustain as a going concern. The audit committee is aware of the matter as one of key audit matters and to be included in the section under material uncertainty related to going concern in the Independent Auditor's Report for 2017 consolidated financial statements. The audit committee did not express any disagreement with management's assessment concerning of the going concern assumptions in the preparation of 2017 consolidated financial statements.

The attendance of Audit Committee meetings during the year ended 31 December 2017 is set out below:

Capacity and Name of Director

董事職銜及姓名

Chairman of Audit Committee

Mr. Lau Ka Ho

審核委員會主席

劉家豪先生

3/3

Members

Mr. Lam Hoy Lee, Laurie

成員

林開利先生

3/3

Mr. To Wing Tim, Paddy

杜永添先生

3/3

Mr. Huang Man Yem

黃文鑫先生

3/3

A summary of work performed during the year ended 31 December 2017 is set out as follows:

- reviewed the interim and annual financial statements and reports and recommended to the Board for adopt and approval;
- reviewed the performance and independence of the external auditor and recommended the Board on the re-appointment of external auditor at the AGM;

審核委員會

審核委員會由三名獨立非執行董事及一名非執行董事組成，分別為獨立非執行董事劉家豪先生（擔任委員會主席）、杜永添先生及林開利先生及非執行董事黃文鑫先生。

審核委員會負責檢討並監督本集團之會計政策以及財務申報、風險管理及內部監控常規，適當維持與外聘核數師之關係，以及確保本集團監管合規。

在審閱財務報表期間，管理層已就本集團之資金流動狀況及已採取／將採取之措施作出報告，以使本集團能夠持續經營。審核委員會認為該事項為關鍵審核事項之一，並將納入二零一七年綜合財務報表之獨立核數師報告內與持續經營有關之重大不確定因素一節內。審核委員會並無就有關編製二零一七年綜合財務報表之持續經營假設之管理層評估表示任何意見分歧。

截至二零一七年十二月三十一日止年度，審核委員會會議之出席人數載列如下：

Audit Committee Meetings Attended/Held & Eligible to Attend

審核委員會會議
出席人數／舉行次數及
有權出席人數

審核委員會於截至二零一七年十二月三十一日止年度已進行之工作概列如下：

- 審閱中期及年度財務報表及報告，並向董事會作出採納及批准建議；
- 檢討外聘核數師之表現及獨立性，並就於股東週年大會上續聘外聘核數師向董事會作出建議；

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- reviewed and approved the annual audit plan for the financial year;
 - reviewed the independence of external auditors and its engagement letter and approved the engagement;
 - reviewed and approved engagements of respective independent external professionals to assess the effectiveness of risk management and internal control system and compliance of environmental and social regulations of the Group; and
 - reviewed the respective compliance and risk and internal control assessment reports, and the corporate governance review report of the Group.
- 審閱並批准本財政年度之年度審核計劃；
 - 檢討外聘核數師之獨立性及審閱其委聘函件，並批准有關委聘；
 - 檢討並批准各獨立外聘專業人士之有關委聘，彼等獲聘評估本集團之風險管理及內部監控系統之有效性以及本集團於遵守環境及社會法規方面之合規情況；及
 - 審閱本集團各合規及各風險及內部監控評估報告以及企業管治檢討報告。

The Audit Committee has recommended to the Board on consider the re-appointment of Ernst & Young as external auditors of the Company at the forthcoming 2018 annual general meeting of the Company.

審核委員會已建議董事會於本公司應屆二零一八年股東週年大會續聘安永會計師事務所為本公司外聘核數師。

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Independent Non-Executive Directors, namely, Mr. Lau Ka Ho, Mr. To Wing Tim, Paddy and Mr. Lam Hoy Lee, Laurie who also acts as Chairman of the committee, and one Non-Executive Director, Mr. Huang Man Yem.

薪酬委員會

薪酬委員會由三名獨立非執行董事及一名非執行董事組成，分別為獨立非執行董事劉家豪先生、杜永添先生及林開利先生（擔任委員會主席）及非執行董事黃文鑫先生。

The Remuneration Committee is responsible for reviews and recommends to the Board on the overall remuneration structure and policy for all Directors and senior management, review specific remuneration packages, ensure a formal and transparent process in place to develop remuneration policy and no Director takes part in decisions of his own remuneration.

薪酬委員會負責檢討並向董事會建議有關全體董事及高級管理人員之整體薪酬架構及政策，檢討各個別薪酬待遇，確保制定薪酬政策之過程為正規及具透明度，以及確保概無董事參與釐定自身薪酬。

The attendance of Remuneration Committee meetings during the year ended 31 December 2017 is set out below:

截至二零一七年十二月三十一日止年度，薪酬委員會會議之出席人數載列如下：

Capacity and Name of Director	Remuneration Committee Meetings Attended/Held & Eligible to Attend
董事職銜及姓名	薪酬委員會會議出席人數／舉行次數及有權出席人數
Chairman of Remuneration Committee Mr. Lam Hoy Lee, Laurie	薪酬委員會主席 林開利先生 2/2
Members Mr. Huang Man Yem Mr. To Wing Tim, Paddy Mr. Lau Ka Ho	成員 黃文鑫先生 2/2 杜永添先生 2/2 劉家豪先生 2/2

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A summary of work performed by the Remuneration Committee during the year ended 31 December 2017 is set out as follows:

- reviewed the Directors' fee for the year and recommended to the Board for approval;
- reviewed and assessed the remuneration policy and structure of the Group;
- reviewed the appointment of Chief Executive Officer and recommended to the Board the adjustment of monthly salary considered his dual capacity as Chairman and the responsibilities undertaking;

薪酬委員會於截至二零一七年十二月三十一日止年度已進行之工作概列如下：

- 檢討年度董事袍金並向董事會作出批准建議；
- 檢討及評估本集團之薪酬政策及架構；及
- 檢討行政總裁之委任，並於考慮其身兼主席之雙重身分及職責承擔後向董事會建議調整其月薪。

Details of the remuneration of each of the Directors for the financial year are set out in note 8 to the consolidated financial statements. The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2017 is set out below:

各董事於財政年度之薪酬詳情載於綜合財務報表附註8。截至二零一七年十二月三十一日止年度按薪酬組別劃分之高級管理人員薪酬載列如下：

Remuneration Band 薪酬組別	Number of Persons as Senior Management 高級管理人員人數
Nil to HK\$2,000,000 零至2,000,000港元	6
HK\$2,000,001 to HK\$4,000,000 2,000,001港元至4,000,000港元	1

NOMINATION COMMITTEE

The Nomination Committee comprises three Independent Non-Executive Directors, namely, Mr. Lau Ka Ho, Mr. To Wing Tim, Paddy and Mr. Lam Hoy Lee, Laurie, and one Executive Director, Mr. Zhao Xu Guang who also acts as Chairman of the Committee.

提名委員會

提名委員會由三名獨立非執行董事及一名執行董事組成，分別為獨立非執行董事劉家豪先生、杜永添先生及林開利先生及執行董事趙旭光先生（擔任委員會主席）。

The Nomination Committee is responsible for reviews the composition of the Board in terms of board structure, size and diversity, reviews the board diversity policy, determines the policy for the nomination of Directors and identifying potential candidates for directorship, recommends to the Board on the appointment, re-appointment, re-election or re-designation of Directors and succession planning for Directors, assesses the independence of Independent Non-Executive directors and reviews the time commitment of each Director.

提名委員會負責檢討董事會在架構、人數及成員多樣性方面之組成，檢討董事會成員多元化政策，釐定提名董事政策並物色潛在董事人選，就委任、重新委任、重選或調任董事及董事之接班安排向董事會作出建議，評估獨立非執行董事之獨立性，以及檢視各董事付出之時間。

CORPORATE GOVERNANCE REPORT

企業管治報告

The attendance of Remuneration Committee meetings during the year ended 31 December 2017 is set out below:

截至二零一七年十二月三十一日止年度，提名委員會會議之出席人數載列如下：

Capacity and Name of Director	Nomination Committee Meetings Attended/Held & Eligible to Attend
董事職銜及姓名	提名委員會會議出席人數／舉行次數及有權出席人數
Chairman of Nomination Committee	
Mr. Zhao Xu Guang	2/2
Members	
Mr. Lam Hoy Lee, Laurie	2/2
Mr. To Wing Tim, Paddy	2/2
Mr. Lau Ka Ho	2/2

A summary of work performed by the Nomination Committee during the year ended 31 December 2017 is set out as follows:

提名委員會於截至二零一七年十二月三十一日止年度已進行之工作概列如下：

- | | |
|--|--|
| <ul style="list-style-type: none"> • reviewed the composition of the Board in terms of board structure, size and diversity policy; • reviewed the independence of Independent Non-Executive Directors; • reviewed the time commitment of each Director to discharge their responsibilities as Director; • reviewed the retirement by rotation requirement and nominated the Directors for re-election; and • reviewed the Group's business plan and recommended to the Board to appoint the Chairman of the Board to act as Chief Executive Officer to ensure the business plan can be effectively implemented. | <ul style="list-style-type: none"> • 檢討董事會在架構、人數及多元化政策方面之組成； • 檢討獨立非執行董事之獨立性； • 檢視各董事履行董事職責所付出的時間； • 檢討輪值告退之規定並提名董事膺選連任；及 • 審閱本集團之業務計劃並建議董事會委任董事會主席兼任行政總裁，以確保業務計劃能有效實施。 |
|--|--|

CORPORATE GOVERNANCE FUNCTION

The Board undertakes the corporate governance function for the Group with assistance of Audit Committee, responsible for (1) develops and reviews the policies and practices on corporate governance of the Group, (2) reviews and monitors legal and regulatory compliance of the Group and (3) the training and continuous professional development of directors and senior management, (4) reviews and monitors the code of conduct applicable to employees and directors and (5) review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

企業管治職能

董事會在審核委員會之協助下承擔本集團之企業管治職能，其責任包括(1)制定及檢討本集團之企業管治政策及常規，(2)檢討及監察本集團之法律及監管合規情況，(3)董事及高級管理人員之培訓及持續專業發展，(4)檢討及監察適用於僱員及董事之行為守則，以及(5)檢討發行人遵守守則之情況及於企業管治報告內之披露。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledged that it is responsible for the risk management and internal control systems and reviewing the effectiveness. The internal controls of the Group are designed to provide reasonable assurance rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is designed for assurance the Group's assets and shareholders' investments are safeguarded against unauthorised use or disposition, transactions are executed in accordance with the management's authorisation, internal audit, proper accounting records are maintained, and the relevant legislation and regulations are being complied with.

Internal Audit Function

Code Provision C.2.5

Pursuant to code provision C.2.5, issuers should have internal audit function and that issuers without an internal audit function should review the need for one on an annual basis and should disclose reasons for absence of such a function in CG Report.

Reason for Deviation

The Company has not assigned a separate internal audit function. This constitutes a deviation from code provision C.2.5 of the CG Code. To ensure the effectiveness of risk management and internal control system of the Group, the Company engaged external independent consultant to at least annually conduct an independent review of the risk management and internal control system of the Group, assess the effectiveness and report directly to the Audit Committee. The Board consider it is appropriate approach to have independent expertise review our risk management and internal control system with the knowledge and updates of local changing environmental policy. In addition, the arrangement allows flexibility for the management to explore new business opportunities in different industries. The board will nevertheless review the need to have an internal audit function from time to time in light of the business development of the Group.

風險管理及內部監控

董事會確認其須對風險管理及內部監控系統負責，並有責任檢討其有效性。本集團之內部監控系統是為能實現業務目標提供合理保證而非消除無法實現業務目標之風險而設，且僅能就防止重大錯誤陳述或損失提供合理而非絕對之保證。其設計是為保證本集團之資產及股東之投資獲保障不會在未經許可下使用及處置，交易有根據管理層之授權進行，內部審核，會計記錄獲妥善存置，以及相關法例及法規獲得遵行。

內部審核功能

守則條文第C.2.5條

根據守則條文第C.2.5條，發行人應設立內部審核功能，而沒有內部審核功能的發行人須每年檢討是否需要增設此項功能，並披露為何沒有這項功能。

偏離原因

本公司並無分配獨立的內部審核功能。此偏離了企業管治守則之守則條文第C.2.5條。為確保本集團之風險管理及內部監控系統行之有效，本公司委聘外部獨立顧問每年對本集團之風險管理及內部監控系統進行至少一次獨立檢討。董事會認為，由具備本地環保政策最新資訊及知識之獨立專家檢討本集團之風險管理及內部監控系統為適當。此外，有關安排亦給予管理層靈活性，容許其探索不同行業之新業務機遇。儘管如此，董事會將因應本集團業務發展，不時檢討是否需要增設內部審核功能。

Risk Management and Internal Control Framework

The risk management and internal control framework of the Group are developed and reviewed annually based on Integrated Framework released by the Committee of Sponsoring Organizations of the Treadway Commission (collectively the “**COSO Framework**”) includes the following procedures:

- identify risks of the Group's and evaluate the level of the risks and impacts on regular basis;
- report the high risks to the management to discuss the approach and measures to manage those risks;
- implement the measures to manage the risks as management advised;
- review regularly whether the measures have been implemented and appropriate at current situation;
- review annually the whole risk management and internal control practices;
- report the effectiveness of the measures and the risk management and internal control systems;
- adjust the risks approach and measures if consider appropriate; and
- monitor the risks on regular basis.

Independent Assessment

To ensure the independent review of the effectiveness of the risk management and internal control systems, the Group engaged independent external professionals to perform annual review and assessment of the risk management and internal control system of the Group covered the financial year ended 31 December 2017 to ensure the compliance of relevant regulations and rules. The review report was submitted to the Audit Committee.

Review of the Effectiveness

The Audit Committee reviewed the report and consider the Group's risk management and internal control system based on COSO Framework is adequate and the practice is effective that the Group has complied with the provisions on risk management and internal controls as set out in the CG Code.

風險管理及內部監控框架

根據美國反舞弊性財務報告委員會發起組織所頒佈之綜合框架(統稱「**COSO框架**」)建立並經每年檢討之本集團風險管理及內部監控框架載列以下程序：

- 識別本集團之風險並定期評價有關風險之水平及影響；
- 向管理層匯報高危風險，以討論有關管理該等風險之方法及措施；
- 按管理層之建議實行有關措施以管理該等風險；
- 定期檢視有關措施是否已實行及是否適合於當前情況；
- 每年檢討整個風險管理及內部監控之常規；
- 匯報措施以及風險管理及內部監控系統之有效性；
- 如認為適當，調整風險管理方法及措施；及
- 定期監察風險。

獨立評估

為確保能對風險管理及內部監控系統之有效性作出獨立檢討，本集團已委聘獨立外聘專業人士對本集團之風險管理及內部監控系統(涵蓋截至二零一七年十二月三十一日止財政年度)進行年度檢討及評估，以確保相關規例及規則獲得遵守。檢討報告已提交審核委員會。

檢討有效性

審核委員會已審閱有關報告，並認為本集團以COSO框架為基礎之風險管理及內部監控系統為適當且已獲有效實踐，致使本集團符合企業管治守則所載之風險管理及內部監控條文。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S INDEPENDENCY AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements. The Audit Committee were of the view that the Company's auditor, Ernst & Young is independent.

During the Year, Ernst & Young has rendered audit services to the Group and the remuneration paid/payable to it by the Group is set out as follows:

Service Rendered

所提供服務

Audit Services

審核服務

Fees Paid/Payable

已付／應付費用

1,600,000

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the consolidated financial statements of the Company for the financial year ended 31 December 2017 and other financial disclosures required under the Listing Rules and applicable regulatory and law requirement. The Board, having made appropriate enquiries, considers that the Company has adequate resources to continue in operational existence for the foreseeable future and that for this reason, it is appropriate to adopt the "going concern" basis in preparing the consolidated financial statements. The Statements of the Auditor on its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 73 to 80 in this Annual Report.

CONSTITUTIONAL DOCUMENTS

There was no change in the Bye-Laws of the Company during the year ended 31 December 2017.

SHAREHOLDERS' RIGHTS

Shareholders of the Company are entitled to exercise certain rights pursuant to the Bermuda Companies Act 1981, Bye-Laws of the Company and the CG Code under Listing Rules.

核數師之獨立性及酬金

審核委員會按規定須檢討及監察核數師之獨立性，以確保財務報表審核程序之客觀性及有效性。審核委員會認為本公司之核數師安永會計師事務所是獨立核數師。

年內，安永會計師事務所已為本集團提供審核服務，而本集團已付／應付安永會計師事務所之酬金載列如下：

董事就財務報表所承擔之責任

董事確認就編製本公司截至二零一七年十二月三十一日止財政年度之綜合財務報表以及根據上市規則及適用之監管及法律規定所須作出之其他財務披露承擔有關責任。經作出適當查詢後，董事會認為本公司具備足夠資源於可見未來繼續營運，並基於此理由認為，採納「持續經營」基準編製綜合財務報表為合適。核數師就其對綜合財務報表之申報責任而作出之聲明載於本年報第73至80頁之獨立核數師報告內。

憲章文件

截至二零一七年十二月三十一日止年度，本公司之公司細則概無變動。

股東權利

本公司股東有權根據百慕達一九八一年公司法、本公司之公司細則及上市規則之企業管治守則行使若干權利。

Convene Special General Meeting

Pursuant to the Bermuda Companies Act 1981 and Bye-laws of the Company, on requisition of Shareholders holding at the date of the deposit of the requisition (the “Request Submission Date”) not less than 10% of the paid-up capital of the Company as at the Request Submission Date carries the right of voting at general meetings of the Company, Directors shall proceed duly to convene a special general meeting of the Company (a “SGM”).

The requisition, may consist of several documents in like form each signed by one or more Shareholders, must (1) state the purposes of the SGM, (2) be signed by the Shareholders and (3) deposited at the registered office of the Company for attention of Company Secretary. Such requisitions will be subject to verification by the Company's Hong Kong Branch Share Registrar, and upon its confirmation that the requisition is in order, the Company Secretary shall inform the Board to convene a SGM by serving sufficient notice to all Shareholders under the Bye-Laws. If requisition be verified as not in order, Shareholder(s) will be notified of such results and accordingly, a SGM will not be convened as requested.

If Directors do not within 21 days from the Request Submission Date proceed duly to convene a meeting, the Shareholders or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after the expiration of 3 months from the Request Submission Date. A SGM convened on requisition of Shareholders shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Put Forward Proposals at General Meetings

Pursuant to the Bermuda Companies Act 1981, either any number of Shareholders holding not less than 5% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

召開股東特別大會

根據百慕達一九八一年公司法及本公司之公司細則，倘若該等於遞交請求當日（「遞交請求日期」）持有附帶權利可於股東大會投票之本公司繳足股本不少於10%之股東遞交請求，董事應妥為安排召開本公司股東特別大會（「股東特別大會」）。

有關請求可由一名或以上股東簽署之多份相同格式文件組成，其必須(1)說明股東特別大會之目的，(2)經股東簽署及(3)遞交至本公司註冊辦事處並註明公司秘書收。有關請求將由本公司之香港股份過戶登記分處核實，一經確認有關請求為妥當，則公司秘書將通知董事會按照公司細則規定向全體股東發送充分的通知而召開股東特別大會。倘請求經核實為不妥當，則股東將獲通知有關結果，而股東特別大會亦將不會應要求召開。

倘董事自遞交請求日期起計21日內，未有妥為安排召開大會，則股東或任何佔全體股東一半以上總投票權之股東可自行召開股東特別大會，惟任何如此召開之大會均不能於遞交請求日期起計三個月屆滿後舉行。應股東請求而召開之股東特別大會，須盡可能以接近董事召開會議之方式召開。

於股東大會上提呈建議

根據百慕達一九八一年公司法，持有附帶權利可於本公司股東大會投票之本公司繳足股本不少於5%之任何人數的股東，或不少於100名股東，可書面請求本公司(a)向有權接收下一屆股東大會通告之股東發出通告，以告知任何可能於該大會上正式動議及擬於會上動議之決議案；及(b)向有權接收任何股東大會通告之股東傳閱任何不超過1,000字之陳述書，以告知於該大會上提呈之任何決議案所述事宜或將處理之事項。

The requisition signed by all the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, must be deposited at the principal office of the Company in Hong Kong with deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect thereto (i) in case of a requisition requiring notice of a resolution, not less than 6 weeks before the meeting or (ii) in the case of any other requisition, not less than one week before the meeting. Provided that if after a copy of the requisition requiring notice of a resolution has been deposited at the principal office of the Company, an AGM is called for a date within 6 weeks or less after the requisition has been deposited, such requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Shareholders Enquires and Investor Relations

Shareholders are welcome to make enquiries with the Board at the general meetings of the Company.

For enquiries about your shareholdings on the Company, registered Shareholders may at any time direct contact the Hong Kong Branch Share Registrar of the Company:

Tricor Secretaries Limited

Level 22 Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Telephone: 2980 1333
E-mail: is-enquiries@hk.tricorglobal.com

For any other enquiries, Shareholders may at any time send enquiries to the Company:

Investor Relations

Huscoke Resources Holdings Limited

Room 2301, 23rd Floor
Tower One, Lippo Centre
89 Queensway, Admiralty, Hong Kong
Telephone: 2861 0704
E-mail: admin@huscoke.com

由所有請求人簽署之請求或兩份或以上載有所有請求人簽名之副本，必須遞交至本公司之香港主要辦事處，並須連同有關請求遞交或提交一筆足以合理彌補本公司於執行有關請求時所產生之開支之款項，據此，倘(i)有關請求要求就決議案發出通告，其須於大會舉行前六週遞交，或(ii)為任何其他請求，其須於大會舉行前一週遞交。倘於遞交請求副本至本公司之主要辦事處後六週或較短期間內之某一日召開股東週年大會（僅限於要求就決議案發出通告之請求），有關請求雖未有在規定時間內遞交，惟其就此而言亦將被視為已妥為遞交。

股東查詢及投資者關係

本公司歡迎股東於本公司之股東大會上向董事會作出查詢。

有關股東所持本公司股份數目之查詢，各登記股東可於任何時間直接聯絡本公司之香港股份過戶登記分處，詳情如下：

卓佳秘書商務有限公司

香港灣仔
皇后大道東183號
合和中心22樓
電話：2980 1333
電郵：is-enquiries@hk.tricorglobal.com

如有任何其他查詢，各股東可於任何時間向本公司發送郵件查詢，詳情如下：

和嘉資源控股有限公司

投資者關係

香港金鐘道89號
力寶中心1座23樓2301室
電話：2861 0704
電郵：admin@huscoke.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

SCOPE AND REPORTING PERIOD

This is the second ESG report by the Group, highlighting its Environmental, Social, and Governance (the “ESG”) performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in Mainland China including coal washing plant, coking plant, power and heating plant in Xiaoyi, Shanxi Province from 1 January 2017 to 31 December 2017, unless otherwise stated.

The group’s office space in Hong Kong was not included in the scope, due to 1) its limited environmental and social impacts; and (2) the group leases the office space and has sustainable managerial control on the daily operation and maintenances of the building and its consequences.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input and feedback from its stakeholders as they bring potential impacts to the Group’s business. Key stakeholders including board members, investors, shareholders, employees, suppliers, clients, external consultants and industry experts continuously discuss and review areas of attention in monthly meetings and community engagement activities, assisting the business meeting its potential growth and be prepared for future challenges.

For this year’s stakeholder survey, internal stakeholders, particularly board members and directors, are engaged. The Group and its stakeholders identified the following material aspects:

- Air emissions and waste-water;
- Energy and water consumption;
- Occupational health and safety; and
- Employment, training and development.

範圍及報告期間

此份報告為本集團第二份環境社會管治報告，內容詳列本集團於環境、社會及管治（「環境社會管治」）之表現，並參考香港聯合交易所有限公司之上市規則附錄27所述「環境、社會及管治報告指引」提供披露資料。

除另有述明外，本環境社會管治報告涵蓋二零一七年一月一日至二零一七年十二月三十一日，本集團於中國山西省孝義市的洗煤廠、焦化廠、發電廠及發熱廠業務營運中兩個主要範疇（即環境及社會）的整體表現。

本集團之香港辦公室空間不包括在報告範圍內，因為1) 其對環境及社會之影響有限；及2) 本集團之辦公室屬租賃空間，集團對樓宇之日常營運及維護以及其後續情況持續管理上的控制。

權益人參與及重要性

由於權益人為本集團之業務帶來潛在影響，本集團重視彼等之貢獻及意見。主要權益人包括董事會成員、投資者、股東、僱員、供應商、客戶、外聘顧問及行業專家，彼等於每月舉行之會議及社區活動持續討論及提出相關意見，以協助業務實現其潛在增長及應付未來挑戰。

內部權益人（尤其董事會成員及董事）已參與本年度之權益人調查。本集團及其權益人已確定以下重大範疇：

- 氣體排放及污水；
- 能源消耗及用水；
- 職業健康及安全；及
- 僱傭、培訓及發展。

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The above aspects were strictly managed through the Group's policies and guidelines. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at admin@huscoke.com.

HUSCOKE'S SUSTAINABILITY COMMITMENT

The overall sustainability commitment of the group reinforces the concept of creating an "ecological Shanxi" promoted by the central, regional, and local government. Huscoke's business value and management approaches focus on serving people, homeland and the society. Huscoke aims to become fully vertical integrated along the coal industry supply chain, from downstream trading to midstream processing and upstream ancillary businesses.

Huscoke continues to invest in state-of-the-art technologies, enabling the group to outperform even the most stringent environmental standards placed on the coal industry by the local and national government. The Group continues to focus on reducing emissions and resource consumption through the adoption of cleaner production facilities, recycling all waste-water, recycling and reusing by-products either on-site or to downstream processors to the maximum extent.

A. ENVIRONMENTAL

The group continues its effort on environmental management, with joint efforts from the former General Manager, Deputy General Manager, environmental departments and supervisors from all other functional departments. The policy implementation of pollution and emission reduction plan, real-time monitoring of air and water emissions, timely maintenance and calibration of environmental facilities, monthly internal meeting, and quarterly environmental reports are among those management outcomes.

上述範疇受本集團之政策及指引嚴格管理。本集團將繼續於所關注之範疇中尋找可以改善的地方，並與其權益人保持緊密溝通，以就促進本集團之環境社會管治之管理分享及交流意見。

權益人的意見

本集團歡迎權益人對環境、社會及管治方針和表現提出意見。請透過電郵admin@huscoke.com作出提議或與我們分享意見。

公司的持續發展承諾

本集團之整體可持續發展承諾加強有關中央、地區及地方政府推廣的創建「生態山西」概念。公司之商業價值和管理方法專注於為人們、家園和社會服務，公司的發展目標是成為在煤炭業供應鏈中涵蓋下游貿易到中游加工及上游附屬業務的完整垂直整合煤炭企業。

公司繼續投資先進技術，讓本集團即使在地方及國家政府對煤炭業推行最嚴格環境標準之情況下仍然表現出眾。本集團繼續透過採用較潔淨之生產設備、循環所有污水、在最大程度上回收及重用副產品至現場或下游加工廠，專注於減少排放及資源消耗。

A. 環保

本集團與前任總經理、副總經理、各環境部門以及來自所有其他功能部門之管理人員攜手繼續致力於環境管理。減少污染及排放計劃之政策推行、氣體及用水排放之實時監測、及時維護及校準環境設施、每月內部會議，以及季度環境報告均為其中取得之管理成果。

The goal is not only to ensure any discharge within the national standards, but also to continue maximizing the efficient use of raw materials by expanding its business chain to a fully integrated and better loop-chained coal business. The economic resilience and environmental sustainability have been simultaneously achieved by:

- Producing refined coal from raw coal in coal washing
- Producing coke from refined coal in coking process (which also recovers coal gas, tar residue, crude benzene slag, etc.), continuing to secure a steady supply of refined coal to meet production capacity in the coking process
- Generating heat and electricity at heating and power plant with coal middlings or coal gangue resulted from coal processing; updating and installing new flue gas purification/desulphurization (FGD) facilities and heat recovery boiler for steam production, providing 31% of heating demand for the whole city.

1. TYPE OF EMISSIONS

Major air emissions such as SO_x, NO_x, PM, and benzpyrene from coal washing, coke production, electricity and heat production are all closely monitored by the city authority – the Environmental Protection Monitoring Station, on-site emissions reported from sampling spots in 2017 were all within one quarter to one half of the permissible emission level of national standards. There is GHG emission related to the group's production process and discussed in the following section.

Total plant area coverage (including coal washing plant, coking plant, power and heating plant) for the Group was 314,333 m² and the Group accounts for major emissions from its operations in Mainland China.

目標不但是為確保任何排放均符合國家標準，亦為繼續透過擴展其業務鏈至一個全面整合和更環環相扣之煤炭業務，擴大本集團使用原材料效益。經濟韌性及環境可持續發展已透過以下方法同時達成：

- 原煤經過洗煤分選後生產精煤
- 精煤經煉焦過程後生產焦炭(同時回收煤氣、焦渣、粗苯渣等副產品)，持續確保精煤穩定供應以在煉焦過程中滿足產能
- 分選出的中煤或煤矸石於熱電廠發電及供熱；更新及安裝新煙氣淨化／煙氣脫硫(FGD)設施以及熱回收鍋爐以作蒸汽生產，提供整個城市31%之用熱需求。

1. 排放類別

主要氣體排放物例如於洗煤、煤炭生產、電及熱生產過程排放之硫氧化物、氮氧化物、懸浮粒子及苯並芘，均受城市管理局－環境保護監測站緊密監測，於二零一七年樣點報告顯示現場排放全部在國家標準的許可排放水平四分之一至二分之一的範圍內。有關本集團生產過程之溫室氣體排放於下節作討論。

本集團之廠房總覆蓋面積(包括洗煤廠、焦化廠及熱電廠)為314,333平方米，而本集團之中國內地業務佔大部分排放量。

2. ENERGY AND GREENHOUSE GAS (GHG) EMISSION

The energy sources used by the group in 2017 include coal gas, coal, petrol, and diesel (Table 1, Note: The coal gas intensity 233 Nm³/ton coke is the design capacity, real data not available due to lack of measuring facility. Table 2. It should be noted that petrol and diesel consumption is from the company-owned vehicles and freight, they were converted to kWh unit as an estimation for indirect energy consumption, and should not be confused with indirect GHG emission. Instead, the GHG associated with their consumption is direct (scope 1) emission and cut-off based on last year's GHG results and this year's consumption amount.

Table 1 Direct energy consumption and intensity of on-site operational input

Energy Source 能源	2016 Consumption 二零一六年消耗量	2017 Consumption 二零一七年消耗量	2016 Intensity 二零一六年強度	2017 Intensity 二零一七年強度
Coal gas 煤氣	127.4 million Nm ³ 127.4百萬標準立方米	144.2 million Nm ³ 144.2百萬標準立方米	233 Nm ³ /ton coke 233標準立方米／噸焦炭	233 Nm ³ /ton coke 233標準立方米／噸焦炭
Coal (low heating value) 煤(低熱值)	411.4 thousand tonnes 411.4千噸	450.6 thousand tonnes 450.6千噸	0.446 kg/kwh 41.47 kg/GJ (coal equivalent) 0.446克／千瓦時 41.47 克／千兆焦耳(煤當量)	0.452 kg/kWh 0.452克／千瓦時

Note: The coal gas intensity 233 Nm³/ton coke is the design capacity, real data not available due to lack of measuring facility.

2. 能源及溫室氣體 (GHG) 排放

本集團於二零一七年使用之能源包括煤氣、煤、汽油及柴油(表格1, 表格2)。值得注意的是汽油及柴油消耗來自公司車輛及貨運, 其轉換至千瓦時單位以用於估計間接能源消耗, 且不應與間接溫室氣體排放混淆。相反, 與汽油及柴油消耗有關聯之溫室氣體為直接(範圍1)排放, 有關消耗基於上年度之溫室氣體排放結果及本年度消耗量並未納入計算之中。

表格1 現場運作所投入之直接能源消耗及強度

附註: 煤氣強度233標準立方米／噸焦炭為設計產能, 因缺乏測量設施而未能提供真實數據。

CO_{2eq} in thousand tonnes for different operation in 2016 and 2017
二零一六年及二零一七年不同營運之溫室氣體排放當量(千噸)

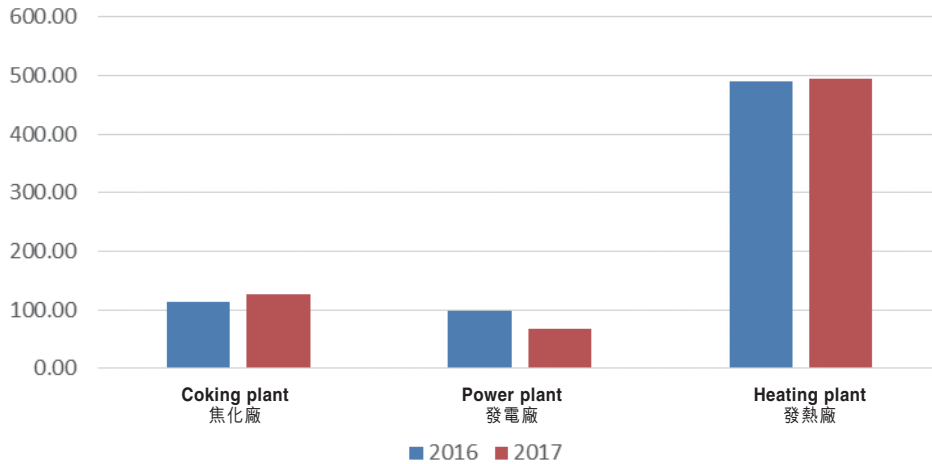


Figure 1 GHG emission by activity sources in 2016 and 2017.

圖表1 二零一六年及二零一七年按活動來源劃分之溫室氣體排放

Table 2 Indirect energy (fuel) consumption (converted to electricity consumption in kWh)

表格2 間接能源(燃料)消耗(轉換至以千瓦時為單位之電力消耗)

Energy Source	能源	2017	2017
		direct consumption (in litre) 二零一七年直接消耗 (升)	indirect energy consumption (in kWh) 二零一七年間接消耗 (千瓦時)
Petrol	汽油	180,230.71	1,597,141.92
Diesel	柴油	975,576.46	9,754,144.83

[^] The conversion of diesel and petrol to kWh is based on the lower heating value of the fuel, according to the 2016 China Energy Statistics Yearbook.

[^] 根據二零一六年中國能源統計年鑑，汽油及柴油乃基於該當燃料之較低熱值轉換至千瓦時。

The GHG calculated corresponds to the energy consumption by the group (**Table 3**). There is onsite electricity and heat production for group's own consumption, other than providing to external communities, therefore no scope 2 emission is involved for the reporting year.

所計算之溫室氣體相當於本集團之能源消耗(**表格3**)。由於本集團於現場生產電熱供自身消耗，而非向外在群體提供。因此，於本報告年度並無包括範圍2排放。

The petrol and diesel consumption used for staff commuting as well as for operational usage (e.g., company-owned pickup trucks) are relatively negligible compared to the above-reported energy sources, and only accounting for only 0.04% of total GHG emission in 2016, consequently, their consumption and emission were cut-off for the 2017 reporting cycle.

相較上述報告之能源，用作員工通勤以及作為營運用途(例如公司自家輕型貨車)之汽油及柴油消耗屬較微不足道，其僅佔二零一六年溫室氣體總排放僅0.04%。因此，其消耗及排放並未納入二零一七年報告週期之計算中。

The hotspot for GHG emission is located within the heating plant, which emitted over 4 times of GHG in both reporting years (**Figure 1**). With the continuous efforts paid to invest in cleaner technologies and emission reduction, 2017 observed a slight reduction in total GHG emission compared to last year.

溫室氣體排放熱點位於發熱廠內，於兩個報告年度排放逾四倍溫室氣體（**圖表1**）。隨著在投資較潔淨技術及減少排放上不斷付出努力，二零一七年溫室氣體總排放較上年度輕微減少。

2017 WATER CONSUMPTION BY OPERATIONS
二零一七年營運用水量

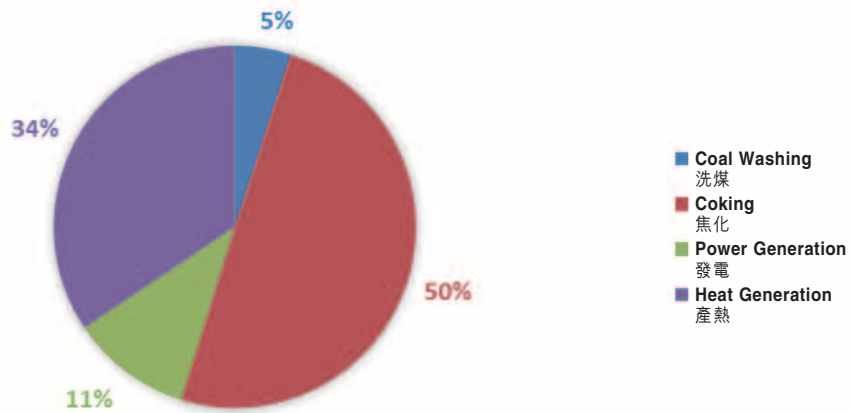


Figure 2 Water consumption by operation in 2017

圖表2 二零一七年營運用水量

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Table 3 GHG by emission source in 2017

表格3 於二零一七年來自排放來源之
溫室氣體

Scope of Greenhouse Gas Emissions	Emission Sources	Emission (in tonnes of CO ₂ e) 排放量 (以二氧化碳噸量計算)	Total Emission (in percentage) 總排放量 (百分比)
溫室氣體排放範圍	排放來源		
Scope 1			
範圍1			
Direct Emission 直接排放	Boiler for Coking*	126,905	100%
	焦化鍋爐*		
	Boiler for Power Generation*	68,496	
	發電鍋爐*		
	Boiler for Heat Generation*	494,263	
	發熱鍋爐*		
	Petrol Consumed	Cut-off	
汽油消耗	並未納入計算		
Diesel Consumed	Cut-off		
柴油消耗	並未納入計算		
Scope 2			
範圍2			
Indirect Emission	Not applicable	Not applicable	Not applicable
間接排放	不適用	不適用	不適用
Scope 3			
範圍3			
Other Indirect Emission	Not calculated	Not calculated	Not calculated
其他間接排放	無計算	無計算	無計算
Total		689,664	
總計			

* Main emissions from the Group's business operations were carbon dioxide and methane. Since emission of methane was minimal, it has been calculated together with carbon dioxide for convenience.

* 本集團業務營運產生之主要排放為二氧化碳及甲烷。由於甲烷排放量甚微，為方便起見其與二氧化碳一併計算。

Water consumption in relative percentage for different operation in 2016 and 2017

二零一六年及二零一七年不同營運之用水量(相對百分比)

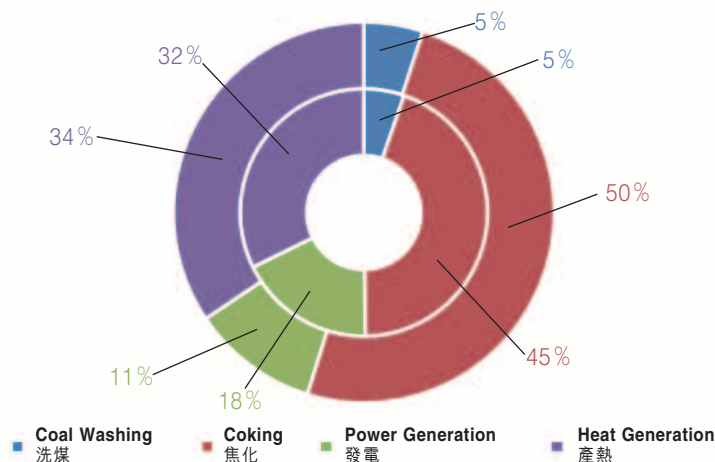


Figure 3 The relative water consumption (in%) in each operating plant in 2016 (inner rings) and 2017.

圖表3 二零一六年(內圈)及二零一七年各營運廠房之相對用水量(百分比)

The PM, SO_x and NO_x emissions from coke production have been closely monitored during the production and below is a sample from the emissions from tube furnace equipment by the Environmental Protection Monitoring Station from the city authority (Table 4). For both reporting years, waste from desulfurization process dominates the hazardous waste category while the waste oil was the most insignificant.

焦炭生產過程排放之懸浮粒子、硫氧化物及氮氧化物排放已於生產過程中緊密監測。以下為城市管理局環境保護監測站所測量之管式爐設備排放樣本(表格4)。去年與本年的兩個報告年期，有害廢物主要由脫硫過程產生，而廢油則佔有害廢物的最低比例。

Table 4 PM, SO_x, and NO_x emission from production process

表格4 生產過程排放之懸浮粒子、硫氧化物及氮氧化物

Air emissions	氣體排放	Onsite concentration (mg/m ³) 現場含量 (毫克/立方米)	Permissible concentration* (mg/m ³) 許可含量* (毫克/立方米)
PM	懸浮粒子	4.1	30
SO _x	硫氧化物	15	50
NO _x	氮氧化物	65	200

* According to the "Discharge standard of pollutants for coke chemical industry".

* 根據「煉焦化學工業污染物排放標準」。

The SO_x emission from road transportation was calculated (Table 5), while NO_x and PM emission were not reported this year due to lack of travel data. With the data collection system under construction, it is hoped that the group will provide information regarding PM and NO_x in the next reporting period.

來自道路運輸之硫氧化物排放已作計算(表格5)，而氮氧化物及懸浮粒子排放因缺乏出行數據而並無於本年度報告。通過正在籌建之數據收集系統，期待本集團於下個報告期間能提供有關懸浮粒子及氮氧化物之資料。

Hazardous waster generation in relative percentage per waste category in 2016 and 2017
二零一六年及二零一七年各廢物類別產生之有害廢物(相對百分比)

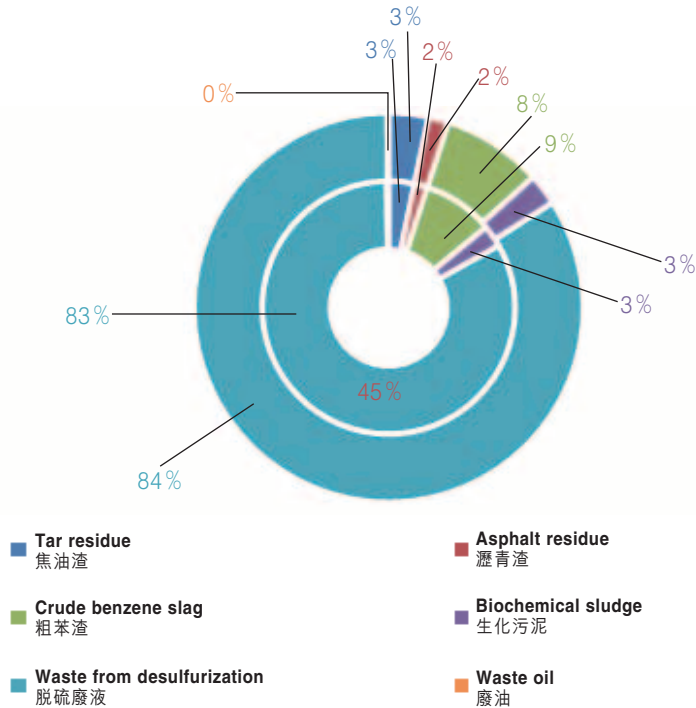


Figure 4a The hazardous waste generation (in%) by waste category in 2016 (inner rings) and 2017.

圖表4a 二零一六年(內圈)及二零一七年各廢物類別產生之有害廢物(百分比)

Non-hazardous waste generation in relative percentage per waste category in 2016 and 2017
二零一六年及二零一七年各廢物類別產生之無害廢物(相對百分比)

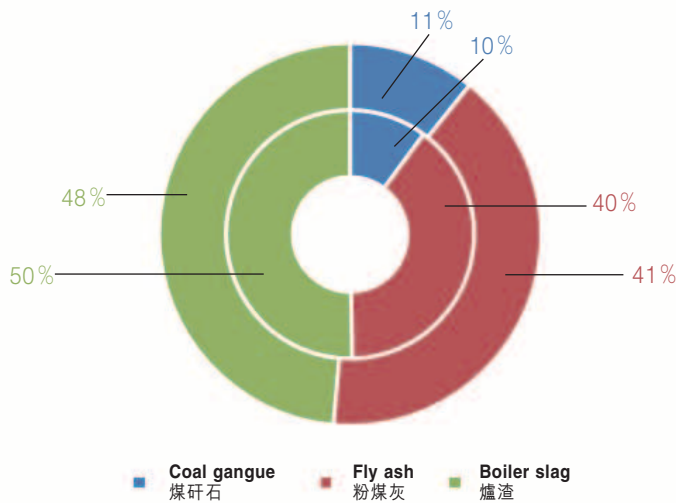


Figure 4b The non-hazardous waste generation (in%) by waste category in 2016 (inner rings) and 2017.

圖表4b 二零一六年(內圈)及二零一七年各廢物類別產生之無害廢物(百分比)

Table 5 SO_x emission from road transportation

表格5 來自道路運輸之硫氧化物排放

Road transportation	道路運輸	2017 consumption (litre) 二零一七年 消耗量 (升)	SO _x total emission (kg) 硫氧化物 總排放 (千克)
Diesel	汽油	975,576.46	15.71
Petrol	柴油	180,230.71	2.65
		Total SO _x emission 硫氧化物總排放	18.36

Total and turnover number of employees by age group in 2017
二零一七年按年齡組別劃分之總僱員及流失僱員數目

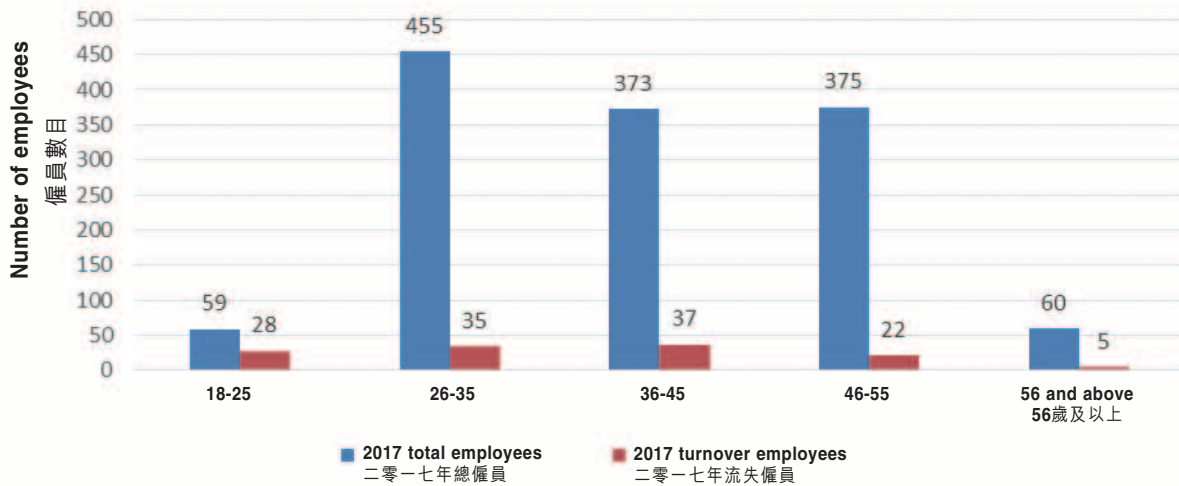


Figure 5 Total and turnover employees by age group in 2017, including all employees (functional, middle, and senior management).

圖表5 二零一七年按年齡組別劃分之總僱員及流失僱員數目，包括所有僱員（功能、中級及高級管理人員）

3. WATER CONSUMPTION

Water consumption by the Group was 1,650,489 tonnes with a water intensity of 5.25 tonnes/m². All wastewater was treated onsite and reused within the plant. The whole plant has no wastewater outlets, including coal washing plant. They have a real-time connection to monitoring station under Ministry of Environmental Protection of the People's Republic of China.

3. 用水

本集團用水量為1,650,489噸，用水量密度為5.25噸／平方米。所有污水於現場處理並於廠房內重用。整個廠房並無污水出口，包括洗煤廠。其與中華人民共和國環境保護部監測站實時連接。

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Table 6 Water Consumption and Intensity by Production in 2016 and 2017[^]

表格6 於二零一六年及二零一七年之生產用水量及用水量密度[^]

Production	2016 water consumption (tonnes) 二零一六年之用水量 (噸)	2017 water consumption (tonnes) 二零一七年之用水量 (噸)	2016 intensity	2017 intensity	
			二零一六年密度	二零一七年密度	
Coking Plant 焦化廠	Coke 焦炭	736,675	821,634	1.32 1.32噸／噸焦炭	1.32 1.32噸／噸焦炭
Power and Heat Generation Plant 1 熱電一廠	Electricity 電力	296,475	178,059	97 97噸／ 10 ⁴ 千瓦時	40.3 40.3噸／ 10 ⁴ 千瓦時
Power and Heat Generation Plant 2 熱電二廠	Heat 熱能	534,080	567,904	48 48噸／千瓦時	0.077 0.077噸／ 千兆焦耳

[^] The water consumption in coal washing plant (total annual consumption at 82,892 tonnes) is relatively insignificant for both years, therefore its water intensity it is not included in the table. The intensity data for power and heat generation plant 2 was reported in different units for the two reporting years due to the co-generation of heat (in GJ) and power (in kWh). The Group will consider modifying the reporting unit as water consumption per hour from next reporting cycle.

[^] 洗煤廠於兩個年度之用水量(全年總用量為82,892噸)相對甚微。因此，其用水量密度並無載列於表格中。熱電二廠之密度數據因熱(千兆焦耳)及電(千瓦時)聯產而於兩個報告年度以不同單位報告。本集團將考慮從下個報告週期開始修改報告單位為每小時用水量。

The overall trend for water consumption is similar to the last reporting cycle, with the least water consumed in coal washing plant and the highest for coking plant (Figure 3) – showing the relative percentage contribution instead of absolute consumption. Similar to a reduction in energy consumption for power plant from 2016, it also observes the most significant reduction in water consumption from 2016 to 2017.

用水量整體趨勢與上個報告週期相似，洗煤廠用水量最少而焦化廠用水量最多(圖表3) – 顯示相對百分比貢獻而非絕對消耗。與自二零一六年起發電廠能源消耗減少相似，於二零一六年至二零一七年呈現最顯著減少的為用水量。

5. HAZARDOUS AND NON-HAZARDOUS WASTE

Hazardous solid waste has been continuously and stringently monitored for 100% collection and follow-up treatment on-site. A total annual hazardous waste of 435.91 tonnes was observed (**Table 7**). In 2017, there are the same six categories of hazardous waste as of 2016, with the same waste treatment methods. There are only slight changes in the waste generation for all six categories compared with 2016 (**Figure 4a**).

For non-hazardous waste from production lines, the same three categories of non-hazardous waste have been observed - the coal gangue (32,273 tonnes), fly ash (121,816 tonnes), and boiler slag (145,687 tonnes). Same to the treatment method applied in 2016, they were all transported to external sites for 100% recovery for making building bricks (**Table 7**).

5. 有害廢物及無害廢物

有害固體廢物一直受持續嚴格監測，確保100%現場收集及跟進處理。全年總計有害廢物為435.91噸(**表格7**)。於二零一七年共有六個與二零一六年相同類別之有害廢物，並使用相同廢物處理方法。全部六種廢物之產生相較二零一六年僅有輕微變化(**圖表4a**)。

對於來自生產線之無害廢物，已觀察到三個相同類別之無害廢物－煤矸石(32,273噸)、粉煤灰(121,816噸)及爐渣(145,687噸)。與二零一六年應用之處理方法一樣，全部上述無害廢物均已運送至外部地點以作100%重用以製造建築用磚(**表格7**)。

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Table 7 Waste generation and intensity for hazardous and non-hazardous waste for 2017

表格7 二零一七年有害及無害廢物之廢物產生和密度

Waste type	Waste name	2017 waste generation (tonnes) 二零一七年廢物產生 (噸)	2017 Intensity (tonnes/tonne) 二零一七年密度 (噸/噸)	Treatment method
廢物類型	廢物名稱			處理方法
Hazardous waste 有害廢物	Tar residue 焦油渣	14.03	N/A 不適用	Sent back to coking plant's boiler for incineration 送回焦化廠鍋爐銷毀
	Asphalt residue 瀝青渣	7.35		Same as above 同上
	Crude benzene slag 粗苯渣	36.7		Same as above 同上
	Biochemical sludge 生化污泥	11.43		Same as above 同上
	Waste from desulfurization 脫硫廢液	366		Same as above 同上
	Waste oil 廢油	0.4		Collected for on-site reuse 收集作現場重用
	Total hazardous waste 總計有害廢物		435.91	6.99×10 ⁻⁴ tonnes/tonne coke 6.99×10 ⁻⁴ 噸/噸焦炭
Non-hazardous waste 無害廢物	Coal gangue 煤矸石	32,273	0.078 tonnes/tonne raw coal 0.078噸/噸原煤	Sent to remanufacture as building bricks 送回重製為建築用磚
	Fly ash 粉煤灰	121,816	0.27	Same as above 同上
	Boiler slag 爐渣	145,687	0.32	Same as above 同上
Total non-hazardous waste 總計無害廢物		299,776		

Other than the production-related waste, no packaging materials were involved in the reporting year. Office waste (e.g., papers) are reused to the maximum extent by practicing green office policy, then collected by licensed recyclers. Their final waste amount is trivial compared to the production-related waste and thus not reported. For organic waste, the group continues to send leftover food from the canteen to nearby farms as animal feed and make organic fertilizers for office gardening with fallen leaves within the business operations.

除了與生產有關之廢物，於報告年度並無涉及包裝物料。辦公室廢物（例如紙張）已通過實行綠色辦公室政策而作最大程度重用，其後由持牌回收商收集。其最終廢物數量相較與生產有關之廢物屬微不足道，因而並無作出報告。對於有機廢物，本集團繼續將食堂廚餘送往附近農場用作動物飼料，以及在業務營運中以落葉製造有機肥料以作辦公室園藝用途。

B. SOCIAL

1. EMPLOYMENT AND LABOUR PRACTICES

(i) Employment

The Group's business operations in Mainland China had a total number of 1,322 employees, including senior management and workers, as of 31 December 2017 (Figure 5). Among the 1,322 employees, 3 were from senior management (incl. board members, general manager and deputy general manager), 67 were from middle management (incl. department managers, deputy managers, and supervisors), with the remaining from all other frontline and functional departments. All employees were from various provinces in the People's Republic of China. All of them were employed on a full-time basis, i.e., 8 hours per day, or 40 hours per week.

Employee turnover rate was 9.6% in 2017, breaking down by age-group, a high turnover rate (47%) among younger employees under 25 years old was recorded (Figure 5). On the contrary, the lowest turnover rate was observed among the employees with age between 46-55 years old (5.9%). All turnover was from employees other than middle/senior management.

Gender-wise, 208 out of the total 1,322 employees were female. Among all 127 employees who left the company in 2017, 12 were female.

B. 社會

1. 僱傭及勞工常規

(i) 僱傭

於二零一七年十二月三十一日，本集團於中國內地之業務營運合共有1,322名僱員，包括高級管理人員及工人（圖表5）。1,322名僱員當中，3名為高級管理人員（包括董事會成員、總經理及副總經理）、67名為中級管理人員（包括部門經理、副經理及管理人員），其餘為所有其他前線及功能部門人員。全體僱員來自中華人民共和國不同省份。全體僱員均為全職員工，即每日工作8小時或每週工作40小時。

二零一七年僱員流失率為9.6%，按年齡組別劃分，低於25歲之較年輕僱員錄得高流失率（47%）（圖表5）。相反，年齡介乎於46至55歲之僱員則錄得最低流失率（5.9%）。所有流失均為中／高級管理人員以外之僱員。

按性別劃分，1,322名僱員中有208名為女性。於二零一七年離職之全部127名僱員中，12名為女性。

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Table 8 Workforce by Age Group in 2016 and 2017

表格8 於二零一六年及二零一七年按年齡組別劃分之勞動力

Workforce by Age Group	按年齡組別劃分之勞動力	18-25	26-35	36-45	46-55	56 and above
		18-25歲	26-35歲	36-45歲	46-55歲	56歲及以上
2016	二零一六年	113	516	386	352	129
2017	二零一七年	59	455	373	375	60

Table 9 Workforce by Gender in 2016 and 2017

表格9 於二零一六年及二零一七年按性別劃分之勞動力

Workforce by Gender	按性別劃分之勞動力	Male	Female
		男性	女性
2016	二零一六年	1,255	241
2017	二零一七年	1,114	208

Table 10 Overall Employee Turnover in 2016 and 2017

表格10 於二零一六年及二零一七年之整體僱員流失

Employee Turnover	僱員流失	Turnover rate (%)
		僱員流失率 (%)
2016	二零一六年	6.01%
2017	二零一七年	9.6%

There are no updates on relevant human resource policies, such as recruitment policy, compensation and dismissal policy, promotion policy, working attendance policy, and remuneration policy. Employees welfare include access to free facilities such as basketball court, table tennis court, gym and movie theatre, library, media room, and painting room, other than subsidies for training and festival and free annual body check. In addition, the group's canteen only used self-grown vegetables and meat products from licensed farms to ensure the food safety of all its staff.

相關人力資料政策並無更新，包括招聘政策、補償及解聘政策、晉升政策、出勤政策以及薪酬政策。僱員福利除了培訓、節日以及免費年度身體檢查資助外，還包括自由享用設施如籃球場、乒乓球場、健身室、大劇院、圖書館、媒體室以及美術室。此外，本集團之食堂僅使用持牌農場自行種植之蔬菜及肉類製品，以確保所有員工之食物安全。

All employees, regardless of their gender and job positions, received an increase of RMB200 in their monthly base pay in 2017. This positive adjustment was made by the group after considering the market trend and company's profitability and affordability in the last fiscal year.

所有僱員，不論其性別及職位高低，均於二零一七年獲增加人民幣200元每月基本工資。此正面調整乃本集團在考慮市場趨勢及公司上個財政年度盈利能力及支付能力後確定。

(ii) *Employee Health and Safety*

Occupational Health and Safety (OHS) Policy

The policy and its implementation continue to ensure the group's compliance with the National Laws on Safety Production, and relevant regulations such as the "The supplementary requirements and evaluation criteria for the standardized production of hazardous chemicals in Shanxi Province". The policy was not updated in 2017.

The group continues to pay attention to preventive measures such as providing OSH training to general staff, specific training and certification to special operators (e.g., boiler workers), checking the equipment maintenance, evaluating the surprise check and emergency drill. The award and penalty system ensure timely assessment of all employees' performance and compliance with the Policy.

Noise Preventive Measures and Outcomes

The group continues to pay attention to control the noise level to ensure a healthy working and living environment for the staff. Clear instructions and preventive measures are continuously provided by the group, including separation of noise sources from a design aspect, provision of warning signage and personal protective equipment. The group continues to monitor the noise level both at day and night time at various locations and operation sites. Several inspections performed by the city authority indicated that all measured noise levels are within the limits. The group will pay more attention to further control and reduce the noise level to ensure a healthy working and living environment for the staff.

(ii) *僱員健康與安全*

職業安全健康(職安健)政策

該政策及其推行繼續確保本集團符合國家安全生產法，以及有關法規，例如《山西省有害化學品標準生產之附加規定及評估準則》。該政策於二零一七年並無更新。

本集團繼續關注預防措施，例如向全體員工提供職業安全健康培訓、向特殊技工(如鍋爐工人)提供特定培訓及認證、檢查設備維護、評估突擊檢查及緊急演習。獎懲制度確保所有僱員之表現獲得及時評估以及符合該政策。

預防噪音措施及成果

本集團繼續關注控制噪音水平以確保員工擁有健康之工作及生活環境。本集團已持續向員工提供清晰指引及預防措施，包括從設計方面分隔噪音來源、提供警告標誌及個人保護裝備。本集團繼續在不同地點及營運工地日夜監測噪音水平。由城市管理局進行之多個審查指出所有經測定之噪音水平均在限制範圍內。本集團將更加關注進一步控制及減少噪音水平，以確保員工擁有健康之工作及生活環境。

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The following sub-policies, plans, and measures were examples of the group's overall OHS policy, they were not updated in 2017 thus not reiterated in this report.

- Dust Suppression Measures
- Fire Protection Plan
- Personal Protective Equipment
- Incident Reporting Procedure
- Declaration on Safe Production
- Safety Management for Special Equipment
- Safety Management for Building Maintenance and Renovation
- Communication on Appointment of Health and Safety Representative
- Standard Procedure for Handling Dangerous Chemicals
- Safety operation within confined space, and activities such as lifting, high voltage operating and other dangerous operations
- Emergency Procedures
- Guidelines for Heat Stroke

The group keeps track on key indicators on OHS such as lost days due to work injury, and lost days due to work injury. While the policies were not changed in 2017, their implementation showed a significant progress, as in 2017, the lost days due to work injury reduced to 0.

以下之替補政策、計劃及措施為本集團整體職業安全健康政策之例子。彼等於二零一七年並無更新因而不在此報告中重申。

- 防塵措施
- 防火計劃
- 個人保護裝備
- 事故報告程序
- 安全生產之聲明
- 特別設備之特別管理
- 樓宇維修及裝修之安全管理
- 任命職業安全主任的通知
- 處理危險化學品之標準程序
- 狹窄空間之安全作業，以及起重、高壓操作等活動及其他危險操作
- 緊急程序
- 中暑指引

本集團持續記錄職業安全健康主要指標如因工傷損失工作日數。儘管政策於二零一七年並無改變，各項政策之執行均顯示顯著進展，其中於二零一七年因工傷損失工作日數減至零。

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Table 11 Occupational Health and Safety Data for 2016 and 2017

表格11 於二零一六年及二零一七年之職業健康及安全數據

		2016 二零一六年	2017 二零一七年
Work related fatality	因工死亡	0	0
Lost days due to work injury	因工傷損失工作日數	8	0

(iii) *Development and Training*

The group keeps a 100% training rate regarding the number of staff trained in 2017. Same to 2016, the average training hours allocated to each employee is 20, leading to the total group-wise training hour of 26,440 in 2017. Training was conducted during work hours and covered a wide range of topics, including internal OHS training to strengthen the employees' safety knowledge and practices, as well as external training for targeting staff once training needs were identified. For example, staff of Environmental Department was sent to the Environmental Protection Agency to learn the latest development and trend in cleaner production technologies.

For new frontline employees in particular, no less than 72 hours were allocated to individual employee, in three hierarchies: 1) at plant-scale, training including the development history of the company, the characteristics of enterprise products, the safety production basis, Labour Contract Law etc.; 2) at department-scale, training including the process flow, production characteristics, risk factors etc.; and 3) at group-scale, training including technical skills and operating procedures etc. For management members, the training is strategic and focusing on understanding the central government policy, insights on the political and economic situation at home and abroad, as well as interpretation of relevant laws and regulations.

(iii) *發展與培訓*

本集團就二零一七年已培訓員工數目保持100%培訓率。與二零一六年一樣，每名僱員均獲平均20小時培訓時間，致令本集團於二零一七年總培訓時數為26,440小時。培訓於工作時間進行，並涵蓋多種主題，包括內部職業安全健康培訓以加強僱員安全知識及實務，以及在確定培訓需要後為目標員工提供之外在培訓。例如，環境部門之員工獲派至環境保護局學習最新潔淨生產技術之發展及趨勢。

特別就新前線僱員而言，個別僱員在三個級別獲分配不少於72小時培訓時間：1) 於廠房級別，培訓包括本公司發展歷史、企業產品特點、安全生產基準、《勞動合同法》等等；2) 於部門級別，培訓包括生產流程、生產特點、風險因素等等；及3) 於集團級別，培訓包括專業技術及運作程序等等。對於管理層成員，培訓為戰略性並專注於了解中央政府政策、深入探討中國及國外政治及經濟狀況，以及詮釋相關法律及法規。

(iv) *Labour Standard*

All employment and recruitment strictly abide by the Labour Law and Labour Contract Law of the People's Republic of China, with zero tolerance on the child or forced labour.

(v) *Equal Opportunity*

There is no update on equal opportunities policies this year. The group continues to enforce "Everyone is equal regardless of the position hold" as one basic principle when dealing with rewarding and penalty system. It is also advisable to include Equal Opportunity policy during the recruitment process, after taking into account some contextual adjustment (e.g., background culture, operating nature).

2. OPERATING PRACTICES

(i) *Supply Chain Management*

In 2017, the Group has engaged a total of 10 major raw materials suppliers, all from Mainland China. Procurement Policy and standardized purchasing procedure are in place and the Group continues to focus on risk assessment of major suppliers, to ensure a secure supply of raw materials. For example, all major suppliers need to fill in the "Suppliers' pre-survey, selection, renewal, and risk assessment" checklist for a transparent assessment, which also needs to be re-assessed annually from following aspects: pre-use product quality, price, after-use effectiveness, and credit of the supplier.

(ii) *Product Responsibility*

There are no updates on the product responsibility policy in 2017. The quality of the processed product (i.e. coke) is highly related to the quality of raw coal as well as washed coal it imports from suppliers, thus, the group continues to closely monitor key quality parameters such as water content, ash content, sulfur content, volatile matter content of the raw coal. No complaints or product recalls was received in 2017. Due to the nature of the company, it is not applicable regarding policies on intellectual property rights protection, and/or consumer data and privacy protection.

(iv) *勞工準則*

所有僱用與招聘均嚴格遵守中華人民共和國《勞動法》及《勞動合同法》，對兒童或強迫勞動零容忍。

(v) *平等機會*

本年度之平等機會政策並無更新。本集團繼續實施「不論職位高低，所有人均為平等」為處理獎懲制度時之一項基本原則。考慮到若干背景調整（如背景文化、營運性質）後，本集團認為於招聘過程中包括平等機會政策亦為可取。

2. 營運常規

(i) *供應鏈管理*

於二零一七年，本集團已向合共10個均來自中國內地之主要原材料供應商購入原材料。本集團已制定採購制度及標準採購工作流程，並繼續集中於主要供應商之風險評估，以確保原材料供應穩定。例如，為進行透明度評估，所有主要供應商均須填寫「供應商之事前調查、挑選、續期及風險評估」清單，亦須就以下方面按年重新評估：產品使用前質素、價格、使用後成效及供應商信譽。

(ii) *產品責任*

二零一七年產品責任政策並無更新。加工產品（即焦炭）之質素與原煤質素及由供應商進口之洗煤有很大關係。因此，本集團繼續持續緊密監測主要質素參數，如原煤之水含量、灰分含量、硫含量及揮發物含量。於二零一七年，本集團並無接獲任何投訴或產品退貨。鑒於本公司性質，有關知識產權保障，及／或客戶數據及私隱保障之政策均為不適用。

(iii) *Anti-corruption*

The group's Legal Department continues to implement a monitoring system to ensure zero tolerance of corruption, bribery, extortion, fraud, money laundering, and any other unlawful activities. The group did not involve in legal cases regarding corrupt practices in 2017.

3. COMMUNITY

(i) *Community Investment*

The group achieves its business success together with its commitment to re-investment to the society. In 2017, the Group provided district heating for 31% of the industrial area in Xiaoyi District. The group continues to support local road construction, teaching assistant and donation for poverty relief. And our employees participated in the fifth Wutongzhen Cultural and Art Festival at Wutongzhen, Shanxi Province.

(iii) *反貪污*

本集團之法律部門繼續執行監測系統以確保對貪污、賄賂、敲詐、詐騙、洗黑錢，以及任何其他非法活動採取零容忍態度。於二零一七年，本集團並無涉及與貪污行為有關之法律案件。

3. 社區

(i) *社區投資*

本集團取得其業務成功並承諾向社會再投資。於二零一七年，本集團已為孝義區工廠區提供31%區域熱力。本集團繼續支持當地公路建設、捐資助教及貧困救助。我們的僱員亦有參與山西省梧桐鎮第五屆梧桐鎮文化藝術節。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of Huscoke Resources Holdings Limited
(Incorporated in Bermuda with limited liability)

致和嘉資源控股有限公司股東
(於百慕達註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Huscoke Resources Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 81 to 199, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

吾等已審核和嘉資源控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)載於第81至199頁之綜合財務報表，當中載有於二零一七年十二月三十一日之綜合財務狀況表、與截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，該綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒布之香港財務報告準則(「香港財務報告準則」)真實而公允地反映了貴集團於二零一七年十二月三十一日之綜合財務狀況以及其截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港《公司條例》之披露規定妥為編制。

意見之基礎

吾等根據香港會計師公會頒布之香港審計準則(「香港審計準則」)進行審核。根據該等準則下，吾等之責任於本報告內「核數師就審核綜合財務報表須承擔之責任」一節中進一步闡述。根據香港會計師公會之《專業會計師操守守則》(「守則」)，吾等獨立於貴集團，並已根據守則履行其他道德責任。吾等相信，吾等所獲得之審核憑證能足夠及能適當地為吾等之審核意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

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MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements which indicates that, as at 31 December 2017, the Group's total current liabilities exceeded its total current assets by HK\$26,541,000. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2.1, these financial statements have been prepared on a going concern basis, the validity of which depends on, inter alia, the Group's ability to collect the amounts owed by the non-controlling shareholder of a PRC subsidiary as at 31 December 2017, details of which are set out in note 18 to the financial statements. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matters described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

與持續經營有關之重大不確定因素

謹請垂注綜合財務報表附註2.1，該附註顯示於二零一七年十二月三十一日，貴集團之流動負債總額超出其流動資產總額26,541,000港元。此情況表明存在重大不明因素可能對貴集團之持續經營能力構成重大疑問。誠如附註2.1所闡釋，該等財務報表已依據持續經營基準編製，其有效性取決於（其中包括）貴集團收回中國附屬公司之非控股股東於二零一七年十二月三十一日所結欠款項之能力，詳情載於財務報表附註18。吾等之意見並無就此事宜作出修改。

關鍵審核事項

關鍵審核事項根據吾等之專業判斷，認為對吾等審核本期綜合財務報表最為重要之事項。該等事項是在我們對綜合財務報表整體進行審核並形成意見之背景下處理，吾等不對該等事項提供單獨意見。吾等對下述每一事項在審核中是如何處理之描述亦以此為背景。

除於與持續經營相關之重大不明因素一節所述之事項後，吾等已釐定下文所述事項為將於吾等之報告中溝通之關鍵審核事項。

吾等已履行本報告中「核數師審核綜合財務報表之責任」一節中所述的責任，包括有關該等事項之責任。因此，吾等之審核包括執行旨在應對綜合財務報表存有重大錯誤陳述風險評估而設定之程序。審核程序的結果包括處理以下事項的程序，為吾等就隨附的綜合財務報表的審核意見提供基礎。

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KEY AUDIT MATTERS (continued)

關鍵審核事項(續)

Key audit matter 關鍵審核事項	How our audit addressed the key audit matter 該事項在審計中如何處理
<p>Impairment assessment of property, plant and equipment 評估物業、廠房及設備之減值</p>	
<p>As at 31 December 2017, the carrying amount of property, plant and equipment (the "PPE"), net of accumulated impairment and depreciation, was approximately HK\$495.2 million which represented approximately 97.0% of the total non-current assets of the Group. In view of the operating result for the year, management performed an impairment assessment on the Group's cash generating units (the "CGUs") to which the PPE belonged at the end of the reporting period. Based on the results of the assessment, a reversal of impairment loss of HK\$85.0 million was recognised in the consolidated profit or loss for the year ended 31 December 2017.</p> <p>於二零一七年十二月三十一日，物業、廠房及設備（「物業、廠房及設備」）之帳面值扣除累計減值及折舊後，約為495,200,000港元，佔 貴集團非流動資產總額約97.0%。鑒於年內經營業績，管理層對於報告期末物業、廠房及設備所屬之 貴集團現金產生單位（「現金產生單位」）進行減值評估。根據評估結果，截至二零一七年十二月三十一日止年度，於綜合損益表中確認減值虧損撥回85,000,000港元。</p> <p>Management performed an assessment of the CGUs to determine the recoverable amounts using a value-in-use approach which was based on discounted cash flow calculations. This assessment requires the use of significant judgment and assumptions made by management to determine the key assumptions including sales growth rates, production capacity utilisation, pricing, production costs and the discount rates applied in the discounted cash flows.</p> <p>管理層已評估現金產生單位，使用依據貼現現金流計算之使用價值法釐定可收回金額。該評估需要管理層使用重大判斷及假設，以釐定重大假設，包括銷售增長率、產能使用率、定價、生產成本以及貼現現金流量所用之貼現率。</p> <p>Relevant disclosures are included in notes 3 and 14 to the consolidated financial statements. 相關披露載於綜合財務報表附註3及14。</p>	<p>In evaluating management's impairment assessment, our audit procedures included, inter alia, (i) evaluating the management assessment of reversal indicators with reference to external business environment of coke industry and operating performance of the Group; (ii) evaluating the key assumptions used in the discounted cash flow forecasts, including the sales growth rates, production capacity utilisation, pricing, fluctuation of expenses based on latest operation performance and historical data; (iii) involving our valuation specialists to assess the value-in-use calculation methodologies and discount rates adopted by management by benchmarking them to industry practices and making reference to market comparables; and (iv) performing sensitivity analyses on key inputs on the discounted cash flows for any significant impact on the recoverable amounts of the CGUs.</p> <p>於評價管理層之減值評估時，吾等之審核程序包括（其中包括）(i)評價管理層經參考焦炭行業之外在業務環境及 貴集團之營運表現而對撥回指標所作出之評估；(ii)評價貼現現金流量預測所用之主要假設，包括根據最新經營表現及過往資料之銷售增長率、產能使用率、定價及開支波動；(iii)委聘吾等內部之估值專家透過與行業慣例進行比較及參考市場上可比較對象，評估管理層所採用之使用價值計算方法及貼現率；及(iv)就貼現現金流量之主要輸入數據對現金產生單位可收回金額之任何重大影響進行敏感度分析。</p>

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KEY AUDIT MATTERS (continued)

關鍵審核事項(續)

Key audit matter 關鍵審核事項	How our audit addressed the key audit matter 該事項在審計中如何處理
<p>Provision for receivables, prepayments, and deposits 應收帳款、預付款項及按金之撥備</p>	
<p>As at 31 December 2017, the Group recorded trade receivables of approximately HK\$267.0 million after netting off provisions of approximately HK\$55.3 million and current portion of prepayments, deposits and other receivables of approximately HK\$214.4 million after netting off provisions of approximately HK\$13.1 million. These balances, in aggregate, represented 79.5% of the total current assets of the Group.</p> <p>於二零一七年十二月三十一日，貴集團錄得貿易應收帳款約267,000,000港元(已扣除撥備約55,300,000港元)及預付款項、按金及其他應收帳款之即期部分214,400,000港元(已扣除撥備約13,100,000港元)。該等結餘合共佔貴集團流動資產總額79.5%。</p> <p>Management considered various factors, including the ageing profile of the trade and other receivables, historical debtor repayment patterns, post year end settlement and trading history of each debtor and the values of collaterals provided by the debtors in determining provisions for receivables. In determining the provision for prepayments and deposits, management considered the ageing profile and utilisation of prepayments and deposits during the year and subsequent to the year end. These involved significant management judgement and estimation.</p> <p>管理層於釐定應收帳款撥備時考慮多個因素，包括貿易及其他應收帳款之帳齡情況、債務人之過往還款模式、年結日後結算、各債務人之交易記錄及債務人提供之抵押品價值。就釐定預付款項及按金之撥備而言，管理層已考慮帳齡情況及預付款項於年內及年終後之動用情況。此等事項事項涉及重大管理層判斷及估計。</p> <p>Relevant disclosures are included in notes 3, 17, 18 and 19 to the consolidated financial statements. 相關披露載於綜合財務報表附註3、17、18及19。</p>	<p>Our audit procedures included, inter alia, (i) assessing the basis of the provisions estimated by management with reference to the ageing profile of receivable and prepayment balances, historical repayment patterns of debtors and settlements after the end of the reporting period and historical utilisation pattern of prepayments and deposits during the year and after the year end; (ii) tested the ageing of receivables, prepayments and deposits as at 31 December 2017 to source documents on a sampling basis. For receivables with collaterals, we also involved our valuation specialists to evaluate management assessment on the values of collaterals provided by debtors by benchmarking them to market data and industry practices.</p> <p>吾等之審核程序包括(其中包括)(i)經參考應收帳款及預付款項結餘之帳齡情況、債務人之過往還款模式及年終後之結算，以及年內及年終後之預付款項及按金過往動用模式而評估管理層估計撥備之基準；及(ii)按樣本基準抽查來源文件以測試於二零一七年十二月三十一日應收帳款、預付款項及按金之帳齡。就有抵押品之應收帳款而言，吾等亦委聘吾等內部之估值專家評價管理層透過與市場數據及行業慣例進行比較而對由債務人提供之抵押品價值所作出之評估。</p>

INDEPENDENT AUDITOR'S REPORT

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OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

年報中所載之其他資料

貴公司董事須對其他資料承擔責任。其他資料包括年報所載資料，惟不包括綜合財務報表及吾等之核數師報告。

吾等對綜合財務報表作出之意見並不涵蓋其他資料，吾等亦不會就其他資料發表任何形式之鑒證結論。

就審核綜合財務報表而言，吾等之責任為閱讀其他資料，及在此過程中，考慮其他資料是否與綜合財務報表或吾等在審核過程中所了解的情況有重大不符，或者似乎有重大錯誤陳述。基於吾等已執行之工作，如吾等認為其他資料出現重大錯誤陳述，吾等需要報告有關事實。就此而言，吾等並無需報告任何事項。

董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒布之香港財務報告準則及香港《公司條例》之披露規定編製綜合財務報表使其真實而公允地列報，及制訂董事認為必要之相關內部監控，以使綜合財務報表之編製不會存在由於欺詐或錯誤而導致之重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項。除非貴公司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。

貴公司董事在審核委員會協助下履行監督貴集團財務報告過程之責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審核綜合財務報表須承擔之責任

吾等之目標為對整體綜合財務報表是否不存在由於欺詐或錯誤而導致之任何重大錯誤陳述取得合理保證，並發出載有吾等意見之核數師報告。吾等根據百慕達一九八一年公司法第90條，僅向整體股東報告，而不作其他用途。吾等概不就本報告之內容對任何其他人士承擔任何責任或負責。

合理保證是高水平的保證，惟根據香港審計準則進行之審核工作不能保證總能察覺所存在之重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，如按合理預期情況下可影響使用者根據綜合財務報表作出之經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核之過程中，吾等運用了專業判斷，保持了專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當之審核憑證，作為吾等意見之基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控之情況，因此未能發現因欺詐而導致之重大錯誤陳述之風險較因錯誤而導致之重大錯誤陳述之風險為高。
- 了解與審核相關之內部監控，以設計適當之審核程序，但目的並非對貴集團內部監控之有效性發表意見。
- 評價董事所採用會計政策之恰當性及作出會計估計和相關披露之合理性。

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審核綜合財務報表須承擔之責任(續)

- 對董事採用持續經營會計基礎之恰當性作出結論，並根據所獲取之審核憑證，決定是否存在與事件或情況有關之重大不確定性，而可能對貴集團持續經營之能力構成重大疑慮。如吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中之相關披露。假若有關披露資料不足，則吾等須出具非無保留意見的核數師報告。吾等的結論是基於截至核數師報告日期止所取得之審核憑證。然而，未來事件或情況可能導致貴集團無法持續經營。
- 評價綜合財務報表之整體列報方式、結構及內容，包括披露資料，以及綜合財務報表是否公允反映相關交易和事項。
- 就貴集團實體或業務活動之財務資料獲取充分及適當之審核憑證，以對綜合財務報表發表意見。吾等負責指導、監督和執行集團審核。吾等對審核意見承擔全部責任。

吾等與審核委員會溝通計劃審計範圍、時間安排及重大審核發現等事項，包括吾等在審核期間識別出內部監控之任何重大缺陷。

吾等亦向審核委員會提交聲明，說明吾等已符合有關獨立性之相關道德要求，並與彼等溝通所有合理地被認為會影響吾等獨立性之關係及其他事宜，以及相關防範措施(如適用)。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Fok Lai Ching.

核數師就審核綜合財務報表須承擔之責任(續)

就與審核委員會溝通之事項中，吾等釐定對本期綜合財務報表之審核最為重要之事項，因而構成關鍵審核事項。吾等於核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見之情況下，若合理預期下於吾等報告中溝通某事項造成之負面後果將會超過其產生之公眾利益，吾等將不會在報告中溝通該事項。

本獨立核數師報告之審核項目合伙人為霍麗貞。

Ernst & Young
Certified Public Accountants
Hong Kong

29 March 2018

安永會計師事務所
執業會計師
香港

二零一八年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		附註		
Revenue	收入	5	1,330,791	792,518
Cost of sales	銷售成本		(1,117,808)	(658,103)
Gross profit	毛利		212,983	134,415
Other income and gains, net	其他收入及收益，淨額	5	45,419	58,891
Selling and distribution costs	銷售及分銷成本		(146,429)	(55,949)
Administrative expenses	管理費用		(83,804)	(79,608)
Finance costs	財務費用	7	(8,015)	(1,582)
Other operating income, net	其他經營收入，淨額		21,528	12,758
Reversal of impairment on items of property, plant and equipment	物業、廠房及設備項目減值撥回	12	84,977	-
PROFIT BEFORE TAX	除稅前溢利	6	126,659	68,925
Income tax credit/(expense)	所得稅抵免/(開支)	10	5,254	(8,544)
PROFIT FOR THE YEAR	本年度溢利		131,913	60,381
OTHER COMPREHENSIVE INCOME/(LOSS)	其他全面收益/(虧損)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:	其後期間將予重新分類至損益之其他全面收益/(虧損)：			
Exchange differences on translation of foreign operation	海外業務折算產生之兌換差額		16,456	(13,952)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	本年度其他全面收益/(虧損)，除稅後		16,456	(13,952)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	本年度全面收益總額		148,369	46,429

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		2017 二零一七年	2016 二零一六年
		HK\$'000 千港元	HK\$'000 千港元
		Note 附註	
Profit for the year attributable to:	應佔本年度溢利：		
Owners of the parent	母公司擁有人	117,898	55,663
Non-controlling interests	非控股權益	14,015	4,718
		131,913	60,381
Total comprehensive income attributable to:	應佔全面收益總額：		
Owners of the parent	母公司擁有人	132,824	43,106
Non-controlling interests	非控股權益	15,545	3,323
		148,369	46,429
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股權益持有人 應佔每股盈利		
Basic	基本		
– For profit for the year	– 本年度溢利	HK4.54 cents 港仙	HK4.00 cents港仙
Diluted	攤薄		
– For profit for the year	– 本年度溢利	HK4.52 cents 港仙	HK3.53 cents港仙

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2017 二零一七年十二月三十一日

			2017 二零一七年	2016 二零一六年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT ASSETS				
	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	495,154	412,849
Goodwill	商譽	13	–	–
Available-for-sale investments	可供出售投資	15	1,115	1,099
Deferred tax asset	遞延稅項資產	24	12,646	–
Prepayments	預付款項	19	1,771	–
			510,686	413,948
Total non-current assets	非流動資產總額			
CURRENT ASSETS				
	流動資產			
Inventories	存貨	16	54,744	55,120
Trade receivables	貿易應收帳款	17	89,887	61,027
Amount due from the Non-controlling Shareholder	應收非控股股東款項	18	177,150	168,483
Prepayments, deposits and other receivables	預付款項、按金及其他應收帳款	19	214,404	151,800
Tax recoverable	可收回稅項	20	8	6,958
Cash and bank balances	現金及銀行結存	20	69,655	97,931
			605,848	541,319
Total current assets	流動資產總額			
CURRENT LIABILITIES				
	流動負債			
Trade payables	貿易應付帳款	21	158,188	247,162
Other payables, accruals and deposits received	其他應付帳款、應計款項及已收按金	22	474,201	372,586
Other borrowings	其他借貸	23	–	25,813
Tax payable	應付稅項		–	209
			632,389	645,770
Total current liabilities	流動負債總額			
NET CURRENT LIABILITIES	流動負債淨額		(26,541)	(104,451)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總額減流動負債		484,145	309,497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2017 二零一七年十二月三十一日

			2017 二零一七年	2016 二零一六年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債			
Other payables and deferred income	其他應付帳款及遞延收入	22	8,455	5,057
Other borrowings	其他借貸	23	18,188	–
Deferred tax liability	遞延稅項負債	24	106	–
Convertible bonds	可換股債券	29	41,427	36,835
			68,176	41,892
NET ASSETS	資產淨值		415,969	267,605
EQUITY	股權			
Equity attributable to owners of the parent	母公司擁有人應佔股權			
Share capital	股本	25	25,966	24,036
Reserves	儲備		350,902	220,574
			376,868	244,610
Non-controlling interests	非控股權益		39,101	22,995
TOTAL EQUITY	股權總額		415,969	267,605

Mr. Zhao Xu Guang

趙旭光先生

Director

董事

Mr. Wong Siu Hung, Patrick

黃少雄先生

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Attributable to owners of the parent												
		母公司擁有人應佔												
		Issued share capital	Share premium	Contributed surplus	Special reserve	Other reserve	Share option reserve	Exchange fluctuation reserve	Capital redemption reserve	Convertible bonds reserve	Accumulated losses	Total	Non-controlling interests	Total
		已發行股本	股份溢價	繳入盈餘	特別儲備	其他儲備	購股權權	兌換波動	資本贖回	可換股債券	累計虧損	總計	非控股	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Notes				(note i)	(note ii)	(note iii)				(note 29)				
		附註		(附註 i)	(附註 ii)	(附註 iii)				(附註 29)				
At 1 January 2016	於二零一六年一月一日	452,813	145,361	419,650	18,236	-	4,433	93,788	85	829,350	(1,962,574)	1,142	10,202	11,344
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	55,663	55,663	4,718	60,381	
Other comprehensive loss for the year:	本年度其他全面虧損:													
Exchange differences on translation of foreign operation	海外業務折算產生之兌換差額	-	-	-	-	-	-	(12,557)	-	-	-	(12,557)	(1,395)	(13,952)
Total comprehensive income/(loss) for the year	本年度全面收益/(虧損)總額	-	-	-	-	-	-	(12,557)	-	-	55,663	43,106	3,323	46,429
Conversion of convertible bonds	兌換可換股債券	25(a)	49,000	-	230,300	-	-	-	-	(279,300)	-	-	-	-
Capital reorganisation	資本重組	25(b)	(491,777)	-	491,777	-	-	-	-	-	-	-	-	-
Share subscription	股份認購	25(c)	14,000	196,000	-	-	-	-	-	-	-	210,000	-	210,000
Lapsed share options	已失效購股權		-	-	-	-	(848)	-	-	-	848	-	-	-
Acquisition of non-controlling interests of a subsidiary	收購一間附屬公司的非控股權益		-	-	-	(9,788)	-	-	-	-	-	(9,788)	9,470	(318)
Issue of the 2016 Convertible Bonds	發行二零一六年可換股債券	29	-	-	-	-	-	-	-	150	-	150	-	150
At 31 December 2016	於二零一六年十二月三十一日	24,036	341,361*	1,141,727*	18,236*	(9,788)*	3,585*	81,231*	85*	550,200*	(1,906,063)*	244,610	22,995	267,605

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2017 截至二零一七年十二月三十一日止年度

* These reserve accounts comprise the consolidated reserves of HK\$350,902,000 as at 31 December 2017 (2016: HK\$220,574,000) in the consolidated statement of financial position.

* 於二零一七年十二月三十一日，此等儲備帳項包括綜合財務狀況表之綜合儲備350,902,000港元（二零一六年：220,574,000港元）。

Notes:

附註：

(i) The contributed surplus represents the excess of the value of shares converted upon conversion of the 2008 Convertible Bonds (as defined in note 29 to the financial statements) over the nominal amount of the ordinary shares issued pursuant to section 40(1) of the Bermuda Companies Act 1981 and the credit arising from the capital reorganisation.

(i) 根據百慕達一九八一年公司法第40(1)條，繳入盈餘指兌換二零零八年可換股債券（定義見財務報表附註29）時兌換之股份價值超出已發行普通股面值之差額及資本重組產生之進帳。

(ii) The special reserve represents the difference between the nominal value of the shares of the subsidiaries at the date when the shares were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition.

(ii) 特別儲備指附屬公司於本公司收購股份當日之股份面值與本公司就收購發行之股份面值之差額。

(iii) The other reserve represents the difference between the fair value of the consideration paid and the relevant share of carrying value of the subsidiary's net assets acquired from the non-controlling interest.

(iii) 其他儲備指已付代價公允值與分佔向非控股權益收購附屬公司資產淨值帳面值相關份額之間之差額。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes	2017	2016
		附註	二零一七年 HK\$'000 千港元	二零一六年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES				
來自經營業務之現金流表				
Profit before tax	除稅前溢利		126,659	68,925
Adjustments for:	調整：			
Finance costs	財務費用		8,015	1,582
Interest income	利息收入	5	(21)	(4)
Depreciation	折舊	6	46,464	60,277
Reversal of impairment on items of property, plant and equipment	物業、廠房及設備項目減值撥回	6	(84,977)	-
Write-back of inventories provision	撥回存貨撥備	6	(3,654)	-
Impairment of trade receivables, net	貿易應收帳款減值，淨額	6	411	5,184
Impairment/(reversal of impairment) of prepayments, net	預付款項減值／(減值撥回)，淨額	6	(6,112)	11,797
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之收益	6	(658)	(12)
Gain on debt restructuring	債務重組之收益	5	(8,801)	(23,937)
Loss/(gain) arising from amendment to convertible bonds	修訂可換股債券產生之虧損／(收益)	5	188	(2,303)
			77,514	121,509
Decrease/(increase) in inventories	存貨減少／(增加)		6,737	(29,467)
Increase in trade receivables	貿易應收帳款增加		(25,523)	(21,438)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收帳款增加		(7,136)	(38,461)
Increase in an amount due from the Non-controlling Shareholder	應收非控股股東款項增加		(140)	(90,295)
Increase in available-for-sale investments	可供出售投資增加		(16)	-
Increase/(decrease) in trade payables	貿易應付帳款增加／(減少)		(46,697)	44,445
Increase in other payables, accruals and deposits received and deferred income	其他應付帳款、應計款項、已收按金及遞延收入增加		95,477	35,798
			100,216	22,091
Cash generated from operations	產生自經營業務之現金			
Interest paid	已付利息		(2,129)	-
Hong Kong profits tax paid	已付香港利得稅		(56)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	來自經營業務之現金流量淨額		98,031	22,091

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2017 截至二零一七年十二月三十一日止年度

			2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		Notes 附註		
CASH FLOWS FROM INVESTING ACTIVITIES	來自投資業務之現金流量			
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目		(21,457)	(14,416)
Net proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目之所得款項淨額		–	18
Acquisition of non-controlling interest	收購非控股權益		(5)	–
Increase in other receivables due from the Non-controlling Shareholder	應收非控股股東之其他應收帳款增加		(104,863)	(22,457)
Interest received	已收利息		21	4
NET CASH FLOWS USED IN INVESTING ACTIVITIES	用於投資業務之現金流量淨額		(126,304)	(36,851)
CASH FLOWS FROM FINANCING ACTIVITIES	來自融資業務之現金流量			
Proceeds from issue shares	發行股份之所得款項	25	–	210,000
New other borrowings	新增其他借貸		–	21,387
Repayment of deposits received	償還已收按金		–	(120,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	產生自融資業務之現金流量淨額		–	111,387
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加/(減少)淨額		(28,273)	96,627
Cash and cash equivalents at the beginning of the year	年初之現金及現金等價物		97,931	1,439
Effect of foreign currency rate changes, net	匯率變動之影響，淨額		(3)	(135)
Cash and cash equivalents at the end of the year	年終之現金及現金等價物		69,655	97,931
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物之結存分析			
Cash and bank balances	現金及銀行結存	20	69,655	97,931

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

Huscoke Resources Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office and principal place of business at the end of the reporting period is located at Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.

During the year, the Company and its subsidiaries (collectively, the “Group”) were involved in the following activities:

- coal-related ancillary business;
- coke production business; and
- coke trading business.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

1. 公司及集團資料

和嘉資源控股有限公司(「本公司»)於百慕達註冊成立為獲豁免有限公司，其股份在香港聯合交易所有限公司(「聯交所»)上市。於報告期末，註冊辦事處及主要營業地點位於香港金鐘金鐘道89號力寶中心第1座23樓2301室。

於本年度，本公司及其附屬公司(統稱「本集團»)涉及以下業務：

- 煤炭相關附屬業務；
- 煤炭生產業務；及
- 焦炭貿易業務。

有關附屬公司之資料

本公司主要附屬公司之詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Issued ordinary/ registered share capital 已發行普通股/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Rich Key Enterprises Limited*	British Virgin Islands/ Hong Kong	US\$1	100%	–	Investment holding
富基企業有限公司*	英屬處女群島/香港	1美元			投資控股
Pride Eagle Investments Limited*	British Virgin Islands/Hong Kong	US\$1	–	100%	Investment holding
傲鷹投資有限公司*	英屬處女群島/香港	1美元			投資控股
Huscoke International Group Limited (“HIG”) 和嘉國際集團有限公司 (「和嘉國際」)	Hong Kong/ Hong Kong 香港/香港	HK\$10,000 10,000港元	–	100%	Trading of coke 買賣焦炭

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

1. 公司及集團資料(續)

有關附屬公司之資料(續)

本公司主要附屬公司之詳情如下：(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Issued ordinary/ registered share capital 已發行普通股/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Herong Resources Limited ("Herong")** 和融資源有限公司(「和融」)**	Hong Kong/ Hong Kong 香港/香港	HK\$10,000 10,000港元	-	100%	Trading of coke 買賣焦炭
Ocean Signal Limited 海誌有限公司	Hong Kong/ Hong Kong 香港/香港	HK\$10,000 10,000港元	-	100%	Assets holding 資產持有
Joy Wisdom International Limited* 智悅國際有限公司*	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
Huscoke International Investment Limited 和嘉國際投資有限公司	Hong Kong/ Hong Kong 香港/香港	HK\$1 1港元	-	100%	Investment holding 投資控股
山西金岩和嘉能源有限公司 ("金岩和嘉") (note i)*	People's Republic of China (the "PRC")/ Mainland China	HK\$715,000,000#	-	90%#	Coal-related ancillary business; coke production and coke trading
山西金岩和嘉能源有限公司 ("金岩和嘉") (附註i)*	中華人民共和國 ("中國")/ 中國內地	715,000,000港元#			煤炭相關附屬業務； 焦炭生產及買賣焦 炭
Wealth Guardian Holdings Limited® 富御控股有限公司®*	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

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財務報表附註

31 December 2017 二零一七年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Issued ordinary/ registered share capital 已發行普通股/ 註冊股本	Percentage of equity attributable to the Company 本公司應佔股權 百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Good Guardian Investments Limited [®]	British Virgin Islands/ Hong Kong	US\$1	–	100%	Investment holding
佳衛投資有限公司 ^{®*}	英屬處女群島/香港	1美元			投資控股
Fruitful International Investments Limited [®]	Hong Kong/ Hong Kong	US\$1	–	100%	Investments
富豐國際投資有限公司 ^{®*}	香港/香港	1美元			投資

* The statutory financial statements of these subsidiaries are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

** During the year ended 31 December 2017, the Group acquired additional 49% equity interests of Herong with a cash consideration of HK\$4,900. After the acquisition, Herong became a wholly owned subsidiary of the Group.

During the year ended 31 December 2016, the registered capital of 金岩和嘉 was reduced from HK\$900,000,000 to HK\$715,000,000. The Group acquired a 2.6% equity interest in 金岩和嘉 from non-controlling shareholders. The Group's ownership interest in the subsidiary was changed from 87.4% to 90% which is the same as its profit sharing ratio.

® The companies were incorporated during the year ended 31 December 2017.

1. 公司及集團資料(續)

有關附屬公司之資料(續)

本公司主要附屬公司之詳情如下：(續)

* 該等附屬公司之法定財務報表並非由香港安永會計師事務所或安永會計師事務所之其他國際成員公司審核。

** 於截至二零一七年十二月三十一日止年度，本集團收購和融之額外49%股權，涉及現金代價4,900港元。收購完成後，和融成為本集團之全資附屬公司。

於截至二零一六年十二月三十一日止年度，金岩和嘉之註冊資本由900,000,000港元減少至715,000,000港元。本集團自非控股股東收購金岩和嘉之2.6%股權。本集團於附屬公司之擁有權益由87.4%變更為90%，與其溢利分攤比率相同。

® 該公司於截至二零一七年十二月三十一日止年度註冊成立。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Note:

- (i) 金岩和嘉 is a Sino-foreign equity joint venture company established in the People's Republic of China.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year and formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

As at 31 December 2017, the Group recorded net current liabilities of HK\$26,541,000 as at 31 December 2017 (2016: HK\$104,451,000) and consolidated accumulated losses of HK\$1,787,307,000 (2016: HK\$1,906,063,000). The Group also recorded a consolidated net profit of HK\$131,913,000 (2016: HK\$60,381,000) which included a reversal of impairment on items of property, plant and equipment of HK\$84,977,000 (2016: Nil).

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

In order to improve the Group's liquidity and cash flows for the Group to sustain as a going concern, the Group has taken the following measures during the year ended 31 December 2017 and subsequent to the year end:

- (a) On 22 December 2017, the Group entered into an amendment agreement with Kailuan (Hong Kong) International Co., Limited ("Kailuan") to extend the maturity date of the 2016 Convertible Bonds (as defined in note 29) to 31 August 2019. Further details are set out in note 29 to the financial statements.

1. 公司及集團資料(續)

有關附屬公司之資料(續)

本公司主要附屬公司之詳情如下：(續)

附註：

- (i) 金岩和嘉為於中華人民共和國成立之中外合資合營公司。

上表列出董事認為對年內業績有重大影響或佔本集團資產淨值絕大部分之本公司附屬公司。董事認為，列出其他附屬公司之詳情將會令本節篇幅過份冗長。

2.1 呈報基準

於二零一七年十二月三十一日，本集團錄得流動負債淨額26,541,000港元(二零一六年：104,451,000港元)及綜合累計虧損1,787,307,000港元(二零一六年：1,906,063,000港元)。本集團亦錄得綜合溢利淨額131,913,000港元(二零一六年：60,381,000港元)，當中包括物業、廠房及設備項目減值撥回84,977,000港元(二零一六年：無)。

鑑於有關情況，本公司董事於評估本集團是否擁有充足之財務資源進行持續經營時，已考慮本集團未來流動資金及表現以及其可得融資來源。

為改善本集團之流動資金及現金流量令本集團可持續經營，本集團已於截至二零一七年十二月三十一日止年度及年末後採取以下措施：

- (a) 於二零一七年十二月二十二日，本集團與開灤(香港)國際有限公司(「開灤」)訂立修訂函件，以延長二零一六年可換股債券(定義見附註29)之到期日至二零一九年八月三十一日。有關進一步詳情載於財務報表附註29。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

2.1 BASIS OF PRESENTATION (continued)

- (b) During the year ended 31 December 2017, the Group secured agreements with lenders of other borrowings and certain creditors to waive borrowings and payables with a total amount of HK\$7,132,000, comprising the loan principal of HK\$6,000,000 and accrued interests of HK\$632,000 and other payable of HK\$500,000. One of the lenders has agreed to waive the interest charged on the loan balance from 1 January 2017.

During the year ended 31 December 2017, the Group also secured agreements with the lenders of other borrowings of a principal amount of HK\$19,813,000 to extend the repayment date from 30 June 2017 to 31 August 2019.

- (c) Management has used its best endeavor to improve the Group's operating performance to attain positive operating cash flows. The Group's operation has been recovering in light of an improved market demand for coke production in the PRC during the year. A gross profit of HK\$212,983,000 (2016: HK\$134,415,000) was recorded for the year ended 31 December 2017. The Group continued to generate net cash inflows from its operations during the year ended 31 December 2017. The directors of the Company believe that the recovery momentum will continue and the operation will contribute positive cash inflows to the Group in the foreseeable future.
- (d) On 6 March 2018, the Group and the Non-controlling Shareholder (as defined in note 3) entered into repayment and asset pledge agreements, pursuant to which the Non-controlling Shareholder commits to repay the balances due to the Group (being outstanding trade and other receivables) in the amount of RMB282,489,000 (HK\$333,535,000) as at 31 December 2017, after its new coking plant commences operation in August 2018, and that the entire amount will be settled within 12 months. Further details are set out in note 18 to these financial statements.

After taking into account the above measures, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2.1 呈報基準(續)

- (b) 截至二零一七年十二月三十一日止年度，本集團與其他借貸之貸款人及若干債權人訂立協議，以豁免總額7,132,000港元之借貸及應付帳款，包括貸款本金額6,000,000港元及應計利息632,000港元及其他應付帳款500,000港元。其中一名貸款人已同意豁免自二零一七年一月一日起之貸款餘額利息。

截至二零一七年十二月三十一日止年度，本集團再與本金額19,813,000港元之其他借貸貸款人訂立協議，以將償付日期由二零一七年六月三十日延長至二零一九年八月三十一日。

- (c) 管理層已盡其所能改善本集團之營運表現，以維持正數營運現金流。於本年度，由於中國焦炭市場需求有所改善，本集團營運已逐漸恢復。截至二零一七年十二月三十一日止年度，本集團錄得毛利212,983,000港元(二零一六年：134,415,000港元)。本集團持續於截至二零一七年十二月三十一日止年度內自營運產生現金流入淨額。本公司董事相信復甦之勢頭將持續，而營運將於可見未來為本集團帶來正數現金流量。
- (d) 於二零一八年三月六日，本集團與非控股股東(定義見附註3)訂立還款及資產質押協議，據此，非控股股東承諾於二零一八年八月新焦炭廠房開始營運後償還於二零一七年十二月三十一日結欠本集團之結餘(即未償還貿易及其他應收帳款)人民幣282,489,000元(333,535,000港元)，全數金額將於12個月內清償。有關進一步詳情載於財務報表附註18。

經計及上述措施，本公司董事認為本集團將有充足營運資本撥付其營運並履行到期之財務責任，因此，彼等信納財務報表按持續經營基準編製屬合適。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

2.1 BASIS OF PRESENTATION (continued)

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value as further explained in note 2.5 to the financial statements. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

2.1 呈報基準(續)

倘本集團未能持續經營，則將會作出調整撇減資產價值至其可收回金額，及就可能產生之任何額外負債作出撥備。該等調整之影響尚未於綜合財務報表中反映。

2.2 編製基準

該等財務報表已按照香港會計師公會頒布之香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港普遍採納之會計原則及香港公司條例之披露規定編製。該等財務報表乃根據歷史成本慣例編製，惟可供出售投資乃按公允值計量除外，其詳情載於財務報表附註2.5。除另有指明外，該等財務報表以港元(「港元」)呈列，而所有價值約整至最接近之千位數。

綜合帳目基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)截至二零一七年十二月三十一日止年度之財務報表。附屬公司為本公司直接或間接控制之實體(包括結構性實體)。倘本集團自其參與被投資公司之業務而承受可變回報之風險，或享有可變回報之權利，並有能力透過其對被投資公司之權力影響該等回報(例如賦予本集團現有能以指導被投資公司之相關業務活動之現有權力)，則取得控制權。

倘本公司直接或間接擁有少於被投資公司大多數投票權或類似權利，則本集團於評估其是否擁有對被投資公司之權力時會考慮一切相關事實及情況，包括：

- (a) 與被投資公司其他投票權持有人之合約安排；
- (b) 其他合約安排所產生之權利；及
- (c) 本集團之投票權及潛在投票權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

2.2 編製基準(續)

綜合帳目基準(續)

附屬公司之財務報表乃就與本公司相同之報告期間使用一致之會計政策編製。附屬公司之業績自本集團取得控制權當日綜合入帳，並會繼續綜合入帳直至該控制權終止當日為止。

損益及其他全面收益之各組成部分歸屬於本集團母公司擁有人及非控股權益，即使此導致非控股權益出現虧絀結餘。所有集團內公司間資產及負債、權益、收入、開支以及與本集團成員公司之間交易有關之現金流量均於綜合帳目時悉數抵銷。

倘事實及情況顯示上述三項控制權因素其中一項或多項出現變動，則本集團會重估其是否仍然控制投資對象。附屬公司擁有權權益之變動(並無失去控制權)乃入帳列作權益交易。

倘本集團喪失附屬公司之控制權，則其終止確認(i)該附屬公司之資產(包括商譽)及負債、(ii)任何非控股權益之帳面值及(iii)於股權內記錄之累計兌換差額；並確認(i)已收代價之公允值、(ii)所保留之任何投資之公允值及(iii)損益中任何因此產生之盈虧。先前於其他全面收益確認之本集團應佔部分乃以倘本集團直接出售相關資產或負債所規定之相同基準重新分類至損益或保留盈利(視情況而定)。

2.3 會計政策變動及披露事項

本集團已於本年度之財務報表中首次採納以下經修訂香港財務報告準則。

香港會計準則第7號修訂本	<i>披露計劃</i>
香港會計準則第12號修訂本	<i>就未變現虧損確認遞延稅項資產</i>
計入香港財務報告準則二零一四年至二零一六年週期之年度改進的香港財務報告準則第12號修訂本	<i>披露其他實體權益：澄清香港財務報告準則第12號之範圍</i>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements. Disclosure has been made in note 35 to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 35 to the financial statements.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.
- (c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as no subsidiaries in the Group are classified as a disposal group held for sale as at 31 December 2017.

2.3 會計政策變動及披露事項(續)

上述香港財務報告準則修訂本概無對本集團之財務報表產生重大財務影響。香港會計準則第7號修訂本規定實體須作出披露，讓財務報表使用者可評估融資活動所產生之負債變動，包括現金流量所產生之變動及非現金變動。本公司已於採納該修訂本後於財務報表附註35作出披露。

該等修訂之性質及影響說明如下：

- (a) 香港會計準則第7號修訂本規定實體須作出披露，讓財務報表使用者可評估融資活動所產生之負債變動，包括現金流量所產生之變動及非現金變動。有關融資活動所產生之負債變動之披露已於財務報表附註35作出。
- (b) 香港會計準則第12號修訂本澄清實體於評估是否將有應課稅溢利可動用作可扣稅暫時性差額時，需要考慮稅法有否對於可扣減暫時性差額轉回時可作扣減之應課稅溢利來源有所限制。此外，該等修訂就實體應如何釐定日後應課稅溢利提供指引，並解釋應課稅溢利可包括收回超過帳面金額之部分資產的情況。由於本集團並無可扣減暫時性差額或資產符合該等修訂之範圍，故該等修訂並無對本集團之財務狀況或表現產生影響。
- (c) 香港財務報告準則第12號修訂本釐清香港財務報告準則第12號之披露規定（香港財務報告準則第12號第B10至B16段之披露規定除外）適用於實體於附屬公司、合營企業或聯營公司之權益，亦適用於實體於分類為持作出售或列於分類為持作出售之出售組別中的合營企業或聯營公司之部分權益。由於本集團於二零一七年十二月三十一日並無分類為持作出售之出售組別的附屬公司，故該等修訂並無對本集團之財務報表產生影響。

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2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
Amendments to HKAS 28	<i>Long-term interests in Associates and Joint Ventures²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
HKFRS 17	<i>Insurance Contracts³</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28 ¹
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 ²

2.4 已頒佈但尚未生效之香港財務報告準則

本集團並無於該等財務報表內應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港財務報告準則第2號修訂本	分類及計量股份付款交易 ¹
香港財務報告準則第4號修訂本	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具 ¹
香港財務報告準則第9號修訂本	含有負補償之提前還款特性 ²
香港財務報告準則第10號及香港會計準則第28號(二零一一年)修訂本	投資者與其聯營公司或合營企業之間之資產出售或注資 ⁴
香港財務報告準則第15號修訂本	客戶合約收入(對香港財務報告準則第15號之澄清) ¹
香港會計準則第28號	於聯營公司及合營企業之長期權益 ²
香港會計準則第40號修訂本	投資物業之轉撥 ¹
香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	客戶合約收入 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會)–詮釋第22號	外幣交易及預付代價 ¹
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理之不確定性 ²
二零一四年至二零一六年週期之年度改進	香港財務報告準則第1號及香港會計準則第28號修訂本 ¹
二零一五年至二零一七年週期之年度改進	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號修訂本 ²

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2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after 1 January 2021
- 4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group for the year ending 31 December 2018 is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the Group's financial year ending 31 December 2018. Whilst management has performed an assessment of the estimated impact of these standards, that assessment is based on the information currently available to the Group. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed an assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

2.4 已頒佈但尚未生效之香港財務報告準則 (續)

- 1 於二零一八年一月一日或之後開始之年度期間生效
- 2 於二零一九年一月一日或之後開始之年度期間生效
- 3 於二零二一年一月一日或之後開始之年度期間生效
- 4 尚未釐定強制生效日期惟可予以採納

與該等預期於截至二零一八年十二月三十一日止年度適用於本集團之香港財務報告準則有關之進一步資料載述如下。在該等準則當中，香港財務報告準則第9號及香港財務報告準則第15號將適用於本集團截至二零一八年十二月三十一日止之財政年度。此外，管理層已對該等準則之估計影響進行評估，有關評估乃基於本集團目前可得資料進行。採納準則後之實際影響取決於採用準則時本集團所得額外合理佐證資料而定，其可能會與下文所述者有所不同。

香港會計師公會於二零一四年九月頒佈香港財務報告準則第9號之最終版本，匯總金融工具項目之所有階段，以取代香港會計準則第39號及香港財務報告準則第9號之所有先前版本。該準則引入有關分類及計量、減值及對沖會計處理新規定。本集團將自二零一八年一月一日起採納香港財務報告準則第9號。本集團將不會重列可比較資料，並將確認任何對二零一八年一月一日之年初權益結餘作出之過渡性調整。於二零一七年，本集團已就採納香港財務報告準則第9號之影響進行評估。其預期產生之影響涉及分類及計量以及減值規定，並概述如下：

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2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group expects that the provision for impairment will be slightly increased upon the initial adoption of the standard.

2.4 已頒佈但尚未生效之香港財務報告準則 (續)

(a) 分類及計量

本集團預期，採納香港財務報告準則第9號將不會對其金融資產之分類及計量構成重大影響。本集團預期繼續按公允值計量所有目前按公允值持有之金融資產。目前持作可供出售之股權投資將按公允值計入其他全面收益計量，原因為本集團擬於可見將來持有該等投資，此外，本集團預期將選擇於其他全面收益中呈列公允值之變動。於其他全面收益入帳之股權投資收益及虧損不可於終止確認有關投資時重新計入損益。

(b) 減值

香港財務報告準則第9號規定，根據香港財務報告準則第9號按攤銷成本入帳或按公允值計入其他全面收益之債務工具、應收租賃帳款、貸款承擔及並非根據香港財務報告準則第9號按公允值計入損益之財務擔保合約，須以十二個月為基準或以終身基準按預期信貸虧損模式入帳。本集團將採用簡化方式，根據其所有貿易應收帳款於餘下年期內之所有現金短欠差額之現值，估計終身預期虧損並將之記錄入帳。此外，本集團將採用慣常做法，根據其他應收帳款於未來十二個月內可能發生之違約事件，估計十二個月內之預期信貸虧損並將之記錄入帳。本集團預期，於初步採納該準則時，減值撥備將輕微增加。

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS15 from 1 January 2018 and plans to adopt the transitional provisions in HKFRS15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group has assessed the impact of this standard and does not anticipate that the application of HKFRS 15 will have a material impact on the consolidated financial statements.

Presentation and disclosure

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new. In particular, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2.4 已頒佈但尚未生效之香港財務報告準則 (續)

於二零一四年七月頒佈之香港財務報告準則第15號新設一套五步模型，以就客戶合約收益列帳。根據香港財務報告準則第15號，所確認之收益金額應能反映實體預期就向客戶轉讓貨物或服務作為交換而有權獲得之代價。香港財務報告準則第15號之原則為計量及確認收益提供更加結構化之方法。該準則亦引入廣泛之定性及定量披露規定，包括披露收益總額之分拆，有關履約義務之資料、不同期間之合約資產及負債帳目結餘之變動，以及主要判斷及估計。該準則將取代香港財務報告準則項下所有現行收益確認規定。於首次應用該準則時，需要作全面追溯應用或經修改追溯採納。於二零一六年六月，香港會計師公會頒佈香港財務報告準則第15號修訂本，以處理有關識別履約義務方面之實行問題、主事人與代理人之應用指引及知識產權牌照，以及其過渡。該等修訂亦旨在協助確保於應用香港財務報告準則第15號時有更一致之應用以及降低應用準則之成本及複雜性。本集團將自二零一八年一月一日起採納香港財務報告準則第15號，並計劃採納香港財務報告準則第15號之過渡性條款，以將初步採納之累計影響確認為一項對二零一八年一月一日年初結餘所作之調整。此外，本集團計劃僅對在二零一八年一月一日前未完成之合約採用新規定。本集團已評估該準則之影響，並預計應用香港財務報告準則第15號將不會對綜合財務報表構成重大影響。

呈報及披露

香港財務報告準則第15號之呈報及披露規定較現行香港會計準則第18號更為詳盡。呈報規定與現行慣例相比有重大變動，並將大幅增加本集團財務報表所需披露之資料。香港財務報告準則第15號之許多披露規定為新規定。尤其是，遵照香港財務報告準則第15號之規定，本集團將分列自客戶合約確認之收益至不同類別，透過不同類別說明收益及現金流量之性質、金額、時間及不確定性如何受經濟因素影響。本集團亦將就有關分列收益之披露資料與各可呈報分類所披露之收益資料之間的關係作出披露。

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2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Other than as further explained above regarding the impact of HKFRS 9 and HKFRS 15, the Group is also in the process of making an assessment of the impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether those new and revised HKFRSs would have any significant impact on its results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 已頒佈但尚未生效之香港財務報告準則 (續)

除上文所解釋有關香港財務報告準則第9號及香港財務報告準則第15號之影響外，本集團亦正就其他新訂及經修訂香港財務報告準則於初步採納時之影響作出評估，惟現時尚未能確定該等新訂及經修訂香港財務報告準則會否對本集團之經營業績及財務狀況構成任何重大影響。

2.5 主要會計政策概要

業務合併及商譽

業務合併乃以收購法入帳。轉讓之代價乃以收購日期之公允值計量，該公允值為本集團轉讓之資產、本集團向被收購方前擁有人產生之負債，以及本集團就換取被收購方控制權所發行之股權於收購日期之公允值總和。於各業務合併中，本集團選擇是否計量於被收購方之非控股權益，其乃按現時擁有之權益呈列，並賦予其持有人權利，於清盤時按公允值或被收購方可識別資產之分佔比例以分佔資產淨額。非控股權益之所有其他部分按公允值計量。收購相關成本於產生時支銷。

當本集團收購一項業務時，會根據合約條款、於收購日期之經濟環境及相關條件，評估將承接之金融資產及負債，以適當分類及指定，包括將被收購方主合約中之嵌入式衍生工具分開。

倘業務合併分階段進行，則先前持有之股權乃按其收購日期之公允值重新計量，而任何所得盈虧乃於損益中確認。

收購方轉讓之任何或然代價於收購日期按公允值確認。倘分類為資產或負債之或然代價，則按公允值計量，其公允值之變動於損益確認。倘或然代價分類為股權，則不會重新計量，其後結算於股權中入帳。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Business combinations and goodwill (continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.5 主要會計政策概要(續)

業務合併及商譽(續)

商譽初步按成本計量，即已轉讓代價、已確認非控股權益數額及本集團先前持有之被收購方股權之任何公允值之總和，超出所收購可識別資產淨值及所承擔負債之差額。倘代價及其他項目之總和低於所收購資產淨值之公允值，則差額乃於重新評估後於損益確認為議價收購收益。

於初步確認後，商譽按成本減任何累計減值虧損計量。商譽會每年進行減值測試，或倘有事件或情況改變顯示帳面值可能減值時，則會更頻密地進行測試。本集團於十二月三十一日進行其商譽之年度減值測試。為進行減值測試，於業務合併收購之商譽自收購日期起分配至預期將從合併之協同效益中獲益之本集團各現金產生單位或現金產生單位組別，而不論本集團其他資產或負債是否已分配至該等單位或單位組別。

減值乃通過評估與商譽有關之現金產生單位(或現金產生單位組別)之可收回金額釐定。倘現金產生單位(或現金產生單位組別)之可收回金額低於帳面值時，則會確認減值虧損。已就商譽確認之減值虧損不會於其後期間撥回。

倘商譽獲分配至現金產生單位(或現金產生單位組別)之部分，而該單位之部分業務已出售，則在釐定出售業務之盈虧時，與所出售業務相關之商譽乃計入該業務之帳面值。在該等情況下，所出售之商譽乃根據所出售業務之相對價值及現金產生單位之保留部分計量。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	-	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	-	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	-	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 主要會計政策概要(續)

公允值計量

本集團於各報告期末按公允值計量其股權投資。公允值為市場參與者間於計量日期在有序交易中出售資產所收取或轉讓負債所支付之價格。公允值計量乃假設出售資產或轉讓負債之交易於資產或負債之主要市場或在無主要市場情況下，於資產或負債之最具優勢市場進行。主要或最具優勢市場須為本集團可進入之市場。資產或負債之公允值乃基於市場參與者為資產或負債定價時所用之假設計量（假設市場參與者按彼等之最佳經濟利益行事）。

非金融資產之公允值計量計及市場參與者透過使用該資產之最高及最佳用途，或將該資產出售予將使用其最高及最佳用途之另一市場參與者而產生經濟利益之能力。

本集團採納適用於不同情況且具備充分數據以供計量公允值之估值方法，以盡量使用相關可觀察數據及盡量減少使用非可觀察數據。

所有公允值於財務報表計量或披露之資產及負債乃按對公允值計量整體而言屬重大之最低級數據按以下所述公允值等級架構分類：

第一層	-	按相同資產或負債於活躍市場之報價（未經調整）計算
第二層	-	按對公允值計量而言屬重大之直接或間接可觀察最低層數據之估值方法計算
第三層	-	按對公允值計量而言屬重大之非可觀察最低層數據之估值方法計算

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*(continued)***Fair value measurement** *(continued)*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 主要會計政策概要(續)**公允值計量(續)**

就按經常性基準於財務報表中確認之資產及負債而言，本集團透過於各報告期末重新評估分類(按對公允值計量整體而言屬重大之最低層數據)釐定等級架構之間是否出現轉移。

非金融資產減值

倘有跡象顯示出現減值，或須就資產(存貨及金融資產除外)進行年度減值測試時，會估計資產之可收回金額。資產之可收回金額即該資產或現金產生單位之使用價值及其公允值減出售成本之較高者，並按個別資產釐定，除非該資產並不產生大致上獨立於其他資產或資產組別之現金流入，在此情況下，可收回金額乃按資產所屬現金產生單位釐定。

減值虧損僅在資產之帳面值超出其可收回金額時方會確認。評估使用價值時，估計未來現金流量會以反映當時市場評估貨幣時值及資產特定風險之稅前貼現率貼現至其現值。減值虧損於其產生期間自損益中與減值資產功能一致之開支類別扣除。

於各報告期末均會進行評估，確定是否有跡象顯示先前確認之減值虧損可能不再存在或有所減少。如出現任何該等跡象，則會估計可收回金額。除商譽外，先前確認之資產減值虧損僅在用作釐定該資產可收回金額之估計出現變動時方會撥回，惟有關金額不得超過假設過往年度並無就該資產確認減值虧損而應釐定之帳面值(扣除任何折舊／攤銷)。有關減值虧損之撥回於其產生期間計入損益。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases	Over the lease terms
Buildings	Over the shorter of the term of the lease of the land and 50 years
Leasehold improvement	Over the lease terms
Furnaces and infrastructure	25 years
Plant and machinery	8 years
Computer equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.5 主要會計政策概要(續)

物業、廠房及設備及折舊

物業、廠房及設備按成本減累計折舊及任何減值虧損列帳。物業、廠房及設備項目之成本包括其購買價及將資產達至其擬定用途之營運狀況及地點之任何直接應佔成本。

物業、廠房及設備項目投入運作後產生之開支(如保養及維修),通常於其產生期間在損益扣除。在符合確認準則之情況下,大型檢查之開支於資產之帳面值作為替代品撥充資本。倘物業、廠房及設備之重要部分須定期更換,則本集團確認該等部分為具有特定使用年期之個別資產,並予以折舊。

折舊乃按各物業、廠房及設備項目之估計可使用年期以直線法計算,以撇銷其成本至剩餘價值。用作此用途之主要年率如下:

根據融資租賃持有之租賃土地	於租期內
樓宇	土地租期與50年之較短者
租賃物業改良	於租期內
熔爐及基建	25年
廠房及機器	8年
電腦設備	5年
傢俬及裝置	5年
汽車	5年

倘物業、機器及設備項目內各部分具有不同可使用年期,則該項目之成本會按合理基準分配至各部分,而各部分作個別折舊。剩餘價值、可使用年期及折舊方法均於各財政年度末檢討,並於適當情況下作出調整。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment and depreciation *(continued)*

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other operating expenses for receivables.

2.5 主要會計政策概要(續)

物業、廠房及設備及折舊 (續)

當出售或預期使用或出售不會產生未來經濟利益時，將終止確認物業、廠房及設備項目(包括任何初步確認之重要部分)。於終止確認資產之年度，因出售或報廢資產而於損益確認之任何盈虧，指有關資產銷售所得款項淨額與帳面值兩者間之差額。

投資及其他金融資產

初步確認及計量

金融資產於初步確認時乃分類為貸款及應收帳款以及可供出售金融投資(視情況而定)。倘金融資產於初步時確認，其乃按公允值，另加收購金融資產所產生之交易成本計量。

所有金融資產之正常買賣乃於交易日期(即本集團承諾購買或出售資產當日)確認。正常買賣指須按法規或市場慣例一般指定之時間內交收資產之金融資產買賣。

其後計量

金融資產之其後計量乃視乎其以下分類而定：

貸款及應收帳款

貸款及應收帳款為有固定或可釐訂付款，且並無於活躍市場報價之非衍生金融資產。於初步計量後，該等資產其後以實際利率法按攤銷成本減任何減值撥備計量。攤銷成本已計及任何收購折讓或溢價，包括屬實際利率一部分之費用或成本。實際利率攤銷乃計入損益之其他收入及收益。就借貸而言，減值產生之虧損乃於損益之財務費用中確認，而就應收帳款而言，則於其他經營開支中確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest earned whilst holding the available-for-sale financial investments are reported as interest income and is recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.5 主要會計政策概要(續)

投資及其他金融資產(續)

可供出售金融投資

可供出售金融投資為上市及非上市股權投資及債務證券中之非衍生金融資產。分類為可供出售之股權投資為既未分類為持作買賣亦未指定為按公允值計入損益之投資。該類別中之債務證券為擬無限期待持有及可能因應流動資金需求或市況變動而出售之證券。

於初步確認後，可供出售金融投資其後按公允值計量，而未變現盈虧於可供出售投資重估儲備中確認為其他全面收入，直至該投資終止確認為止，屆時累計盈虧乃於損益之其他收入確認，或直至該投資釐定為已減值，屆時累計盈虧乃自可供出售投資重估儲備重新分類至其他盈虧之損益。當持有可供出售金融投資時賺取之利息乃呈報為利息收入，並根據下文「收入確認」所載之政策於損益確認為其他收入。

當非上市股權投資之公允值由於(a)合理公允值估計範圍變動就該投資而言屬重大或(b)上述範圍內之各種估計值之概率不能合理地評估及用於估計公允值而導致無法可靠計量時，該等投資乃按成本減任何減值虧損列帳。

本集團評估於短期將其可供出售金融資產出售之能力及意向是否仍然合適。當本集團於罕有情況下因市場不活躍而無法買賣該等金融資產時，倘管理層有能力及意向於可見未來持有該等資產或持至到期日，則本集團可選擇重新分類該等金融資產。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.5 主要會計政策概要(續)

投資及其他金融資產(續)

可供出售金融投資(續)

就自可供出售類別重新分類之金融資產而言，於重新分類日期之公允值帳面值成為其新攤銷成本，而該資產任何已於股權確認之先前盈虧乃於投資之尚餘年期內採用實際利率在損益攤銷。新攤銷成本與到期款項間之任何差額亦於資產之尚餘年期內採用實際利率攤銷。倘資產其後釐定為已減值，則於股權記錄之金額會重新分類至損益。

終止確認金融資產

倘發生下列情況，則會主要終止確認(即自本集團之綜合財務狀況表移除)金融資產或(視情況而定)金融資產之一部分或一組類似金融資產之一部分：

- 自資產收取現金流量之權利屆滿；或
- 本集團已轉讓自資產收取現金流量之權利或已承擔責任須根據「轉手」安排在無重大延誤之情況下將已收現金流量全數支付予第三方；且(a)本集團已轉讓資產之絕大部分風險及回報，或(b)本集團既無轉讓亦無保留資產之絕大部分風險及回報，惟已轉讓資產之控制權。

倘本集團已轉讓自資產收取現金流量之權利或已訂立轉手安排，其會評估是否已保留該資產所有權之風險及回報以及其程度。倘本集團並無轉讓亦無保留資產之絕大部分風險及回報，亦無轉讓資產之控制權，則本集團於本集團持續參與該資產之情況下繼續確認該已轉讓資產。在該情況下，本集團亦確認聯屬責任。已轉讓資產及聯屬責任按反映本集團保留之權利及責任之基準計量。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Derecognition of financial assets *(continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.5 主要會計政策概要(續)

終止確認金融資產(續)

以擔保形式對已轉讓資產之持續參與乃按資產原帳面值與本集團可能須償還最高代價兩者之較低者計量。

金融資產減值

本集團於各報告期末評估有否客觀證據顯示一項金融資產或一組金融資產出現減值。倘於初步確認資產後出現一項或多項對金融資產之估計未來現金流量構成影響之事件，或一組金融資產能夠可靠地估計，則減值存在。減值證據可包括跡象顯示債務人或一組債務人有重大財務困難、拖欠或無力償還利息或本金款項、可能破產或進行其他財務重組，以及明顯數據顯示估計未來現金流量出現可計量下降，例如欠款情況或與拖欠相關之經濟情況變動。

按攤銷成本列帳之金融資產

就按攤銷成本列帳之金融資產而言，本集團首先獨立評估個別重大之金融資產是否出現減值，或共同評估非個別重大之金融資產是否出現減值。倘本集團釐定個別評估金融資產為並無客觀減值跡象，則有關資產不論是否重大，均會計入一組信貸風險特徵類似之金融資產，共同作減值評估。就個別作減值評估之資產而言，倘其減值虧損會或會持續確認，則不會計入共同減值評估。

已識別之任何減值虧損金額乃按資產帳面值與估計未來現金流量(不包括尚未產生之未來信貸虧損)現值兩者間之差額計量。估計未來現金流量之現值乃按金融資產之原實際利率(即於初步確認計算之實際利率)貼現。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.5 主要會計政策概要(續)

金融資產減值(續)

按攤銷成本列帳之金融資產(續)

資產帳面值會透過撥備帳扣減，而虧損於損益確認。為計量減值虧損，利息收入會繼續以所減少帳面值及用以貼現未來現金流量之利率累計。倘貸款及應收帳款預期不大可能收回及所有抵押品已變現或已轉撥至本集團，則會撇銷該貸款及應收帳款連同任何相關撥備。

倘在其後期間，估計減值虧損之金額因確認減值後發生之事件增減，則過往確認之減值虧損會透過調整撥備帳而增減。倘撇銷之款項其後收回，則收回之款項會計入損益之其他開支。

可供出售金融投資

就可供出售金融投資而言，本集團於各報告期末評估有否客觀證據顯示一項投資或一組投資出現減值。

倘可供出售資產出現減值，其成本(扣除任何本金付款及攤銷)與其現行公允值之差額減先前於損益確認之任何減值虧損之金額，自其他全面收入剔除並於損益確認。

倘股權投資分類為可供出售，則客觀證據將包括該項投資之公允值大幅或長期跌至低於其成本。「大幅」乃相對投資之原有成本評估，而「長期」則相對公允值低於其原有成本之期間評估。倘有減值證據，則累計虧損(按收購成本與現時公允值之差額減該項投資先前於損益確認之任何減值虧損計量)將從其他全面收入中剔除，並於損益確認。分類作可供出售之股本工具之減值虧損不會透過損益撥回，而其公允值於減值後之增加乃直接於其他全面收入確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment of financial assets *(continued)*

Available-for-sale financial investments (continued)

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables, accruals, other borrowings and convertible bonds.

2.5 主要會計政策概要 (續)

金融資產減值 (續)

可供出售金融投資 (續)

釐定是否屬「大幅」或「長期」時須作出判斷。於作出判斷時，本集團評估（其中包括）一項投資之公允值少於其成本之持續時間或程度。

按成本列帳之資產

倘有客觀證據顯示一項因其公允值不能被可靠計量而不以公允值列帳之非上市股本工具存在減值虧損，則應以該資產之帳面值與預期未來現金流量之現值（以當前市場相似金融資產之回報率為貼現率貼現）之差額計量虧損金額。該等資產之減值虧損不予撥回。

金融負債

初步確認及計量

金融負債乃於初步確認時分類為貸款及借貸。

所有金融負債初步按公允值確認，而貸款及借貸則扣除直接應佔交易成本。

本集團之金融負債包括貿易應付帳款、其他應付帳款、應計款項、其他借貸及可換股債券。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings 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 profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term 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 first recognised.

2.5 主要會計政策概要(續)

金融負債(續)

其後計量

金融負債之其後計量乃視乎其以下分類：

貸款及借貸

於初步確認後，計息貸款及借貸其後以實際利率法按攤銷成本計量，除非貼現之影響並不重大，則在該情況下按成本列帳。當終止確認負債時，盈虧以實際利率之攤銷過程於損益確認。

攤銷成本已計及任何收購折讓或溢價，以及屬實際利率一部分之費用或成本。實際利率攤銷乃計入損益之財務費用。

可換股債券

可換股債券的負債部份於扣除交易成本後，在財務狀況表內確認為負債。當發行可換股債券時，負債部份的公允值乃以同等不可換股債券的市場比率計算，而該金額則按攤銷成本列作長期負債，直至於換股或贖回時撤銷為止。所得款項的餘額將撥往換股選擇權，於扣除交易成本後確認及計入股東權益。其後年度的換股選擇權帳面值不會重新計算。交易成本根據於首次確認工具時所得款項在負債及權益部份之間之分配於可換股債券間之負債及權益部份之間分配。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

2.5 主要會計政策概要(續)

終止確認金融負債

倘負責任獲解除或註銷或屆滿時，則會終止確認金融負債。

倘現有金融負債由同一借方以不同條款之金融負債替代，或現有負債之條款被大幅修訂，則此替換或修訂乃視作終止確認原有負債並確認新負債，而有關帳面值間之差額於損益確認。

抵銷金融工具

倘目前具有可強制執行法定權利抵銷已確認金額及有意按淨額基準結算，或同時變現資產及清償負債，則金融資產與金融負債可互相抵銷，而有關金額淨額於財務狀況表呈報。

存貨

存貨乃按成本及可變現淨值兩者之較低者列帳。成本按加權平均基準釐定。倘屬在製品及製成品，成本則包括直接物料費用、直接勞工及適當比例之間接生產成本。可變現淨值按估計售價減完成及出售將產生之任何估計成本計算。

撥備

倘因過往事件而產生現時責任(法律或推定)，且將來可能需要資源流出以清償有關債務時，則會確認撥備，惟有關債務之金額須能可靠地估計。

倘貼現之影響重大，則就撥備確認之金額為於報告期末預期清償該責任所需之未來支出之現值。隨着時間而產生之貼現現值金額增加乃計入損益之財務費用。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and 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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 主要會計政策概要(續)

經營租賃

凡資產擁有權之絕大部分回報及風險仍歸出租人所有，則有關租賃入帳作經營租賃。倘本集團為承租人，根據經營租賃下之應付租金(扣除出租人提供之任何優惠)將於租期內以直線法自損益扣除。

經營租賃下之預繳土地租金初步按成本列帳，其後則於租期內以直線法確認。

倘土地租金不能在土地與建築物元素之間可靠地分配時，則全數土地租金列作物業、廠房及設備之融資租賃計入土地及建築物之成本內。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及一般於購入後三個月之短期內到期、可隨時兌換為已知現金金額並承受極小價值變動風險之短期高流通性投資，減去須於要求時償還及組成本集團現金管理一部分之銀行透支。

就綜合財務狀況表而言，現金及現金等價物指手頭及銀行現金，包括有期存款，以及使用不受限制之性質與現金類似之資產。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) the sales of medium coal, coke and by-products, when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) the sales of electricity and heat, when the electricity and heat are consumed by the customers;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (d) commission income and transaction service income are recognised when the services are rendered.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 26 to the financial statements.

2.5 主要會計政策概要(續)

收入確認

倘本集團可能獲得經濟利益，而收入能可靠地計量，則收入乃按下列基準確認：

- (a) 銷售中煤、焦炭及副產品乃於擁有權之絕大部分風險及回報已轉讓予買方時確認，惟本集團須不參與管理（通常與擁有權有關），亦無擁有已售貨品之實際控制權；
- (b) 銷售電及熱乃於客戶消耗電及熱時確認；
- (c) 利息收入乃按應計基準於金融工具之估計年期或適用之較短期間，應用準確貼現估計未來現金收入至金融資產帳面淨值之利率以實際利率法確認；及
- (d) 佣金收入及交易服務收入於提供服務時確認。

股份付款

本公司實施一項購股期權計劃，旨在為對本集團業務成功作出貢獻之合資格參與者提供獎勵及回報。本集團之僱員（包括董事）以股份付款之方式收取報酬，而僱員則提供服務作為股本工具之代價（「股權結算交易」）。

就於二零零二年十一月七日後之授出而與僱員進行之股權結算交易之成本，乃參考授出日期之公允值計量。公允值乃根據外部估值師採用二項模式釐定，進一步詳情載於財務報表附註26。

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財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payments *(continued)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.5 主要會計政策概要(續)

股份付款(續)

股權結算交易之成本連同股權之相應增加，乃於以僱員福利開支履行表現及／或服務條件期內確認。直至歸屬日期前，於各報告期末就股權結算交易確認之累計開支，反映歸屬期已到期部分及本集團對最終將會歸屬之股本工具數目之最佳估計。於某期間扣除自或計入損益之金額，代表於期初及期終確認之累計開支之變動。

釐定獎勵之授出日公允值並不考慮服務及非市場表現條件，惟能達成條件之可能性則被評定為將最終歸屬為本集團權益工具數目之最佳估計之一部份。市場表現條件將反映在授出日之公允值。附帶於獎勵中但並無相關聯服務要求之其他任何條件皆視為非歸屬條件。反映非歸屬條件之獎勵公允值若當中不包含服務及／或表現條件乃即時予以支銷。

因未能達至非市場表現及／或服務條件，而導致最終並無歸屬之獎勵並不會確認支銷，惟包括一項市場或非歸屬條件之獎勵無論市場或非歸屬條件是否達成，其均會被視為已歸屬，前提是所有其他表現及／或服務條件須已達成。

倘股權結算獎勵之條款有所變更而獎勵之原有條款已達成，則最少須確認猶如條款並無變更之開支。此外，倘按變更日期之計量，任何變更導致股份付款之總公允值有所增加，或對僱員有利，則會就該等變更確認開支。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Share-based payments *(continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss 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 into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5 主要會計政策概要(續)

股份付款(續)

倘股權結算獎勵被註銷，會被視為已於註銷日期歸屬，而任何尚未就獎勵確認之開支，均會即時確認。此包括本集團或僱員控制範圍內之非歸屬條件未達成之任何獎勵。然而，倘授出新獎勵代替已註銷之獎勵，並於授出日期指定為替代獎勵，則已註銷及新獎勵，均會如前段所述被視為原有獎勵之變更。

計算每股盈利時，尚未行使購股期權之攤薄影響乃反映為額外股份攤薄。

其他僱員福利

退休福利計劃

本集團根據強制性公積金計劃條例，為其所有僱員推行界定供款強制性公積金退休福利計劃（「強積金計劃」）。供款乃按僱員基本薪金之若干百分比作出，並根據強積金計劃之規則於應付時自損益扣除。強積金計劃之資產於獨立管理基金中與本集團之資產分開持有。本集團之僱主供款於向強積金計劃作出供款時全數歸屬予僱員。

本集團於中國內地經營之附屬公司之僱員須參與當地市政府運作之中央退休金計劃。有關附屬公司須按其工資成本之若干百分比向中央退休金計劃作出供款。供款乃根據中央退休金計劃之規則於應付時自損益扣除。

借貸成本

借貸成本在其產生之期間列支。借貸成本包括利息及實體就有關借貸資金產生之其他成本。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 主要會計政策概要(續)

外幣

此等財務報表乃以本公司之功能及呈列貨幣港元編製。本集團各實體釐定其本身之功能貨幣，而載於各實體財務報表之項目乃以功能貨幣計量。本集團各實體記錄之外幣交易初步按交易日期其各自功能貨幣之現行匯率記錄。以外幣計值之貨幣資產及負債乃按報告期末之功能貨幣匯率換算。清償或兌換貨幣項目產生之差額均於損益確認。

按歷史成本計量之外幣非貨幣項目乃按於首次交易日期之匯率換算。按外幣公允值計量之非貨幣項目按計量公允值當日之匯率換算。換算按公允值計量之非貨幣項目而產生之盈虧，按確認該項目之公允值變動之盈虧一致之方法處理（即公允值盈虧於其他全面收入或損益確認之項目，其換算差額亦分別於其他全面收入或損益確認）。

若干海外附屬公司之功能貨幣為港元以外之貨幣。於報告期末，該等實體之資產及負債按報告期末之現行匯率換算為港元，而其損益則按年內之加權平均匯率換算為港元。

因此產生之兌換差額乃於其他全面收入確認，並於兌換波動儲備中累計。出售海外業務時，與該特定海外業務有關之其他全面收入部分乃於損益確認。

收購海外業務產生之任何商譽及任何因收購而產生之資產及負債帳面值之公允值調整乃視作海外業務之資產及負債處理，並按收市匯率換算。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 主要會計政策概要(續)

外幣(續)

就綜合現金流量表而言，海外附屬公司之現金流量乃以出現現金流量當日之匯率換算為港元。海外附屬公司於年內經常出現之現金流量則以年內之加權平均匯率換算為港元。

所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目有關之所得稅乃於損益以外，於其他全面收入或直接於股權確認。

本期間及過往期間之即期稅項資產及負債，乃按於報告期末已實施或大致上實施之稅率及稅法（經考慮本集團經營所在司法權區之現行詮釋及常規後），根據預期可獲稅務機關退回或付予稅務機關之金額計量。

遞延稅項使用負債法就報告期末資產及負債之稅基與其作財務申報用途之帳面值兩者間之所有暫時差額作出撥備。

遞延稅項負債乃就所有應課稅暫時差額確認，惟以下情況除外：

- 倘遞延稅項負債乃於一項不屬業務合併之交易中初步確認商譽或資產或負債而產生，而其於交易時對會計溢利或應課稅盈利或虧損並無影響；及
- 與於附屬公司之投資相關之應課稅暫時差額有關，其中撥回暫時差額之時間可予控制，且暫時差額可能不會於可見將來撥回。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 主要會計政策概要(續)

所得稅(續)

遞延稅項資產就所有可扣減暫時差額、未動用稅項抵免及任何未動用稅項虧損之結轉予以確認。倘出現應課稅盈利用作抵銷可扣減暫時差額，以及可動用未動用稅項抵免及未動用稅項虧損之結轉，則確認為遞延稅項資產，惟以下情況除外：

- 倘遞延稅項資產乃與於一項不屬業務合併之交易中初步確認資產或負債而產生之暫時差額有關，而其於交易時對會計溢利或應課稅盈利用或虧損並無影響；及
- 與於附屬公司之投資相關之可扣減暫時差額有關，僅於暫時差額可能會於可見將來撥回，且將有應課稅盈利用作抵銷可扣減暫時差額時，方會確認遞延稅項資產。

遞延稅項資產之帳面值於各報告期末進行審核，並減至將不能再有足夠應課稅盈利用以動用全部或部分遞延稅項資產為限。未確認之遞延稅項資產則於各報告期末重新評估，並於將可能有足夠應課稅盈利用以收回全部或部分遞延稅項資產時確認。

遞延稅項資產及負債乃根據於報告期末已實施或大致上實施之稅率（及稅法），按預期適用於變現資產或清償負債期間之稅率計量。

倘存在可強制執行之法定權利，可將即期稅項資產及即期稅項負債抵銷，而遞延稅項資產及遞延稅項負債涉及由同一稅務機關向同一應課稅實體或不同應課稅實體徵收所得稅，目的是為於預期有大額遞延稅項負債或資產結清或收回之各未來期間按淨額基準結清即期稅項負債及資產，或同時將資產變現及將負債結清時，則遞延稅項資產及遞延稅項負債方可抵銷。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grants 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.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2.5 主要會計政策概要(續)

政府補助金

政府補助金乃在可合理確定將取得該補助金並將可符合所有附帶條件時按其公允值確認。倘補助金涉及開支項目，則於補助金於擬補償之成本列支之有關期間有系統地確認為收入。

關連人士

在下列情況下，一方將視為與本集團有關連：

- (a) 該方為一名人士或該人士之直系親屬，而該人士
 - (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司之主要管理人員；

或

- (b) 該方為實體，而任何以下條件適用：
 - (i) 該實體及本集團為同一集團之成員公司；
 - (ii) 一實體為另一實體(或另一實體之母公司、附屬公司或同系附屬公司)之聯營公司或合營公司；
 - (iii) 該實體及本集團為同一第三方之合營公司；
 - (iv) 一實體為一第三方之合營公司，而另一實體為該第三方之聯營公司；

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Related parties *(continued)*

(b) *(continued)*

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 主要會計政策概要(續)

關連人士(續)

(b) (續)

- (v) 該實體為本集團或與本集團有關連之實體之僱員而設之受僱後福利計劃；
- (vi) 該實體受(a)所識別人士控制或共同控制；
- (vii) (a)(i)所識別之人士對該實體行使重大影響力，或為該實體(或該實體之母公司)之主要管理人員；及
- (viii) 該實體或一集團任何之成員，向本集團或本集團之母公司提供主要管理人員服務。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets

In determining whether an asset is impaired or the events previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) 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 to determine the level of 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.

Tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

3. 重要會計判斷及估計

編製本集團之財務報表要求管理層作出可影響收入、開支、資產及負債及其相關披露事項以及或然負債披露事項之呈報金額之判斷、估計及假設。

此等假設及估計之不確定因素可能導致需要對日後受影響之資產或負債之帳面值作出重大調整。

判斷

於應用本集團之會計政策時，除涉及對財務報表已確認金額構成最大影響之估計外，管理層已作出以下判斷：

非金融資產減值

在確定某項資產是否出現減值，或早前引致減值之事項是否已不復存在時，本集團須於資產減值方面作出判斷，尤其在於評估：(1)是否發生可影響資產價值之事件，或該影響資產價值之事件已不再存在；(2)資產帳面值能否獲得足夠未來現金流量淨現值支持，而該淨現值乃基於資產持續使用或終止確認而估計；及(3)編製現金流量預測時所應用之適當重要假設，包括該等現金流量預測是否以適當貼現率貼現。倘管理層用於釐定減值程度選取之假設（包括貼現率或現金流量預測中的增長率假設）有變，則可能對減值測試中使用之淨現值有重大影響。

稅項

釐定所得稅撥備要求本集團就若干交易之未來稅項處理方法作出判斷。本集團根據當時之稅務規例謹慎評估交易之稅務影響，並作出相應稅項撥備。此外，遞延稅項資產按可能出現可供動用可扣減暫時差額之未來應課稅盈利而確認。此舉要求就若干交易之稅務處理方法作出重大判斷，亦需評估是否有充足未來應課稅盈利以收回遞延稅項資產之可能性。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired or the impairment no longer exists and this requires an estimation of the value in use of the cash-generating units to which these assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose suitable discount rates in order to calculate the present value of those cash flows. Any change in the business environment may lead to the change in expected future cash flows. The carrying amount of property, plant and equipment as at 31 December 2017 was HK\$495,154,000 (2016: HK\$412,849,000). Further details are set out in notes 12 and 14 to the financial statements.

Depreciation

The Group depreciates its property, plant and equipment over their estimated useful lives, commencing from the date the property, plant and equipment are ready for their intended use. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the property, plant and equipment. The depreciation will be changed when the useful life is expected to be different from the estimate and would affect profit or loss for the period in which such change of estimate takes place.

Provision for receivables, prepayments, and deposits

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable/prepayment/deposit is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade receivables (including trade receivables due from the non-controlling shareholder of a PRC subsidiary (the "Non-controlling Shareholder")), and prepayments, deposits and other receivables as at 31 December 2017 were HK\$267,037,000 (2016: HK\$229,510,000) (note 17) and HK\$216,175,000 (2016: HK\$151,800,000) (note 19), respectively.

3. 重要會計判斷及估計(續)

估計之不確定性

於報告期末就未來及其他估計不確定性之主要來源所作之主要假設，很大機會引致須於下一個財政年度就資產及負債帳面值作出重大調整者載述如下。

物業、廠房及設備減值

本集團釐定物業、廠房及設備是否出現減值或減值是否已消失，就此需要估計獲分配該等資產之現金產生單位之使用價值。估計使用價值時，本集團須估計現金產生單位之預期未來現金流量，並須選擇適合之貼現率以計算該等現金流量之現值。任何業務環境之變動均可導致預期未來現金流量出現變動。於二零一七年十二月三十一日，物業、廠房及設備之帳面值為495,154,000港元(二零一六年：412,849,000港元)。進一步詳情載於財務報表附註12及14。

折舊

本集團由物業、廠房及設備可作擬定用途當日開始按物業、廠房及設備之估計可使用年期計算折舊。估計可使用年期反映管理層對本集團擬自使用物業、廠房及設備中得到未來經濟利益的估計使用期限。倘可使用年期與估計有所不同，折舊將會改變，並可能會對估計變動發生期間之損益造成影響。

應收帳款、預付款項及按金撥備

本集團於各報告期末評估是否存在任何客觀證據表明應收帳款／預付款項／按金出現減值。決定是否存在減值之客觀證據時，本集團考慮之因素包括無力清償債務之可能性或債務人重大財政困難及拖欠帳款或支付之重大延遲。倘存在客觀減值證據，則未來現金流量之金額及時間乃基於具有類似信貸風險特徵資產之歷史虧損經驗予以估計。於二零一七年十二月三十一日，貿易應收帳款(包括應收一間中國附屬公司之非控股股東(「非控股股東」)之貿易應收帳款、預付款項、按金以及其他應收帳款之帳面值分別為267,037,000港元(二零一六年：229,510,000港元)(附註17)及216,175,000港元(二零一六年：151,800,000港元)(附註19)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (a) the coke trading segment – purchases and sales of coke and coal;
- (b) the coal-related ancillary segment – washing of raw coal into refined coal for sale and for further processing, and sale of electricity and heat which are generated as the by-products during the washing of raw coal; and
- (c) the coke production segment – processing of refined coal into coke for sale, and sale of coke by-products that are generated during coke production.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income and sundry income, corporate and administrative expenses, unallocated other operating income, unallocated finance costs and income tax expense/(credit) are excluded from such measurement.

Segment assets exclude cash and bank balances, available-for-sale investments, tax recoverable, deferred tax asset and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings and convertible bonds for corporate use and other unallocated head office, deferred tax liability and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted at cost plus a certain percentage of mark-up.

4. 經營分類資料

就管理目的而言，本集團根據產品及服務組織業務單位，可呈報經營分類如下：

- (a) 焦炭貿易分類 — 買賣焦炭及煤炭；
- (b) 煤炭相關附屬分類 — 洗原煤以產生作銷售用途及進一步加工之精煤，以及銷售電及熱（與洗原煤過程所產生的副產品一同產生）；及
- (c) 焦炭生產分類 — 加工精煤以產生作銷售用途之焦炭，以及銷售焦炭生產過程產生之焦炭副產品。

管理層獨立監察本集團經營分類之業績，以作出有關資源分配及表現評估之決策。分類表現乃根據可呈報分類溢利／（虧損）（其為經調整除稅前溢利／（虧損）之計量基準）予以評估。經調整除稅前溢利／（虧損）乃貫徹以本集團之除稅前溢利／（虧損）計量，惟利息收入及雜項收入、公司及管理費用、未分配其他經營收入、未分配財務費用及所得稅開支／（抵免）不計入於該計量。

分類資產不包括現金及銀行結存、可供出售投資、可收回稅項、遞延稅項資產以及其他未分配總辦事處及公司資產，此乃由於此等資產乃按集團基準計量。

分類負債不包括公司用途之其他借貸及可換股債券、遞延稅項負債以及其他未分配總辦事處及公司負債，此乃由於此等負債乃按集團基準計量。

分類間銷售及轉讓乃參考按成本加若干百分比之加成進行交易。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results

Year ended 31 December 2017

4. 經營分類資料(續)

分類收入及業績

截至二零一七年十二月三十一日止年度

		Coke trading	Coal-related ancillary	Coke production	Eliminations	Total
		焦炭貿易	煤炭相關 附屬分類	焦炭生產	對銷	總計
		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
Segment revenue	分類收入					
– external sales	– 對外銷售	32,130	109,619	1,189,042	–	1,330,791
– intersegment sales	– 分類間銷售	–	285,959	–	(285,959)	–
Other income	其他收入	–	36,749	–	–	36,749
Total	總計	32,130	432,327	1,189,042	(285,959)	1,367,540
Segment results	分類業績	1,466	33,935	171,015	(1,287)	205,129
Interest income and sundry income	利息收入及雜項收入					8,670
Corporate and administrative expenses	公司及管理費用					(83,804)
Unallocated other operating income	未分配其他經營收入					4,679
Unallocated finance costs	未分配財務費用					(8,015)
Profit before tax	除稅前溢利					126,659
Income tax credit	所得稅抵免					5,254
Profit for the year	本年度溢利					131,913

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Year ended 31 December 2016

4. 經營分類資料(續)

分類收入及業績(續)

截至二零一六年十二月三十一日止年度

		Coke trading 焦炭貿易 HK\$'000 千港元	Coal-related ancillary 煤炭相關 附屬分類 HK\$'000 千港元	Coke production 焦炭生產 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue	分類收入					
– external sales	– 對外銷售	–	77,359	715,159	–	792,518
– intersegment sales	– 分類間銷售	–	187,419	–	(187,419)	–
Other income	其他收入	1,279	31,314	–	–	32,593
Total	總計	1,279	296,092	715,159	(187,419)	825,111
Segment results	分類業績	1,279	(261)	104,579	(843)	104,754
Interest income and sundry income	利息收入及雜項收入					26,298
Corporate and administrative expenses	公司及管理費用					(79,608)
Unallocated other operating income	未分配其他經營收入					19,063
Unallocated finance costs	未分配財務費用					(1,582)
Profit before tax	除稅前溢利					68,925
Income tax expense	所得稅開支					(8,544)
Profit for the year	本年度溢利					60,381

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

31 December 2017

4. 經營分類資料(續)

分類資產及負債(續)

二零一七年十二月三十一日

		Coke trading 焦炭貿易 HK\$'000 千港元	Coal-related ancillary 煤炭相關 附屬分類 HK\$'000 千港元	Coke production 焦炭生產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
SEGMENT ASSETS	分類資產				
Segment assets	分類資產	3,223	513,293	303,608	820,124
Corporate and unallocated assets	公司及未分配資產				296,410
Consolidated assets	綜合資產				1,116,534
SEGMENT LIABILITIES	分類負債				
Segment liabilities	分類負債	2,535	268,746	303,361	574,642
Corporate and unallocated liabilities	公司及未分配負債				125,923
Consolidated liabilities	綜合負債				700,565

31 December 2016

二零一六年十二月三十一日

		Coke trading 焦炭貿易 HK\$'000 千港元	Coal-related ancillary 煤炭相關 附屬分類 HK\$'000 千港元	Coke production 焦炭生產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
SEGMENT ASSETS	分類資產				
Segment assets	分類資產	-	483,640	203,446	687,086
Corporate and unallocated assets	公司及未分配資產				268,181
Consolidated assets	綜合資產				955,267
SEGMENT LIABILITIES	分類負債				
Segment liabilities	分類負債	209	338,044	249,445	587,698
Corporate and unallocated liabilities	公司及未分配負債				99,964
Consolidated liabilities	綜合負債				687,662

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Other Segment Information

Year ended 31 December 2017

4. 經營分類資料(續)

其他分類資料

截至二零一七年十二月三十一日止年度

		Coke trading 焦炭貿易 HK\$'000 千港元	Coal-related ancillary 煤炭相關 附屬分類 HK\$'000 千港元	Coke production 焦炭生產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Additions of property, plant and equipment	添置物業、廠房及設備	-	16,289	1,780	18,069
Unallocated	未分配				3,388
					<u>21,457</u>
Depreciation	折舊	-	39,820	188	40,008
Unallocated	未分配				6,456
					<u>46,464</u>
Unallocated interest expenses on discounted bills, other borrowings and convertible bonds	未分配貼現票據、其他借貸及可換股債券之利息開支				8,015
Impairment/(reversal of impairment) of trade receivables, net	貿易應收帳款減值/(撥回), 淨額	-	(912)	1,323	411
Reversal of impairment of prepayments, net	預付款項減值撥回, 淨額	-	(1,098)	(5,901)	(6,999)
Unallocated	未分配				887
					<u>(6,112)</u>
Reversal of impairment on items of property, plant and equipment	物業、廠房及設備項目減值撥回			(84,977)	(84,977)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Other Segment Information (continued)

Year ended 31 December 2016

4. 經營分類資料(續)

其他分類資料(續)

截至二零一六年十二月三十一日止年度

		Coke trading 焦炭貿易 HK\$'000 千港元	Coal-related ancillary 煤炭相關 附屬分類 HK\$'000 千港元	Coke production 焦炭生產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Additions of property, plant and equipment Unallocated	添置物業、廠房及設備 未分配	–	13,661	–	13,661 755
					14,416
Depreciation Unallocated	折舊 未分配	–	55,297	–	55,297 4,980
					60,277
Unallocated interest expenses on other borrowings and convertible bonds	未分配其他借貸及可換股債券 之利息開支				1,582
Unallocated income tax expense	未分配所得稅開支				8,544
Impairment of trade receivables, net	貿易應收帳款減值，淨額	–	5,184	–	5,184
Impairment of prepayments, net Unallocated	預付款項減值，淨額 未分配	–	3,787	7,230	11,017 780
					11,797

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, Mainland China, which is the Group's principal place of business and operations during the years ended 31 December 2017 and 2016. Therefore, no analysis by geographical region is presented.

The revenue information is based on the locations of the customers.

(b) Non-current assets

Hong Kong	香港
Mainland China	中國內地

The non-current asset information is based on the locations of the assets and excludes financial instruments and deferred tax asset.

Information about major customers

During the year ended 31 December 2017, revenue in the amount of approximately HK\$686,732,000 (2016: HK\$435,477,000) was derived from sales in the coke production segment to a single customer. The customer is an independent third party of the Group.

During the year ended 31 December 2016, revenue in the amount of approximately HK\$192,099,000 was derived from sales in the coal-related ancillary segment and the coke production segment to the Non-controlling Shareholder.

4. 經營分類資料(續)

地區資料

(a) 來自外部客戶之收益

截至二零一七年及二零一六年十二月三十一日止年度，本集團之收入、開支、業績、資產及負債，以及資本開支絕大部分來自單一地區，即中國內地(本集團主要業務及營運地點)。因此，並無呈報地區分類分析。

收入資料乃根據客戶所在地劃分。

(b) 非流動資產

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong	2,563	743
Mainland China	494,362	412,106
	496,925	412,849

有關非流動資產資料乃根據資產所在地區劃分，且不包括金融工具及遞延稅項資產。

有關主要客戶之資料

截至二零一七年十二月三十一日止年度，約686,732,000港元(二零一六年：435,477,000港元)之收入乃來自向一名客戶進行焦炭生產分類之銷售。該客戶為本集團之獨立第三方。

截至二零一六年十二月三十一日止年度，約192,099,000港元之收入乃來自向非控股股東進行煤炭相關附屬分類及焦炭生產分類之銷售。

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5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and the value of services rendered during the year.

An analysis of revenue and other income and gains is as follows:

5. 收入及其他收入及收益

收入指年內已售出貨物之淨發票價值扣除退貨撥備及貿易折扣及提供服務之價值。

收入及其他收入及收益之分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入		
Sales of transportation service	銷售運輸服務	7,233	4,896
Sales of electricity and heat	銷售電及熱	73,441	72,453
Sales of raw coal, refined coal, coke and by-products	銷售原煤、精煤、焦炭及副產品	1,250,117	715,169
		1,330,791	792,518
Other income and gains, net	其他收入及收益，淨額		
Interest income	利息收入	21	4
Commission income	佣金收入	-	1,279
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之收益	658	12
Gain on debt restructuring (note 23)	債務重組之收益(附註23)	8,801	23,937
Gain/(loss) arising from amendment to convertible bonds (note 29)	修訂可換股債券所產生之收益/(虧損)(附註29)	(188)	2,303
Government subsidies*	政府資助*	36,085	31,314
Sundry income	雜項收入	42	42
		45,419	58,891

* Government subsidies have been received for supplying heat in Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

* 已就於中國內地供應熱收取政府資助。概無有關該等資助之未達成條件或或然事項。

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/ (crediting):

6. 除稅前溢利

本集團之除稅前溢利乃扣除／(計入)下列各項後得出：

		2017 二零一七年	2016 二零一六年
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
Cost of inventories sold	銷售存貨成本	1,121,462	658,103
Auditor's remuneration	核數師酬金	1,600	2,330
Depreciation	折舊	46,464	60,277
Operating lease payments in respect of leasehold interests in land and rented properties	土地及租用物業租賃權益之經營租賃款項	4,413	2,428
Employee benefit expense (including directors' remuneration):	僱員福利開支(包括董事酬金):		
Wages and salaries	工資及薪金	61,450	50,530
Pension scheme contributions [#]	退休福利計劃供款 [#]	12,549	12,223
		73,999	62,753
Write-back of inventories provision [®]	撥回存貨撥備 [®]	(3,654)	-
Impairment of trade receivables, net*	貿易應收帳款減值，淨額*	411	5,184
Impairment/(reversal of impairment) of prepayments, net*	預付款項減值／(減值撥回)，淨額*	(6,112)	11,797
Reversal of impairment of property, plant and equipment	物業、廠房及設備項目減值撥回*	84,977	-
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之收益	(658)	(12)

[#] As at 31 December 2017 and 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

[#] 於二零一七年及二零一六年十二月三十一日，本集團並無可用作扣減未來年度退休福利計劃供款之已沒收供款。

* These balances are included in "Other operating income, net" in the consolidated profit or loss. The "Other operating income, net" also included reversal of accruals of HK\$15,827,000 for the year ended 31 December 2017 (2016: HK\$29,739,000).

* 該等結餘已計入綜合損益之「其他經營收入，淨額」內。「其他經營收入，淨額」亦計入截至二零一七年十二月三十一日止年度之撥回應計款項15,827,000港元(二零一六年：29,739,000港元)。

[®] The balance is included in "Cost of sales" in the consolidated profit or loss.

[®] 結餘計入綜合損益之「銷售成本」內。

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7. FINANCE COSTS

An analysis of finance costs is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest on discounted bills	貼現票據利息	2,129	–
Interest expenses on bank and other borrowings repayable within five years	須於五年內償還之銀行及其他借貸利息開支	44	634
Interest expenses on convertible bonds (note 29) repayable within five years	須於五年內償還之可換股債券(附註29)利息開支	5,842	948
		8,015	1,582

7. 財務費用

財務費用分析如下：

8. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

8. 董事酬金

根據聯交所主板證券上市規則(「上市規則」)、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露之本年度董事薪酬如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Fees	袍金	2,309	1,765
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	3,170	1,296
Pension scheme contributions	退休福利計劃供款	36	26
		3,206	1,322
		5,515	3,087

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8. DIRECTORS' EMOLUMENTS (continued)

8. 董事酬金 (續)

		Salaries, allowances and benefits	Pension scheme contributions	Total
		Fees	in kind	
		袍金	薪金、 津貼及 實物福利	退休福利 計劃供款
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
				總計
				HK\$'000
				千港元
2017	二零一七年			
Executive Directors:	執行董事：			
Zhao Xu Guang	趙旭光	823	2,585	18
Wong Siu Hung, Patrick	黃少雄	845	585	18
		1,668	3,170	36
				4,874
Non-Executive Directors:	非執行執行董事：			
Li Baoqi (retired on 2 June 2017)	李寶琦(於二零一七年 六月二日退任)	101	-	-
Huang Man Yem	黃文鑫	180	-	-
		281	-	-
				281
Independent Non-Executive Directors:	獨立非執行董事：			
Lam Hoy Lee, Laurie	林開利	120	-	-
To Wing Tim, Paddy	杜永添	120	-	-
Lau Ka Ho	劉家豪	120	-	-
		360	-	-
		2,309	3,170	36
				5,515

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8. DIRECTORS' EMOLUMENTS (continued)

8. 董事酬金(續)

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
		袍金	薪金、 津貼及 實物福利	退休福利 計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2016	二零一六年				
Executive Directors:	執行董事：				
Zhao Xu Guang (appointed on 17 November 2016)	趙旭光(於二零一六年十一月 十七日獲委任)	103	151	-	254
Li Baoqi (redesignated to a non-executive director on 25 November 2016)	李寶琦(於二零一六年十一月 二十五日調任為非執行董 事)	761	807	18	1,586
Gao Jianguo (resigned on 1 June 2016)	高建國(於二零一六年六月一 日辭任)	352	244	8	604
Wong Siu Hung, Patrick (appointed on 3 November 2016)	黃少雄(於二零一六年十一月 三日獲委任)	136	94	-	230
		1,352	1,296	26	2,674
Non-Executive Directors:	非執行董事：				
Li Baoqi	李寶琦	24	-	-	24
Huang Man Yem (appointed on 3 November 2016)	黃文鑫(於二零一六年十一月 三日獲委任)	29	-	-	29
		53	-	-	53
Independent Non-Executive Directors:	獨立非執行董事：				
Lam Hoy Lee, Laurie	林開利	120	-	-	120
To Wing Tim, Paddy	杜永添	120	-	-	120
Lau Ka Ho	劉家豪	120	-	-	120
		360	-	-	360
		1,765	1,296	26	3,087

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

年內，概無董事放棄或同意放棄任何酬金之安排(二零一六年：無)。

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2016: two), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2016: three) highest paid employees, who are not a director of the Company, are as follows:

9. 五名最高薪僱員

本年度之五名最高薪僱員包括兩名董事(二零一六年：兩名)，其薪酬詳情載於上文附註8。本年度餘下三名(二零一六年：三名)非本公司之董事最高薪僱員之薪酬詳情如下：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries, allowances and benefits in kind 薪金、津貼及實物福利	1,522	1,700
Pension scheme contributions 退休福利計劃供款	38	54
	1,560	1,754

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

酬金屬於下列範圍之非董事最高薪僱員數目如下：

	Number of employees 僱員數目	
	2017 二零一七年	2016 二零一六年
Nil to HK\$1,000,000 零港元至1,000,000港元	3	3

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10. INCOME TAX

No provision for Hong Kong profits tax was made as there was no assessable profits arising in Hong Kong during the year ended 31 December 2017 while Hong Kong profits tax were provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2016.

No provision for PRC profits tax was made for the years ended 31 December 2017 and 31 December 2016 as the Group had available tax losses brought forward from prior years to offset the assessable profits arising in Mainland China.

10. 所得稅

由於並無應課稅溢利，故於截至二零一七年十二月三十一日止年度並無就香港利得稅計提撥備，而於截至二零一六年十二月三十一日止年度已按照香港所產生之估計應課稅溢利之16.5%就香港利得稅計提撥備。

由於本集團擁有過往年度結轉可抵銷於中國內地產生之應課稅溢利之稅項虧損，故於截至二零一七年及二零一六年十二月三十一日止年度並無就中國利得稅計提撥備。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current – Hong Kong	即期—香港		
Charge for the year	本年度支出	–	209
Overprovision in prior years	過往年度超額撥備	(161)	(7,766)
Current – Elsewhere	即期—其他地方		
Charge for the year	本年度支出	–	–
Underprovision in prior years	過往年度撥備不足	7,122	16,101
Deferred (note 24)	遞延(附註24)	(12,215)	–
Total tax expenses/(credit) for the year	本年度總稅項開支/(抵免)	(5,254)	8,544

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財務報表附註

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10. INCOME TAX (continued)

A reconciliation of tax applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2017

		Hong Kong		Mainland China		Total	
		香港		中國內地		總計	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元	%	千港元	%	千港元	%
Profit/(loss) before tax	除稅前溢利/(虧損)	(21,117)		147,776		126,659	
Tax at the statutory tax rate	按法定稅率計算之稅項	(3,484)	16.5	36,944	25.0	33,460	26.4
Expenses not deductible for tax	不可扣稅之開支	3,489	(16.5)	3,351	2.3	6,840	5.4
Income not subject to tax	毋須課稅之收入	(6)	-	(24,347)	(16.5)	(24,353)	(19.2)
Adjustments in respect of current tax of previous periods	過往期間即期稅項之調整	(161)	0.8	7,123	4.8	6,962	5.5
Tax losses recognised	已確認稅項虧損	-	-	(12,321)	(8.3)	(12,321)	(9.7)
Tax losses not recognised	未確認稅項虧損	106	(0.5)	-	-	106	0.1
Tax losses utilised from previous periods	動用過往期間稅項虧損	-	-	(15,948)	(10.8)	(15,948)	(12.6)
Tax credit at the Group's effective rate	按本集團實際稅率計算之稅項抵免	(56)	0.3	(5,198)	(3.5)	(5,254)	(4.1)

10. 所得稅(續)

按本公司及其大部分附屬公司註冊司法權區之法定稅率計算之除稅前溢利/(虧損)適用之稅項開支/(抵免)與按實際稅率計算之稅項開支之對帳，以及適用稅率(即法定稅率)與實際稅率之對帳如下：

二零一七年

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10. INCOME TAX (continued)

2016

		Hong Kong		Mainland China		Total	
		香港		中國內地		總計	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
		千港元	%	千港元	%	千港元	%
Profit before tax	除稅前溢利	10,830		58,095		68,925	
Tax at the statutory tax rate	按法定稅率計算之稅項	1,787	16.5	14,524	25.0	16,311	23.7
Expenses not deductible for tax	不可扣稅之開支	1,522	14.1	7,537	13.0	9,059	13.1
Income not subject to tax	毋須課稅之收入	(1,195)	(11.0)	-	-	(1,195)	(1.7)
Adjustments in respect of current tax of previous periods	過往期間即期稅項之調整	(7,766)	(71.7)	16,101	27.7	8,335	12.1
Utilisation of tax losses	動用稅項虧損	(1,905)	(17.6)	(22,061)	(38.0)	(23,966)	(34.8)
Tax expenses/(credit) at the Group's effective rate	按本集團實際稅率計算之稅項開支/(抵免)	(7,557)	(69.7)	16,101	27.7	8,544	12.4

10. 所得稅(續)

二零一六年

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of HK\$117,898,000 (2016: HK\$55,663,000), and the weighted average number of ordinary shares of 2,596,625,258 (2016: 1,392,395,750) in issue during the year, as adjusted to reflect the full conversion of the 2008 Convertible Bonds (as defined in note 29) for ordinary shares of the Company during the year.

As disclosed in note 29, the 2008 Convertible Bonds shall be converted automatically into new shares of the Company at the date of maturity. Shares that are issuable solely after the passage of time are not contingently issuable shares and are included in the calculations of the basic and diluted earnings per share.

The calculation of diluted earnings per share amount for the years ended 31 December 2017 and 2016 is based on the profit for the year attributable to owners of the parent, adjusted to reflect the interest and gain/(loss) arising from amendment to the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

11. 母公司普通股權益持有人應佔每股盈利

每股基本盈利金額乃根據母公司普通股權益持有人應佔本年度溢利117,898,000港元(二零一六年: 55,663,000港元), 以及年內已發行普通股加權平均數2,596,625,258股(二零一六年: 1,392,395,750股)計算, 已調整以反映年內悉數兌換二零零八年可換股債券(定義見附註29)為本公司普通股。

誠如附註29所披露, 二零零八年可換股債券應於到期日自動兌換為本公司新股份。僅因時間流逝而可予發行之股份並非或然可予發行股份, 並計入每股基本及攤薄盈利之計算內。

截至二零一七年及二零一六年十二月三十一日止年度每股攤薄盈利乃按母公司擁有人應佔本年度溢利計算, 並已調整以反映修訂可換股債券所產生之利息及收益/(虧損)。正如計算每股基本盈利般, 用於計算普通股加權平均數為年內已發行普通股數目, 以及假設被視為兌換所有潛在攤薄普通股為普通股時按無償代價發行之普通股加權平均數。

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11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculation of diluted earnings per share for the years ended 31 December 2017 and 2016 is based on:

11. 母公司普通股權益持有人應佔每股盈利(續)

計算截至二零一七年及二零一六年十二月三十一日止年度之每股攤薄盈利之依據如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Earnings:	盈利：		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	計算每股基本盈利採用之母公司普通股權益持有人應佔溢利	117,898	55,663
Add: Loss/(gain) arising from amendment to convertible bonds	增加：修訂可換股債券所產生之虧損／(收益)	188	(2,303)
Add: Interest expense on convertible bonds	增加：可換股債券利息開支	5,842	948
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation	計算每股攤薄盈利採用之母公司普通股權益持有人應佔溢利	123,928	54,308
Number of shares 股份數目			
		2017 二零一七年	2016 二零一六年
Shares:	股份：		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	計算每股基本盈利採用之年內已發行普通股加權平均數	2,596,625,258	1,392,395,750
Effect of dilution – weighted average number of ordinary shares:	攤薄影響 — 普通股加權平均數：		
Convertible bonds*	可換股債券*	144,256,976	144,256,976
Weighted average number of ordinary shares used in the diluted earnings per share calculation	計算每股攤薄盈利採用之普通股加權平均數	2,740,882,234	1,536,652,726

* Share options are not considered in the effect of dilution as it had no diluting effect on the basic earnings per share for the years ended 31 December 2017 and 2016 and were ignored in the calculation of diluted earnings per share.

* 由於截至二零一七年及二零一六年十二月三十一日止年度，每股基本盈利概無攤薄影響，故購股期權不被視為具攤薄影響，並在計算每股攤薄盈利時未有考慮。

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12. PROPERTY, PLANT AND EQUIPMENT

12. 物業、廠房及設備

		Land and buildings	Leasehold improvements	Furnaces and infrastructure	Plant and machinery	Computer equipment	Furniture and fixtures	Motor vehicles	Total
		土地及樓宇	租賃物業改良	熔爐及基建	廠房及設備	電腦設備	傢俬及裝置	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
COST		成本值							
At 1 January 2016	於二零一六年一月一日	373,452	-	490,499	543,850	73,546	3,404	47,626	1,532,377
Additions	添置	-	-	582	12,944	136	57	697	14,416
Disposals	出售	-	-	-	-	-	(2,619)	(122)	(2,741)
Exchange realignment	匯兌調整	(21,866)	-	(28,742)	(32,343)	(4,312)	-	(2,717)	(89,980)
At 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及 二零一七年一月一日	351,586	-	462,339	524,451	69,370	842	45,484	1,454,072
Additions	添置	-	1,653	-	16,619	697	304	2,184	21,457
Disposals	出售	-	-	-	-	-	-	(872)	(872)
Write-off	撤銷	-	-	-	-	-	(791)	(1,143)	(1,934)
Exchange realignment	匯兌調整	17,786	-	23,387	26,968	3,528	5	2,226	73,900
At 31 December 2017	於二零一七年 十二月三十一日	369,372	1,653	485,726	568,038	73,595	360	47,879	1,546,623
ACCUMULATED DEPRECIATION AND IMPAIRMENT		累計折舊及減值							
At 1 January 2016	於二零一六年一月一日	108,425	-	438,701	384,517	71,736	3,404	40,257	1,047,040
Provided for the year	年內撥備	10,476	-	2,355	44,075	712	1	2,658	60,277
Disposals	出售	-	-	-	-	-	(2,619)	(116)	(2,735)
Exchange realignment	匯兌調整	(6,752)	-	(25,778)	(24,211)	(4,230)	-	(2,388)	(63,359)
At 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及 二零一七年一月一日	112,149	-	415,278	404,381	68,218	786	40,411	1,041,223
Provided for the year	年內撥備	10,875	451	2,340	30,564	261	59	1,914	46,464
Disposals	出售	-	-	-	-	-	-	(828)	(828)
Write-off	撤銷	-	-	-	-	-	(791)	(1,143)	(1,934)
Reversal of impairment	減值撥回	(8,157)	-	(72,988)	(3,586)	(172)	-	(74)	(84,977)
Exchange realignment	匯兌調整	5,746	-	19,142	21,166	3,454	4	2,009	51,521
At 31 December 2017	於二零一七年 十二月三十一日	120,613	451	363,772	452,525	71,761	58	42,289	1,051,469
NET CARRYING AMOUNTS		帳面淨值							
At 31 December 2017	於二零一七年 十二月三十一日	248,759	1,202	121,954	115,513	1,834	302	5,590	495,154
At 31 December 2016	於二零一六年 十二月三十一日	239,437	-	47,061	120,070	1,152	56	5,073	412,849

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13. GOODWILL

13. 商譽

HK\$'000

千港元

Cost:	成本值：	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、二零一六年十二月 三十一日、二零一七年一月一日及二零一七年 十二月三十一日	2,269,645
Accumulated impairment:	累計減值：	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、二零一六年十二月 三十一日、二零一七年一月一日及二零一七年 十二月三十一日	(2,269,645)
Net carrying amount:	帳面淨值：	
At 31 December 2017 and 2016	於二零一七年及二零一六年十二月三十一日	-

14. IMPAIRMENT TEST ON PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備減值測試

For the purpose of impairment testing, property, plant and equipment have been allocated to two cash-generating units, being the coal-related ancillary segment and coke production segment. The carrying amounts of property, plant and equipment as at 31 December 2017 and 2016 allocated to these units are as follows:

就減值測試而言，物業、廠房及設備已分配至兩個現金產生單位，即煤炭相關附屬分類及焦炭生產分類。於二零一七年及二零一六年十二月三十一日，分配至此等單位之物業、廠房及設備之帳面值如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Coal-related ancillary segment	煤炭相關附屬分類	355,144	361,280
Coke production segment	焦炭生產分類	88,849	-
Unallocated	未分配	51,161	51,569
		495,154	412,849

14. IMPAIRMENT TEST ON PROPERTY, PLANT AND EQUIPMENT (continued)

Coal-related ancillary cash-generating unit

At 31 December 2017, the recoverable amount of the coal-related ancillary cash-generating unit was determined based on a value in use calculation using cash flow projections based on financial budgets covering a 11-year period (2016: 12-year period) which is assessed and approved by senior management with reference to the physical conditions of property, plant and equipment at the current status and the expected obsolescence and retirement based on prior year experience. The pre-tax discount rate to the cash flow projections was 21.7% (2016: 16.5%).

Key assumptions were used in the value in use calculation of the coal-related ancillary cash-generating unit as at 31 December 2017 and 31 December 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing:

Budgeted manufacturing capacity utilisation rate – The rate is determined on the basis of the average actual utilisation rate achieved in prior years, increased gradually for expected revival and improvement in market.

Discount rate – The discount rate used reflects specific risks relating to the coal-related ancillary cash-generating unit.

Raw materials purchase costs, production costs and product selling price inflation – The basis used to determine the value assigned to costs and price inflation is the forecasted inflation indices of the budget year.

Coke production cash-generating unit

The recoverable amount of the coke production cash-generating unit as at 31 December 2017 and 31 December 2016 was determined based on a value in use calculation using cash flow projections based on financial budgets covering a 7.5-year period (2016: 8.5-year period) which is assessed and approved by senior management with reference to the physical conditions of property, plant and equipment at the current status and the expected obsolescence and retirement based on prior year experience. The pre-tax discount rate to the cash flow projections was 19.2% (2016: 14.1%).

14. 物業、廠房及設備減值測試(續)

煤炭相關附屬現金產生單位

於二零一七年十二月三十一日，煤炭相關附屬現金產生單位之可收回金額已根據使用價值計算方法，採用根據高級管理層在參考物業、廠房及設備之現況以及根據過往年度經驗預計之陳舊及報廢後所評估及批准涵蓋11年期間(二零一六年：12年期間)之財務預算為基礎之現金流量預測而釐定。現金流量預測之稅前貼現率為21.7%(二零一六年：16.5%)。

於二零一七年十二月三十一日及二零一六年十二月三十一日，煤炭相關附屬現金產生單位之使用價值計算方法已採用主要假設。以下闡述管理層進行減值測試時根據現金流量預測所作之各項主要假設：

預算產能使用率—按過往年度達致之平均實際使用率為基準而釐定之比率，乃按預期市場復甦及發展而逐步增加。

貼現率—所使用之貼現率反映煤炭相關附屬現金產生單位之特定風險。

原材料採購成本、生產成本及產品售價通脹—釐定分配至成本及價格通脹價值所使用之基準，乃預算年度之預測通脹指數。

焦炭生產現金產生單位

於二零一七年十二月三十一日及二零一六年十二月三十一日，焦炭生產現金產生單位之可收回金額已根據使用價值計算方法，採用高級管理層參考物業、廠房及設備目前之實際狀況以及根據過往年度經驗之預期陳舊及報廢後所評估及批准涵蓋7.5年期間(二零一六年：8.5年期間)之財務預算之現金流量預測而釐定。現金流量預測之稅前貼現率為19.2%(二零一六年：14.1%)。

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14. IMPAIRMENT TEST ON PROPERTY, PLANT AND EQUIPMENT (continued)

Coke production cash-generating unit (continued)

Key assumptions were used in the value in use calculation of the coke production cash-generating unit as at 31 December 2017 and 31 December 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing:

Budgeted manufacturing capacity utilisation rate – The rate is determined on the basis of the average actual utilisation rate achieved in prior years, increased gradually for expected revival and improvement in market.

Discount rate – The discount rate used reflects specific risks relating to the coke production cash-generating unit.

Raw materials purchase costs, production costs and product selling price inflation – The basis used to determine the value assigned to costs and price inflation is the forecasted inflation indices of the budget year.

In light of the favourable market circumstances of coke production and the operating profits recorded during the year ended 31 December 2017 as a result of the recovery in the coke industry, the recoverable amount of the coke production segment was approximately HK\$88,849,000 (2016: nil).

Based on the results from the discounted cash flows, the directors considered a reversal of impairment loss for items of property, plant and equipment of HK\$84,977,000 (2016: Nil) in the coke production segment which was recognised in profit or loss and no additional impairment in the coal ancillary segment for the years ended 31 December 2017 and 2016.

14. 物業、廠房及設備減值測試(續)

焦炭生產現金產生單位(續)

於二零一七年十二月三十一日及二零一六年十二月三十一日，焦炭生產現金產生單位之使用價值計算方法已採用主要假設。以下闡述管理層進行減值測試時根據現金流量預測所作之各項主要假設：

預算產能使用率—按過往年度達致之平均實際使用率為基準而釐定之比率，乃按預期市場復甦及發展而逐步增加。

貼現率—所使用之貼現率反映有關焦炭生產現金產生單位之特定風險。

原材料採購成本、生產成本及產品售價通脹—釐定分配至成本及價格通脹價值所使用之基準，乃預算年度之預測通脹指數。

鑒於焦炭生產市況有利及焦炭行業復甦帶動截至二零一七年十二月三十一日止年度錄得經營溢利，焦炭生產分類之可收回金額約為88,849,000港元(二零一六年：無)。

根據未貼現現金流量之結果，董事認為焦炭生產分類之物業、廠房及設備項目於損益中確認減值虧損撥回84,977,000港元(二零一六年：無)，而於截至二零一七年及二零一六年十二月三十一日止年度煤炭相關附屬分類並無額外減值。

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15. AVAILABLE-FOR-SALE INVESTMENTS

15. 可供出售投資

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Club debentures, at fair value	按公允值列帳之會所債券	1,115	1,099

16. INVENTORIES

16. 存貨

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Raw materials	原材料	28,677	19,476
Work in progress	在製品	15,036	15,959
Finished goods	製成品	11,031	19,685
		54,744	55,120

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17. TRADE RECEIVABLES

17. 貿易應收帳款

			2017 二零一七年	2016 二零一六年
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Trade receivables	貿易應收帳款		281,906	243,703
Impairment	減值		(54,929)	(51,883)
			226,977	191,820
Trade receivables from related companies	應收關連公司貿易帳款	34	40,462	38,073
Impairment	減值		(402)	(383)
			40,060	37,690
Less: Trade receivables due from the Non-controlling Shareholder	減：應收非控股股東之貿易應收帳款	18	267,037	229,510
			(177,150)	(168,483)
			89,887	61,027

The Group's trading terms with its customers are mainly on credit. The credit period is generally 120 days. Each customer has a maximum credit limit. Advances are required for certain customers. The directors consider that these arrangements enable the Group to limit its credit risk exposure. As at 31 December 2017, approximately 66% (2016: 73%) of the Group's trade receivables were due from one (2016: one) customer, there was a significant concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances due from customers other than the Non-controlling Shareholder (note 18). Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The carrying amounts of trade receivables approximate their fair values.

本集團與客戶間之貿易條款以信貸為主。信貸期通常為120日。每位客戶設有最高信用限額，並要求若干客戶墊付款項。董事認為該等安排可使本集團限制其信貸風險。於二零一七年十二月三十一日，本集團約66%（二零一六年：73%）之貿易應收帳款乃來自一名（二零一六年：一名）客戶，且存在信貸風險重大集中情況。本集團一直嚴格控制未收回應收帳款，務求將信貸風險減至最低。本集團並無就其應收非控股股東以外客戶之貿易應收帳款結餘持有任何抵押品或其他信用增強措施（附註18）。高級管理人員定期檢查逾期結餘。貿易應收帳款並不計息。

貿易應收帳款之帳面值與其公允值相若。

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17. TRADE RECEIVABLES (continued)

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

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within 3 months	三個月內	25,735	19,945
3 to 4 months	三至四個月	1,179	2,712
Over 4 months	超過四個月	240,123	206,853
		267,037	229,510

Movements in the provision for impairment of trade receivables are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	52,266	50,222
Impairment loss recognised (note 6)	已確認減值虧損(附註6)	1,323	8,011
Impairment loss reversed (note 6)	已撥回減值虧損(附註6)	(912)	(2,827)
Exchange realignment	匯兌調整	2,654	(3,140)
At 31 December	十二月三十一日	55,331	52,266

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of HK\$55,331,000 (2016: HK\$52,266,000) with carrying amount before provision of HK\$84,307,000 (2016: HK\$66,548,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default of payments and only a portion of the receivables is expected to be recovered.

17. 貿易應收帳款(續)

於報告期末，按發票日期計算並已扣減撥備之貿易應收帳款之帳齡分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within 3 months	三個月內	25,735	19,945
3 to 4 months	三至四個月	1,179	2,712
Over 4 months	超過四個月	240,123	206,853
		267,037	229,510

貿易應收帳款之減值撥備變動如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	52,266	50,222
Impairment loss recognised (note 6)	已確認減值虧損(附註6)	1,323	8,011
Impairment loss reversed (note 6)	已撥回減值虧損(附註6)	(912)	(2,827)
Exchange realignment	匯兌調整	2,654	(3,140)
At 31 December	十二月三十一日	55,331	52,266

上述貿易應收帳款之減值撥備包括個別減值之貿易應收帳款55,331,000港元(二零一六年：52,266,000港元)之撥備，撥備前之帳面值為84,307,000港元(二零一六年：66,548,000港元)。

個別減值之貿易應收帳款與陷於財政困難或拖欠付款之客戶有關，預期僅有部分應收帳款可以收回。

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17. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Neither past due nor impaired	並無逾期或減值	21,699	12,698
Less than 6 months past due	逾期少於六個月	594	167,480
More than 6 months past due	逾期超過六個月	215,768	35,050
		238,061	215,228

The Group's trade receivables at the end of the reporting period that were neither past due nor impaired relate to customers for which there was no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, 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. Further details about trade receivables due from the Non-controlling Shareholder and related companies are set out in note 18 and note 34, respectively.

17. 貿易應收帳款(續)

於報告期末，按付款到期日計算之並無個別或共同視作出現減值之貿易應收帳款之帳齡分析如下：

於報告期末並無逾期亦無減值之本集團貿易應收帳款與近期並無拖欠紀錄之客戶有關。已逾期但並無減值之應收帳款均為與本集團有良好往績之客戶有關。根據過往經驗，由於信貸質素並無重大改變，而且結餘仍視為可全數收回，董事認為毋須就該等結餘作出減值撥備。有關應收非控股股東及關連公司之貿易應收帳款之進一步詳情分別載於附註18及附註34。

18. AMOUNTS DUE FROM THE NON-CONTROLLING SHAREHOLDER

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade receivables due from the Non-controlling Shareholder (note 17)	應收非控股股東之貿易應收帳款(附註17)	177,150	168,483
Other receivables due from the Non-controlling Shareholder (note 19)	應收非控股股東之其他應收帳款(附註19)	156,385	107,756

18. 應收非控股股東款項

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18. AMOUNTS DUE FROM THE NON-CONTROLLING SHAREHOLDER (continued)

Notes:

- (i) The balances are trade in nature, non-interest-bearing and have a credit term of 120 days (2016: 120 days), which are similar to those terms granted to major trading customers of the Group.
- (ii) The balances are advances to the Non-controlling Shareholder, which are non-interest-bearing and repayable on demand.
- (iii) With respect to the items mentioned in notes (i) and (ii) as at 31 December 2016, the Group and the Non-controlling Shareholder entered into a repayment agreement on 1 March 2017, pursuant to which the Non-controlling Shareholder committed to repay the balances due to the Group by monthly instalments of RMB50,000,000 from October 2017 onwards after its new coking plant starts operations in, and that the entire amount would be settled within 12 months.

Furthermore, an asset pledge agreement was provided by the Non-controlling Shareholder on 23 March 2017 whereby certain property, plant and equipment with a value of HK\$1,229,023,000 as at 28 February 2017 were pledged to the Group to secure the repayment of the balances due from the Non-controlling Shareholder of HK\$276,239,000 and aggregate amounts due from affiliates of the Non-controlling Shareholder of HK\$40,321,000 as at 31 December 2016 (note 34).

On 6 March 2018, the repayment and the asset pledge agreements were renewed to cover the trade and other receivables due from the Non-controlling Shareholder of HK\$333,535,000 and aggregate amounts due from affiliates of the Non-controlling Shareholder of HK\$46,881,000 as at 31 December 2017 (note 34). Pursuant to the renewed repayment agreement, a monthly repayment of RMB50,000,000 will be made by the Non-controlling Shareholder from August 2018 onwards after the new plant starts operation, and that the entire amount will be settled within 12 months. The pledged property, plant and equipment were valued at HK\$1,369,272,000 at 31 January 2018.

The carrying amounts of the above balances approximate their fair values.

18. 應收非控股股東款項(續)

附註：

- (i) 結餘屬交易性質、不計息及信貸期為120日(二零一六年：120日)，與授予本集團主要貿易客戶之期限相若。
- (ii) 結餘乃給予非控股股東之墊款，乃不計息並須按要求償還。
- (iii) 就於二零一六年十二月三十一日附註(i)及(ii)所述之項目而言，本集團及非控股股東於二零一七年三月一日訂立還款協議，據此，非控股股東承諾於新焦炭廠房開始營運後由二零一七年十月起償還結欠本集團之結餘，每月分期償還人民幣50,000,000元，全數金額將於12個月內清償。

此外，非控股股東於二零一七年三月二十三日提供資產質押協議，據此，於二零一七年二月二十八日價值為1,229,023,000港元之若干物業、廠房及設備已質押予本集團，以作為於二零一六年十二月三十一日應收非控股股東結餘276,239,000港元及應收非控股股東聯屬公司總額40,321,000港元之還款之抵押(附註34)。

有關還款及資產質押協議於二零一八年三月六日重續，以涵蓋於二零一七年十二月三十一日應收非控股股東之貿易及其他應收帳款333,535,000港元及應收非控股股東聯屬公司總額46,881,000港元(附註34)。根據經重續還款協議，非控股股東於新廠房開始營運後將由二零一八年八月起每月償還人民幣50,000,000元，全數金額將於12個月內清償。已質押物業、廠房及設備於二零一八年一月三十一日之價值為1,369,272,000港元。

上述結餘之帳面值與其公允值相若。

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財務報表附註

31 December 2017 二零一七年十二月三十一日

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

19. 預付款項、按金及其他應收帳款

		Notes	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		附註		
Other receivables due from the Non-controlling Shareholder	應收非控股股東之其他應收帳款	18	156,385	107,756
Prepayments and other receivables due from related companies	應收關連公司之預付款項及其他應收帳款	34	6,419	2,248
Prepayments, deposits and other receivables due from other parties	應收其他人士之預付款項、按金及其他應收帳款	(i)	66,515	60,280
			229,319	170,284
Impairment	減值		(13,144)	(18,484)
			216,175	151,800
Less: Current portion	減：即期部分		(214,404)	(151,800)
Non-current portion – prepayments	非即期部分－預付款項		1,771	–

Note:

- (i) The balance included prepayments to suppliers of raw materials for the coal-related ancillary and the coke production businesses which are unsecured, non-interest-bearing and are to be settled with future purchases.

The carrying amounts of deposits and other receivables approximate their fair values.

附註：

- (i) 結餘包括就煤炭相關附屬及焦炭生產業務付予原材料供應商之預付款項，乃無抵押、不計息並以未來購買支付。

按金及其他應收帳款之帳面值與其公允值相若。

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財務報表附註

31 December 2017 二零一七年十二月三十一日

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(continued)

Movements in the provision for prepayments, deposits and other receivables are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	18,484	7,587
Impairment loss recognised (note 6)	已確認減值虧損(附註6)	2,645	12,206
Impairment loss reversed (note 6)	已撥回減值虧損(附註6)	(8,757)	(409)
Exchange realignment	匯兌調整	772	(900)
At 31 December	於十二月三十一日	13,144	18,484

Included in the above are provisions for individually impaired prepayments of HK\$13,144,000 (2016: HK\$18,484,000) with carrying amounts before provision of HK\$14,252,000 (2016: HK\$20,681,000). The individually impaired prepayments mainly relate to the portions of prepayments made to suppliers which are in default in delivery of purchases and services and were not expected to be recovered.

The financial assets included in the above balances that were neither past due nor impaired relate to receivables for which there was no recent history of default.

19. 預付款項、按金及其他應收帳款(續)

預付款項、按金及其他應收帳款之撥備變動如下：

上述撥備包括個別減值之預付款項撥備13,144,000港元(二零一六年：18,484,000港元)，其撥備前之帳面值為14,252,000港元(二零一六年：20,681,000港元)。個別減值之預付款項主要與向未有交付購買貨品及服務之供應商支付且預期不可收回之預付款項之部分有關。

計入上述結餘而並無逾期或減值之金融資產乃與近期並無拖欠紀錄之應收帳款有關。

NOTES TO FINANCIAL STATEMENTS

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31 December 2017 二零一七年十二月三十一日

20. CASH AND BANK BALANCES

20. 現金及銀行結存

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Cash and bank balances	現金及銀行結存	69,655	97,931

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$200,000 (2016: HK\$133,000). The 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amounts of cash and bank balances approximate their fair values.

於報告期末，本集團以人民幣（「人民幣」）計值之現金及銀行結存為200,000港元（二零一六年：133,000港元）。人民幣不可自由兌換為其他貨幣，惟根據中國內地外匯管制規例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為其他貨幣。

銀行現金根據每日之銀行存款利率按浮動利率賺取利息。短期定期存款具有不同存款期限，由一天至三個月不等，視乎本集團之即時現金需要而定，並按有關短期定期存款利率賺取利息。銀行結存乃存入並無近期拖欠記錄之信譽良好銀行。

現金及銀行結存之帳面值與其公允值相若。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

21. TRADE PAYABLES

21. 貿易應付帳款

		2017 二零一七年	2016 二零一六年
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Trade payables due to other parties	應付其他方之貿易應付帳款	152,959	239,475
Trade payables due to related companies	應付關連公司之貿易應付帳款 34	5,229	7,687
		158,188	247,162

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

於報告期末，按發票日期計算之貿易應付帳款之帳齡分析如下：

		2017 二零一七年	2016 二零一六年
		HK\$'000 千港元	HK\$'000 千港元
Within 3 months	三個月內	50,185	70,940
3 to 4 months	三至四個月	4,218	5,792
Over 4 months	超過四個月	103,785	170,430
		158,188	247,162

The trade payables are non-interest-bearing and are normally settled on 120-day terms.

貿易應付帳款為不計息及一般於120日內清償。

The carrying amounts of trade payables approximate their fair values.

貿易應付帳款之帳面值與其公允值相若。

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31 December 2017 二零一七年十二月三十一日

22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED AND DEFERRED INCOME 22. 其他應付帳款、應計款項、已收按金及遞延收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Other payables and accrued charges	其他應付帳款及應計費用	278,235	263,904
Advances received from customers and deferred income	自客戶收取之墊款及遞延收入	204,421	113,739
		482,656	377,643
Less: Current portion	減：即期部分	(474,201)	(372,586)
		8,455	5,057

The other payable and accrued charges as at 31 December 2017 and 2016 are non-interest-bearing and have an average credit term of 120 days.

於二零一七年及二零一六年十二月三十一日之其他應付帳款及應計費用為不計息及平均信貸期為120日。

The carrying amounts of the other payables and accrued charges approximate their fair values.

其他應付帳款及應計款項之帳面值與其公允值相若。

23. OTHER BORROWINGS

23. 其他借貸

		2017 二零一七年			2016 二零一六年		
		Effective interest rate 實際利率	Maturity 到期	HK\$'000 千港元	Effective interest rate 實際利率	Maturity 到期	HK\$'000 千港元
Current	即期						
Unsecured other borrowings (note 34(b)(iv))	無抵押其他借貸 (附註34(b)(iv))	-	-	-	-	2017 二零一七年	19,487
Unsecured other borrowing	無抵押其他借貸	-	-	-	10%	2017 二零一七年	6,326
Non-current	非即期						
Unsecured other borrowings (note 34(b)(iv))	無抵押其他借貸 (附註34(b)(iv))	5.27%	2019 二零一九年	18,188			-
				18,188			25,813
Analysed into:	分析為：						
Other borrowings repayable Within one year or on demand	其他借貸 須於一年內或按要求償還			-			25,813
In the second year	第二年			18,188			-

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31 December 2017 二零一七年十二月三十一日

23. OTHER BORROWINGS (continued)

Other than a borrowing with the carrying amount of HK\$5,807,000 as at December 2017 (2016: HK\$6,326,000) which is denominated in USD, all other borrowings are denominated in HK\$. The carrying values of other borrowings approximate their fair values.

During the years ended 31 December 2017 and 31 December 2016, the Group has been negotiating with lenders and certain creditors of the Group to restructure the Group's indebtedness. Details are set out below:

- (a) On 15 March 2017, the Group secured agreements with lenders of other borrowings and certain creditors to waive a total amount of HK\$7,132,000 comprising principal amounts of other borrowings of HK\$6,000,000, accrued interests of HK\$632,000, and other payables of HK\$500,000. One of the lenders agreed to waive the interest charged on the loan balance from 1 January 2017 onwards. It was further agreed that the remaining balances of other borrowings and other payables after the waiver of HK\$22,955,000 are to be settled partly by cash of HK\$4,417,000 with the remaining balances to be settled by cash or by issue of new shares or securities of the Company.

On 27 July 2017, the Group secured agreements with lenders of other borrowings to extend the repayment date to 31 December 2017. In December 2017, the Group entered into agreements with the lenders to further extend the repayment date of other borrowings to 31 August 2019. This arrangement resulted in a gain of HK\$1,669,000 recognised in the profit or loss for the year ended 31 December 2017.

- (b) On 10 March 2016, the Group secured the agreement from the lenders of other borrowings to defer settlement of the principal amount of HK\$23,426,000 and the related accrued interest of HK\$1,744,000 included in other payables and accruals as at 31 December 2015 to 30 June 2017.

23. 其他借貸(續)

除於二零一七年十二月三十一日有一筆帳面值為5,807,000港元(二零一六年: 6,326,000港元)之借貸以美元計值外,所有其他借貸以港元計值。其他借貸之帳面值與其公允值相若。

於截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度,本集團已與貸款人及本集團若干債務人進行磋商,按以下方式重組本集團債務。詳情載列於下文:

- (a) 於二零一七年三月十五日,本集團與其他借貸貸款人及若干債務人訂立協議,以豁免總額7,132,000港元,包括其他借貸本金額6,000,000港元及應計利息632,000港元以及其他應付帳款500,000港元。其中一名貸款人已同意豁免自二零一七年一月一日起之貸款餘額利息。於豁免後之其他借貸及其他應付帳款之餘額22,955,000港元乃進一步同意部分將以現金4,417,000港元償付,而餘額將以現金或發行本公司新股份或證券償付。

於二零一七年七月二十七日,本集團與其他借貸之貸款人訂立協議,以延長償還日期至二零一七年十二月三十一日。於二零一七年十二月,本集團與貸款人訂立協議以進一步延長其他借貸之償還日期至二零一九年八月三十一日。該安排致使於截至二零一七年十二月三十一日止年度之損益中確認收益1,669,000港元。

- (b) 於二零一六年三月十日,本集團得到其他借貸之貸款人同意將清償於二零一五年十二月三十一日之本金23,426,000港元及相關應計利息1,744,000港元(計入其他應付帳款及應計款項)之日期延遲至二零一七年六月三十日。

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23. OTHER BORROWINGS (continued)

- (c) On 11 May 2016, the Group obtained a loan of HK\$19,000,000 from a former director of the Company, with interest rate of 1% per annum and was repayable on 31 December 2016. The loan was used as working capital of the Group. During the year, the Group secured an agreement from the lender for waiving the principal amount of the loan and the related accrued interests.
- (d) On 2 November 2016, the 2016 Convertible Bonds were issued to Kailuan to settle the accrued penalty charges and interest of HK\$43,277,000 in relation to the Deposit. The fair value of the 2016 Convertible Bonds was HK\$38,340,000 on the issue date. This arrangement resulted in a gain of HK\$4,937,000 recognised in the profit or loss for the year ended 31 December 2016. Kailuan agreed to waive all the interests accrued from 1 January 2016 onwards upon subscription of the 2016 Convertible Bonds. Further details of the 2016 Convertible Bonds are set out in note 29 to the financial statements.

A gain on debt restructuring of HK\$8,801,000 (2016: HK\$23,937,000) was recognised in the profit or loss for the year ended 31 December 2017.

23. 其他借貸(續)

- (c) 於二零一六年五月十一日，本集團自本公司一名前董事獲得貸款19,000,000港元，該貸款按年利率1%計息，並須於二零一六年十二月三十一日償還。該貸款已用作本集團之營運資金。年內，本集團自貸款人取得協議，豁免貸款本金額及其相關應計利息。
- (d) 於二零一六年十一月二日，本公司向開灤發行二零一六年可換股債券以償付有關按金之應計罰款及利息43,277,000港元。二零一六年可換股債券於發行日期之公允值為38,340,000港元。該安排致使於截至二零一六年十二月三十一日止年度之損益中確認收益4,937,000港元。於認購二零一六年可換股債券後，開灤同意豁免自二零一六年一月一日起之後所有應計利息。二零一六年可換股債券之進一步詳情載列於財務報表附註29。

債務重組收益8,801,000港元(二零一六年：23,937,000港元)已於截至二零一六年十二月三十一日止年度之損益中確認。

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財務報表附註

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24. DEFERRED TAX

Movements in deferred tax liability during the year are as follows:

Deferred tax liability

At 1 January 2016, 31 December 2016 and 1 January 2017 於二零一六年一月一日、二零一六年十二月三十一日及二零一七年一月一日

Deferred tax charged to profit or loss during the year (note 10) 年內扣除損益之遞延稅項(附註10)

At 31 December 2017 於二零一七年十二月三十一日

Deferred tax asset

At 1 January 2016, 31 December 2016 and 1 January 2017 於二零一六年一月一日、二零一六年十二月三十一日及二零一七年一月一日

Deferred tax credited to profit or loss during the year (note 10) 年內計入損益之遞延稅項(附註10)

Exchange realignment 匯兌調整

At 31 December 2017 於二零一七年十二月三十一日

24. 遞延稅項

以下為於年內遞延稅項負債之變動：

遞延稅項負債

Depreciation allowance in excess of related depreciation
超出相關折舊之折舊撥備
HK\$'000
千港元

遞延稅項資產

Losses available for offsetting against future taxable profits
可供用作抵銷未來應課稅溢利之虧損
HK\$'000
千港元

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24. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Group has tax losses arising in Hong Kong and the PRC of HK\$145,062,000 (2016: HK\$145,062,000) and HK\$138,111,000 (2016: HK\$252,487,000) that are available indefinitely and within five years from the year of losses, respectively, for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the above amounts can be utilised.

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 Mainland China. 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 Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary established in Mainland China that are subject to withholding taxes. In the opinion of the Directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investment in a subsidiary in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$456,597,000 at 31 December 2017 (2016: HK\$396,042,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. 遞延稅項(續)

遞延稅項資產(續)

本集團有145,062,000港元(二零一六年: 145,062,000港元)及138,111,000港元(二零一六年: 252,487,000港元)於香港及中國產生之稅項虧損分別可供無限期及於虧損年度五年內用作抵銷產生虧損之公司之未來應課稅溢利。

並無就上述稅項虧損確認遞延稅項資產，因為本集團並不認為有應課稅溢利可動用上上述金額。

根據中國企業所得稅法，於中國內地成立之外資企業向境外投資者宣派之股息徵收10%之預扣稅。有關規定由二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後之盈利。倘中國內地與境外投資者所屬司法權區之間訂有稅務條約，則較低之預扣稅率可能適用。就本集團而言，適用稅率為10%。本集團因此須就中國內地成立之附屬公司於二零零八年一月一日以來產生之盈利所分派股息繳付預扣稅。

於二零一七年十二月三十一日，就本集團設於中國內地之附屬公司應課稅未匯出盈利之應付預扣稅而言，並未確認任何遞延稅項。董事認為，該附屬公司將於可見未來分派有關盈利之可能性不大。就於中國內地附屬公司投資之相關暫時差額總額而言，於二零一七年十二月三十一日之未確認遞延稅項負債合共約456,597,000港元(二零一六年: 396,042,000港元)。

本公司向其股東派付股息概無帶來所得稅後果。

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25. SHARE CAPITAL

Shares

25. 股本

股份

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Authorised:	法定：		
20,000,000,000 (2016: 20,000,000,000) ordinary shares of HK\$0.01 each (2016: HK\$0.01 each)	20,000,000,000股(二零一六年：20,000,000,000股)每股面值0.01港元(二零一六年：每股面值0.01港元)之普通股	200,000	200,000
Issued and fully paid:	已發行及繳足：		
2,596,625,258 (2016: 2,403,625,258) ordinary shares	2,596,625,258股(二零一六年：2,403,625,258股)之普通股	25,966	24,036

A summary of movements in the Company's share capital is as follows:

本公司股本變動之概要如下：

		Number of shares in issue 已發行股份 股份數目	Share capital 股本 HK\$'000 千港元	Share premium 溢價 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	4,528,126,292	452,813	145,361	598,174
Issue of shares upon conversion of the 2008 Convertible Bonds (note (a))	兌換二零零八年可換股債券後發行股份(附註(a))	490,000,000	49,000	-	49,000
Capital reorganisation (note (b))	資本重組(附註(b))	(4,014,501,034)	(491,777)	-	(491,777)
Share Subscription (note (c))	股份認購(附註(c))	1,400,000,000	14,000	196,000	210,000
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	2,403,625,258	24,036	341,361	365,397
Issue of shares upon conversion of the 2008 Convertible Bonds (note (d))	兌換二零零八年可換股債券後發行股份(附註(d))	193,000,000	1,930	-	1,930
At 31 December 2017	於二零一七年十二月三十一日	2,596,625,258	25,966	341,361	367,327

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25. SHARE CAPITAL (continued)

Notes:

- (a) On 6 May 2016, 490,000,000 ordinary shares of the Company of HK\$0.1 each were issued at a conversion price of HK\$0.4 per share upon partial conversion of the 2008 Convertible Bonds for a total amount of HK\$196,000,000 (note 29).
- (b) Pursuant to a special resolution passed at a special general meeting held on 11 May 2016, a capital reorganisation (the "Capital Reorganisation") became effective on 12 May 2016. The Capital Reorganisation involved:
- (i) the consolidation of every five issued shares at a par value of HK\$0.10 into one consolidated share (the "Consolidated Share") of a par value of HK\$0.50 (the "Share Consolidation");
- (ii) the reduction of issued share capital of the Company of HK\$491,777,000 whereby the par value of each issued Consolidated Share was reduced from HK\$0.50 to HK\$0.01 by cancelling HK\$0.49 of the paid-up capital on each issued Consolidated Share such that the par value of each issued Consolidated Share was reduced from HK\$0.50 to HK\$0.01 (the "Capital Reduction");
- (iii) the reduction of authorised share capital of the Company by reducing the par value of all Consolidated Shares from HK\$0.50 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$2,000,000,000 divided into 4,000,000,000 Consolidated Shares of par value HK\$0.50 each to HK\$40,000,000 divided into 4,000,000,000 (the "New Shares") of par value HK\$0.01 per share;
- (iv) the increase of authorised share capital of the Company from HK\$40,000,000 divided into 4,000,000,000 New Shares of par value HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 New Shares of par value HK\$0.01 each by the creation of 16,000,000,000 New Shares of par value HK\$0.01 each.

Further details of the Capital Reorganisation are set out in the Company's circular dated 15 April 2016.

Upon completion of the Capital Reorganisation on 12 May 2016, the issued share capital of the Company became HK\$10,036,253 divided into 1,003,625,258 New Shares. A credit amount of HK\$491,777,000 arising from the Capital Reduction was transferred to the contributed surplus of the Company. The directors have been authorised to apply the credit balance of HK\$491,777,000 in the contributed surplus account of the Company in accordance with the applicable law to set off against the accumulated losses of the Company.

25. 股本(續)

附註:

- (a) 於二零一六年五月六日，本公司490,000,000股每股面值0.1港元之普通股於部分兌換二零零八年可換股債券後獲發行，總額為196,000,000港元及兌換價為每股股份0.4港元(附註29)。
- (b) 根據於二零一六年五月十一日舉行之股東特別大會上通過之決議案，資本重組(「資本重組」)於二零一六年五月十二日生效。資本重組涉及：
- (i) 將每五股面值為0.10港元之已發行股份合併為一股面值為0.50港元之合併股份(「合併股份」)(「股份合併」)；
- (ii) 透過註銷每股已發行合併股份之繳足股本0.49港元，將每股已發行合併股份之面值由0.50港元削減至0.01港元，從而藉每股已發行合併股份之面值由0.50港元減少至0.01港元而削減本公司已發行股本491,777,000港元(「股本削減」)；
- (iii) 本公司法定股本透過將所有合併股份之面值由每股0.50港元減少至每股0.01港元，致使本公司法定股本由2,000,000,000港元(分為4,000,000,000股每股面值0.50港元之合併股份)減至40,000,000港元(分為4,000,000,000股每股面值0.01港元之新股份(「新股份」))；
- (iv) 透過增設16,000,000,000股每股面值0.01港元之新股份，將本公司法定股本由40,000,000港元(分為4,000,000,000股每股面值0.01港元之新股份)增加至200,000,000港元(分為20,000,000,000股每股面值0.01港元之新股份)。

資本重組之進一步詳情載於本公司日期為二零一六年四月十五日之通函。

資本重組於二零一六年五月十二日完成後，本公司已發行股本為10,036,253港元，分為1,003,625,258股新股份。由股本削減產生之491,777,000港元進帳已轉撥至本公司之繳入實繳盈餘。董事已獲授權根據適用法例動用本公司實繳盈餘帳內491,777,000港元之進帳結餘於抵銷本公司之累計虧損。

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31 December 2017 二零一七年十二月三十一日

25. SHARE CAPITAL (continued)

Notes: (continued)

- (c) Pursuant to a subscription agreement and a supplemental agreement entered into between the Company and Shun Wang Investments Limited (the "Subscriber"), an independent third party, on 27 November 2015 and 15 December 2015, respectively, the Company issued an aggregate of 1,400,000,000 New Shares at a subscription price of HK\$0.15 per share to the Subscriber on 2 November 2016. The gross proceeds from the said subscription amounted to HK\$210,000,000.
- (d) On 20 January 2017, 193,000,000 ordinary shares of the Company of HK\$0.01 each were issued at a conversion price of HK\$2.00 per New Share upon partial conversion of the 2008 Convertible Bonds for a total amount of HK\$386,000,000 (note 29).

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 26 to the financial statements.

26. SHARE OPTION SCHEMES

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the share option scheme include the directors and employees of the Group. A share option scheme became effective on 31 May 2002 and expired on 31 May 2012 (the "2002 Scheme"). A new share option scheme was adopted and became effective on 28 March 2013 (the "2013 Scheme"). Unless otherwise cancelled or amended, the 2002 Scheme and 2013 Scheme (collectively, the "Share Option Schemes") will remain in force for ten years from the effective date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Schemes was an amount equivalent to, upon their exercise, 10% of the total number of shares in issue as at the respective dates of approval of the Share Option Schemes. The maximum number of shares issuable under share options granted to each eligible participant in the Share Option Schemes within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

25. 股本(續)

附註：(續)

- (c) 根據本公司分別於二零一五年十一月二十七日及二零一五年十二月十五日與獨立第三方順旺投資有限公司(「認購人」)訂立之認購協議及補充協議，本公司於二零一六年十一月二日以認購價每股股份0.15港元向認購人發行合共1,400,000,000股新股份。上述認購事項之所得款項總額為210,000,000港元。
- (d) 於二零一七年一月二十日，本公司193,000,000股每股面值0.01港元之普通股於部分兌換二零零八年可換股債券後獲發行，總額為386,000,000港元及兌換價為每股新股份2.00港元(附註29)。

購股期權

本公司購股期權計劃及根據計劃發行之購股期權詳情載於財務報表附註26。

26. 購股期權計劃

本公司設有購股期權計劃以向對本集團業務成功作出貢獻之合資格人士提供鼓勵及回報。購股期權計劃之合資格參與者包括本集團之董事及僱員。購股期權計劃於二零零二年五月三十一日生效，並於二零一二年五月三十一日屆滿(「二零零二年計劃」)。本公司已採納新購股期權計劃，其於二零一三年三月二十八日生效(「二零一三年計劃」)。除另有註銷或修訂外，二零零二年計劃及二零一三年計劃(統稱「購股期權計劃」)將由生效日期起繼續生效十年。

根據購股期權計劃現時獲准授出尚未行使購股期權之最高數目在其獲行使時相等於本公司於批准購股期權計劃之相關日期已發行股份總數之10%。根據購股期權可於任何12個月期間向購股期權計劃各合資格參與者發行之股份最高數目限於本公司於任何時間已發行股份之1%。超出此限制進一步授出購股期權須於本公司股東大會上取得股東批准。

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26. SHARE OPTION SCHEMES (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting of the Company.

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. Options may be exercised at any time from the date of grant of the share options to the end of the exercise period.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant of the share options; (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

Under the 2013 Scheme, options were granted to eligible participants and there were outstanding (but not yet exercised) options to subscribe for a total number of 10,400,000 shares as at 31 December 2017, representing approximately 0.4% of the issued share capital of the Company as at that date. The outstanding options granted under the 2013 Scheme shall be subject to the provisions of the 2013 Scheme and Chapter 17 of the Listing Rules.

Under the 2002 Scheme, there were no outstanding options as at 31 December 2017.

26. 購股期權計劃(續)

授予本公司董事、主要行政人員、主要股東或其任何聯繫人士之購股期權須取得獨立非執行董事之事先批准。此外，於任何12個月期間向本公司主要股東、獨立非執行董事或其任何聯繫人士授出超過本公司於任何時間已發行股份0.1%及總值(根據本公司股份於授出當日之價格計算)超過5,000,000港元之任何購股期權須於本公司股東大會上取得股東之事先批准。

授出之購股期權須於授出日期後28日內接納，每名人士獲授時須支付合共1港元之象徵式代價。購股期權可由授出購股期權當日至行使期末隨時行使。

購股期權之行使價由董事釐定，將不低於以下最高者：(i)本公司股份於授出購股期權當日於聯交所之收市價；(ii)本公司股份於緊接授出日期前五個交易日於聯交所之平均收市價；及(iii)本公司股份之面值。

購股期權並無賦予持有享有股息或於本公司股東大會上投票之權利。

根據二零一三年計劃，本公司向合資格參與者授出購股期權，於二零一七年十二月三十一日，本公司尚有發行在外(惟尚未行使)之購股期權可認購合共10,400,000股股份，佔本公司於該日之已發行股本約0.4%。根據二零一三年計劃授出之未行使購股期權須遵守二零一三年計劃及上市規則第17章之條文。

根據二零零二年計劃，於二零一七年十二月三十一日概無未行使之購股期權。

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26. SHARE OPTION SCHEMES (continued)

2013 Scheme

The following share options were outstanding under the 2013 Scheme during the year:

26. 購股期權計劃(續)

二零一三年計劃

年內，根據二零一三年計劃尚未行使之購股期權如下：

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均 行使價	購股期權 數目	加權平均 行使價	購股期權 數目
		HK\$ 每股港元	'000 千股	HK\$ 每股港元	'000 千股
		per share 每股		per share 每股	
At 1 January	於一月一日	0.66	14,160	0.132	71,800
Lapsed during the year [#]	年內失效 [#]	0.66	(3,760)	0.66	(200)
Adjustment arising from the Share Consolidation	股份合併產生之調整	-	-	-	(57,440)
At 31 December	於十二月三十一日	0.66	10,400	0.66	14,160

[#] During the year ended 31 December 2017, 3,760,000 (2016: 200,000) share options lapsed upon the cessation of employment of two participants (2016: 1 participant) in accordance with terms of the 2013 Scheme.

[#] 截至二零一七年十二月三十一日止年度，3,760,000份(二零一六年：200,000份)購股期權根據二零一三年計劃之條款於停止僱用兩名(二零一六年：一名)參與者後失效。

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26. SHARE OPTION SCHEMES (continued)

2013 Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the respective reporting periods are as follows:

2017

Number of options 購股期權數目 '000 千股	Exercise price per share* 每股行使價* HK\$ 港元	Exercise period 行使期
10,400	0.66	06-09-14 to 05-09-19 二零一四年九月六日至 二零一九年九月五日
10,400		

2016

Number of options 購股期權數目 '000 千股	Exercise price per share* 每股行使價* HK\$ 港元	Exercise period 行使期
14,160	0.66	06-09-14 to 05-09-19 二零一四年九月六日至 二零一九年九月五日
14,160		

* 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.

26. 購股期權計劃(續)

二零一三年計劃(續)

於相關報告期末尚未行使購股期權之行使價及行使期如下：

二零一七年

二零一六年

* 購股期權之行使價可因應供股或紅股發行或本公司股本之其他類似變動而予以調整。

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26. SHARE OPTION SCHEMES (continued)

2002 Scheme

The following share options were outstanding under the 2002 Scheme during the year:

26. 購股期權計劃(續)

二零零二年計劃

年內，根據二零零二年計劃尚未行使之購股期權如下：

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港元	Number of options 購股期權 數目 '000 千股	Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港元	Number of options 購股期權 數目 '000 千股
At 1 January	於一月一日	0.80	1,340	0.273	13,200
Lapsed during the year ^{**}	年內失效 ^{**}	0.80	(1,340)	0.40	(6,260)
Adjustment arising from the Share Consolidation	股份合併產生之調整	-	-	-	(5,600)
At 31 December	於十二月三十一日	-	-	0.80	1,340

^{**} During the year ended 31 December 2017, 1,340,000 (2016: 6,200,000) share options lapsed at the end of the exercise period in accordance with terms of the 2002 Scheme. During the year ended 31 December 2016, 60,000 share options lapsed upon the cessation of employment of 1 participant.

^{**} 截至二零一七年十二月三十一日止年度，1,340,000份（二零一六年：6,200,000份）購股期權根據二零零二年計劃之條款於行使期末失效。截至二零一六年十二月三十一日止年度，60,000份購股期權於停止僱用一名僱員後失效。

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26. SHARE OPTION SCHEMES (continued)

2002 Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the respective reporting periods are as follows:

2016

Number of options 購股期權數目 '000 千股	Exercise price per share* 每股行使價* HK\$ 港元	Exercise period 行使期
1,340	0.80	06-01-12 to 05-01-17 二零一二年一月六日至 二零一七年一月五日
<u>1,340</u>		

* 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.

No share option expense was recognised for the years ended 31 December 2017 and 2016.

26. 購股期權計劃(續)

二零零二年計劃(續)

於報告期末，本公司根據二零零二年計劃並無任何尚未行使購股期權。於二零一六年十二月三十一日尚未行使購股期權之行使價及行使期如下：

二零一六年

Exercise price per share* 每股行使價* HK\$ 港元	Exercise period 行使期
0.80	06-01-12 to 05-01-17 二零一二年一月六日至 二零一七年一月五日

* 購股期權之行使價可因應供股或紅股發行或本公司股本之其他類似變動而予以調整。

截至二零一七年及二零一六年十二月三十一日止年度，概無確認購股期權開支。

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26. SHARE OPTION SCHEMES (continued)

At the end of the reporting period, the Company had 10,400,000 share options outstanding under the 2013 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,400,000 additional ordinary shares of the Company and additional share capital of HK\$104,000 and share premium of HK\$6,760,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 10,400,000 share options outstanding, which represented approximately 0.4% of the Company's shares in issue as at that date.

27. 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 on pages 85 to 87 of the financial statements.

28. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

金岩和嘉

26. 購股期權計劃(續)

於報告期末，本公司根據二零一三年計劃有10,400,000份尚未行使購股期權。根據本公司之現有股本結構，全數行使尚未行使購股期權將導致發行10,400,000股本公司額外普通股及額外股本104,000港元及股份溢價6,760,000港元(扣除發行開支前)。

於批准本財務報表日期，本公司有10,400,000份尚未行使購股期權，佔本公司於當日之已發行股份約0.4%。

27. 儲備

本集團之儲備金額及於本年度及過往年度之儲備變動載於財務報表第85至87頁之綜合權益變動表。

28. 持有重大非控股權益之非全資附屬公司

持有重大非控股權益之本集團附屬公司之詳情載列如下：

金岩和嘉

		2017 二零一七年	2016 二零一六年
Percentage of equity interest held by non-controlling interests at 31 December	於十二月三十一日之非控股權益所持股權百分比	10%	10%
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit for the year allocated to non-controlling interests	分配至非控股權益之本年度溢利	15,297	4,199
Accumulated balances of non-controlling interests at the reporting date	於報告日期之非控股權益累計結餘	39,101	22,274

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28. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiary, 金岩和嘉. The amounts disclosed are before any inter-company eliminations:

28. 持有重大非控股權益之非全資附屬公司 (續)

下表載列上述附屬公司金岩和嘉之財務資料概要。所披露之金額為並未作任何公司間對銷之金額：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入	1,330,791	792,518
Other income and gains	其他收入及收益	121,726	31,369
Total expenses	開支總額	(1,299,542)	(781,894)
Profit for the year	本年度溢利	152,975	41,993
Total comprehensive income for the year	本年度全面收益總額	168,272	28,041
Current assets	流動資產	573,419	480,525
Non-current assets	非流動資產	507,007	412,106
Current liabilities	流動負債	(725,920)	(704,639)
Non-current liabilities	非流動負債	(5,313)	(5,057)
Net cash flows from operating activities	來自經營業務之現金流量淨額	123,645	36,022
Net cash flows used in investing activities	用於投資業務之現金流量淨額	(123,714)	(36,100)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(69)	(78)

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29. CONVERTIBLE BONDS

(A) 2016 Convertible Bonds

Pursuant to a subscription agreement entered into between Kailuan and the Company on 13 April 2016, the Company issued convertible bonds with a principal amount of HK\$43,277,000 (the "2016 Convertible Bonds") to Kailuan on 2 November 2016. The 2016 Convertible Bonds bear interest at 2.5% per annum, mature 1 year from the issue date and are extendable for one additional year subject to the agreement between the Company and the bondholder. The 2016 Convertible Bonds carry a conversion right entitling the holder to subscribe for the Company's shares at a conversion price of HK\$0.06 per share.

The 2016 Convertible Bonds are convertible at the option of the holder into the Company's ordinary shares during the period commencing from the seventh business day prior to the maturity date and expiring on the date immediately before the maturity date, provided that the conversion does not trigger off a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers and the public float of the Company's shares shall not be less than 25% of total issued shares of the Company, in which:

- (i) The bondholder has a right to convert up to 50% of the principal amount of the 2016 Convertible Bonds into the Company's shares at any time throughout the conversion period at its sole and absolute discretion; and
- (ii) The bondholder has a right to convert the remaining 50% of the principal amount of the 2016 Convertible Bonds subject to the consent of the Company.

The Company has a right to redeem the whole or part of the outstanding 2016 Convertible Bonds at 100% of the principal amount and accrued interest at any time before the maturity date by giving the bondholder not less than 14 days prior notice during the outstanding period.

29. 可換股債券

(A) 二零一六年可換股債券

根據開灤與本公司於二零一六年四月十三日訂立之認購協議，本公司於二零一六年十一月二日發行本金額為43,277,000港元之可換股債券（「二零一六年可換股債券」）予開灤。二零一六年可換股債券之票息率為每年2.5%，自發行日期起一年後到期，可經本公司與債券持有人協定後額外延長一年。二零一六年可換股債券附帶之兌換權令持有人有權按每股兌換價0.06港元認購本公司股份。

二零一六年可換股債券可自到期日前第七個營業日開始至緊接到期日之前一日屆滿之期間，按照持有人之意願兌換為本公司普通股，惟兌換須並無觸發香港收購及合併守則之規則26項下強制性要約責任及本公司股份之公眾持股量不得低於本公司全部已發行股份之25%，其中：

- (i) 債券持有人有權於整個兌換期間內隨時全權酌情將二零一六年可換股債券本金額最多50%兌換為本公司股份；及
- (ii) 債券持有人有權兌換二零一六年可換股債券本金額之餘下50%，須待本公司同意。

本公司有權於到期日之前隨時按100%本金額及應計利息贖回全部或部分尚未償還二零一六年可換股債券，惟須於債券尚未償還期間向債券持有人發出不少於14日之事先通知。

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29. CONVERTIBLE BONDS (continued)

(A) 2016 Convertible Bonds (continued)

On the maturity date, any of the 2016 Convertible Bonds not converted or redeemed during the tenure will be redeemed at 100% of the principal amount with accrued interest.

As a result of the Share Consolidation, the conversion price of the 2016 Convertible Bonds was adjusted from HK\$0.06 per share to HK\$0.3 per New Share pursuant to the terms and conditions of the 2016 Convertible Bonds. The number of shares upon conversion would be adjusted in accordance with the adjusted conversion price.

The fair value of the 2016 Convertible Bonds as a whole was HK\$38,340,000 on the issue date of which the fair value of the liability portion of the 2016 Convertible Bonds was HK\$38,190,000 and the equity portion was HK\$150,000.

On 30 December 2016 (the "2016 Amendment Date"), the Company and Kailuan entered into an agreement whereby the maturity date of the 2016 Convertible Bonds was extended to 2 May 2018 (the "2016 Amendment"). Other than the maturity date, all terms of the 2016 Convertible Bonds remain unchanged. In light of the terms of the 2016 Amendments, the Company reassessed the fair values of the 2016 Convertible Bonds at the 2016 Amendment Date. The fair values of the liability component and the equity components at the 2016 Amendment Date were determined at HK\$36,835,000 and HK\$150,000, respectively. The net effect of the 2016 Amendment was a gain of HK\$2,303,000 which was recognised in the consolidated profit or loss.

The fair values of the liability component of the 2016 Convertible Bonds at the issue date and the 2016 Amendment Date were estimated using an equivalent market interest rate for a similar note without a conversion option. The respective residual amounts are assigned as the equity components and included in the convertible bonds reserve.

29. 可換股債券(續)

(A) 二零一六年可換股債券(續)

於到期日，任何於保有期內未兌換或贖回之二零一六年可換股債券將按本金額之100%（連同應計利息）贖回。

由於股份合併，二零一六年可換股債券之兌換價根據二零一六年可換股債券之條款及條件由每股0.06港元調整至每股新股份0.3港元。兌換後之股份數量將按照經調整兌換價進行調整。

二零一六年可換股債券於發行日期之整體公允值為38,340,000港元，其中二零一六年可換股債券負債部分之公允值為38,190,000港元及權益部分為150,000港元。

於二零一六年十二月三十日（「二零一六年修訂日期」），本公司與開灤訂立協議，其中將二零一六年可換股債券之到期日延長至二零一八年五月二日（「二零一六年修訂」）。除到期日外，二零一六年可換股債券之所有條款維持不變。鑒於二零一六年修訂之條款，本公司重新評估二零一六年可換股債券於二零一六年修訂日期之公允值。負債部分及權益部分於二零一六年修訂日期之公允值分別釐定為36,835,000港元及150,000港元。二零一六年修訂之淨影響為收益2,303,000港元，乃於綜合損益內確認。

於發行日期及二零一六年修訂日期，二零一六年可換股債券負債部分之公允值乃採用無兌換權之類似票據之等值市場利率估計。各自餘下部分指定為權益部分，並計入可換股債券儲備。

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29. CONVERTIBLE BONDS (continued)

(A) 2016 Convertible Bonds (continued)

On 22 December 2017 (the "2017 Amendment Date"), the Company and Kailuan entered into an agreement to vary certain terms and conditions of the 2016 Convertible Bonds (the "2017 Amendments"). The amendments included but were not limited to the following:

- (i) the maturity date of 2 May 2018 was extended to 31 August 2019;
- (ii) the conversion period was changed to the period commencing from fulfilment of conditions precedent of the 2017 Amendments up to 31 August 2019; and
- (iii) the holder of the 2016 Convertible Bonds will have the right to convert 100% of the principal amount of the 2016 Convertible Bonds at any time during the conversion period.

Further details of the 2017 Amendments are set out in the Company's announcement and the circular dated 22 December 2017 and 15 January 2018, respectively.

29. 可換股債券(續)

(A) 二零一六年可換股債券(續)

於二零一七年十二月二十二日(「二零一七年修訂日期」)，本公司與開灤訂立協議，以修改二零一六年可換股債券若干條款及條件(「二零一七年修訂」)。有關修訂包括但不限於以下：

- (i) 到期日由二零一八年五月二日延長至二零一九年八月三十一日；
- (ii) 兌換期間改為自二零一七年修訂之先決條件獲達成起至二零一九年八月三十一日期間；及
- (iii) 二零一六年可換股債券持有人將有權於兌換期間內隨時兌換二零一六年可換股債券本金額之100%。

二零一七年修訂之進一步詳情載於本公司日期為二零一七年十二月二十二日之公告及二零一八年一月十五日之通函。

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29. CONVERTIBLE BONDS (continued)

(A) 2016 Convertible Bonds (continued)

The 2017 Amendments are subject to the fulfilment of certain conditions including (i) the necessary consents and approval of the amendments including the approval from the Stock Exchange and (ii) the approval of shareholders at a special general meeting held on 5 February 2018 (the “SGM”). The 2017 Amendments were approved at the SGM held on 5 February 2018 and other conditions were fulfilled on 5 February 2018.

The 2017 Amendments constituted a significant modification and was accounted for as an extinguishment of the 2016 Convertible Bonds and an issue of new convertible bonds (the “2017 Convertible Bonds”). In light of the terms of the 2017 Amendments set out above, the Company reassessed, as at the 2017 Amendments Date, the fair values of the 2016 Convertible Bonds and the 2017 Convertible Bonds. The net effect of the 2017 Amendments is the recognition of a loss of HK\$188,000 charged to the profit or loss.

The fair value of the liability component of the 2017 Convertible Bonds as at 31 December 2017 was HK\$41,427,000. The fair value was calculated by discounting the future cash flows at the prevailing market interest rate at the end of respective reporting periods.

There was no conversion or redemption of the 2016 Convertible Bonds and the 2017 Convertible Bonds during the years ended 31 December 2017 and 2016 or subsequent to the end of the reporting period.

29. 可換股債券(續)

(A) 二零一六年可換股債券(續)

二零一七年修訂須待若干條件達成後，方可作實，其中包括(i)就該等修訂獲得所需同意及批准，包括聯交所批准；及(ii)獲股東於二零一八年二月五日舉行之股東特別大會（「股東特別大會」）上批准。二零一七年修訂於二零一八年二月五日舉行之股東特別大會獲得批准，而其他條件亦於二零一八年二月五日達成。

二零一七年修訂屬於一項重大修改，其入帳列作已消除之二零一六年可換股債券及發行新的可換股債券（「二零一七年可換股債券」）。鑒於上文所載之二零一七年可換股債券之條款，本公司於二零一七年修訂日期重新評估二零一六年可換股債券及二零一七年可換股債券之公允值。二零一七年修訂之淨影響為確認虧損188,000港元，乃於損益內扣除。

二零一七年可換股債券之負債部分於二零一七年十二月三十一日之公允值為41,427,000港元。公允值按於相關報告期末之現行市場利率貼現未來現金流量計算。

截至二零一七年及二零一六年十二月三十一日止年度或於報告期末後，概無兌換或贖回二零一六年可換股債券及二零一七年可換股債券。

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29. CONVERTIBLE BONDS (continued)

(A) 2016 Convertible Bonds (continued)

An analysis of the liability and equity components of the 2016 and the 2017 Convertible Bonds on the issue date and the movements during the years ended 31 December 2017 and 2016 is as follows:

29. 可換股債券(續)

(A) 二零一六年可換股債券(續)

二零一六年及二零一七年可換股債券於發行日期之負債及權益部分之分析及截至二零一七年及二零一六年十二月三十一日止年度之變動如下：

		Liability component 負債部分 HK\$'000 千港元	Equity component 權益部分 HK\$'000 千港元	Total 總計 HK\$'000 千港元
On date of issue at 2 November 2016	於發行日期二零一六年 十一月二日	38,190	150	38,340
Interest expense	利息開支	948	-	948
Gain arising from amendment of the 2016 Convertible Bonds	修訂二零一六年 可換股債券所產生 之收益	(2,303)	-	(2,303)
As at 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及二零一七年 一月一日	36,835	150	36,985
Interest expense before the 2017 Amendments	二零一七年修訂前 之利息開支	5,790	-	5,790
Transfer of interest expense to other payable	利息開支轉撥至其他 應付帳款	(1,083)	-	(1,083)
Loss on extinguishment of the 2016 Convertible Bonds	因消除二零一六年 可換股債券所產生 之虧損	1,362	-	1,362
Transfer of equity component to accumulated losses upon extinguishment	消除後權益部分轉撥至 累計虧損	-	(137)	(137)
Extinguishment of the 2016 Convertible Bonds	已消除之二零一六年 可換股債券	(42,904)	(13)	(42,917)
Recognition of the 2017 Convertible Bonds	已確認之二零一七年 可換股債券	41,375	368	41,743
Interest expense of the 2017 Convertible Bonds	二零一七年可換股債券 之利息開支	52	-	52
At at 31 December 2017	於二零一七年十二月 三十一日	41,427	368	41,795

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29. CONVERTIBLE BONDS (continued)

(B) 2008 Convertible Bonds

The Company issued two tranches of zero coupon convertible bonds, each with a principal amount of HK\$1,100,000,000, to Mr. Wu Jixian on 16 May 2008 (the "Tranche 1 Bonds") and on 31 October 2008 (the "Tranche 2 Bonds") (collectively, the "2008 Convertible Bonds"), with maturity dates on the fifth anniversary of the respective dates of issue, as the partial settlement for the acquisitions of Pride Eagle Investment Limited and Joy Wisdom International Limited, respectively. On 31 July 2013, a supplemental deed was entered into to extend the maturity date of the Tranche 2 Bonds to 31 October 2018.

The 2008 Convertible Bonds have accrued no interest and are freely transferable, provided that where they are intended to be transferred to a connected person (as defined in the Listing Rules) of the Group (other than the associates of the bondholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange, if any.

The bondholder may, at any time during the respective bond issue periods, convert in whole or in part the 2008 Convertible Bonds into ordinary shares of the Company at the conversion price of HK\$0.4 per share, subject to adjustments. Any portion of the bonds which remains outstanding on the respective maturity dates shall be mandatorily converted into new shares of the Company. The total number of ordinary shares of HK\$0.1 each to be converted from the 2008 Convertible Bonds at a conversion price of HK\$0.4 per share is 5,500,000,000.

As a result of the Capital Reorganisation, the conversion price was adjusted from HK\$0.4 per share to HK\$2.00 per New Share and the number of shares upon conversion would be adjusted in proportion to the adjusted conversion price.

29. 可換股債券(續)

(B) 二零零八年可換股債券

本公司分別於二零零八年五月十六日(「第一批債券」)及二零零八年十月三十一日(「第二批債券」)(統稱「二零零八年可換股債券」)向吳際賢先生發行兩批本金額各為1,100,000,000港元之零息可換股債券，到期日為其各自分別就部分支付Pride Eagle Investments Limited及Joy Wisdom International Limited之收購而發行當日起計第五週年之日。於二零一三年七月三十一日訂立補充契據，以將第二批債券到期日延期至二零一八年十月三十一日。

二零零八年可換股債券為不計息及可自由轉讓，惟倘可換股債券擬轉讓予債券持有人聯繫人士以外之本集團關連人士(定義見上市規則)，則有關轉讓須遵守上市規則之規定及/或聯交所實施之規定(如有)。

債券持有人可於各自之債券發行期間內，隨時按兌換價每股0.4港元(可予調整)將全部或部分二零零八年可換股債券兌換為本公司普通股。於各自到期日尚未兌換之任何債券將強制兌換為本公司新股份。二零零八年可換股債券可按兌換價每股0.4港元兌換為合共5,500,000,000股每股面值0.1港元之普通股。

由於資本重組，兌換價由每股0.4港元調整至每股新股份2.00港元，且兌換後之股份數量將按照經調整兌換價進行調整。

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29. CONVERTIBLE BONDS (continued)

(B) 2008 Convertible Bonds (continued)

The 2008 Convertible Bonds are considered equity instruments and are included in equity in the convertible bonds reserve.

The fair value of the 2008 Convertible Bonds was determined by reference to the quoted market prices of the ordinary shares of the Company, being HK\$0.66 per share and HK\$0.57 per share, at the respective issuance dates of the Tranche 1 Bonds and the Tranche 2 Bonds.

In prior years, the Tranche 1 Bonds and partial of Tranche 2 Bonds had been converted into shares of the Company.

On 6 May 2016, the Tranche 2 Bonds with an aggregate carrying amount of HK\$279,300,000 and a principal amount of HK\$196,000,000 were converted into 490,000,000 shares of the Company, HK\$49,000,000 and HK\$230,300,000 were transferred from the convertible bonds reserve to share capital and the contributed surplus, respectively.

As at 31 December 2016, the remaining Tranche 2 Bonds had a carrying amount of HK\$550,050,000, which was included in the convertible bonds reserve. The principal amount was HK\$386,000,000.

On 20 January 2017, the remaining Tranche 2 Bonds were fully converted into 193,000,000 New Shares of the Company, HK\$1,930,000 and HK\$548,120,000 were transferred from the convertible bonds reserve to share capital and contributed surplus, respectively.

As at 31 December 2017, the Tranche 2 Bonds were fully converted into shares of the Company.

30. PLEDGE OF ASSETS

The Group had no pledged assets as at 31 December 2017 (2016: Nil)

29. 可換股債券(續)

(B) 二零零八年可換股債券(續)

二零零八年可換股債券被視為股本工具，於可換股債券儲備之股權內呈列。

二零零八年可換股債券之公允值乃經參考本公司普通股之市場報價釐定，於第一批債券及第二批債券於各自發行日期分別為每股0.66港元及每股0.57港元。

第一批債券及部份第二批債券已於過往年度兌換為本公司股份。

於二零一六年五月六日，總帳面值為279,300,000港元及本金額為196,000,000港元之第二批債券已兌換為本公司490,000,000股股份。49,000,000港元及230,300,000港元分別從可換股債券儲備轉入股本及繳入盈餘。

於二零一六年十二月三十一日，餘下之第二批債券之帳面值為550,050,000港元，其已納入可換股債券儲備。本金額為386,000,000港元。

於二零一七年一月二十日，餘下之第二批債券已兌換為本公司193,000,000股新股份。1,930,000港元及548,120,000港元分別從可換股債券儲備轉入股本及繳入盈餘。

於二零一七年十二月三十一日，第二批債券已全數兌換為本公司股份。

30. 資產抵押

本集團於二零一七年十二月三十一日概無已抵押資產(二零一六年：無)。

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31. COMMITMENTS

(a) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Acquisitions of plant and equipment: Contracted, but not provided for	收購廠房及設備： 已訂約，但未撥備	3,355	11,262

(b) Operating lease commitments

As lessee

The Group leases certain of its leasehold interests in land and properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	4,813	4,290
In the second to fifth years, inclusive	第二年至第五年(包括首尾兩年)	5,766	9,569
		10,579	13,859

32. CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities which have not been provided for in these financial statements (2016: Nil).

31. 承擔

(a) 資本承擔

本集團於報告期末有以下資本承擔：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Acquisitions of plant and equipment: Contracted, but not provided for	3,355	11,262

(b) 經營租賃承擔

作為承租人

本集團根據經營租賃安排租賃若干土地及物業之租賃權益。物業之租賃期限協定為一至十年。

於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃之未來最低租金總額到期如下：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	4,813	4,290
In the second to fifth years, inclusive	5,766	9,569
	10,579	13,859

32. 或然負債

於二零一七年十二月三十一日，本集團並無任何尚未於財務報表內作出撥備之重大或然負債(二零一六年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

33. LITIGATIONS

- (a) On 29 April 2015, 天津富迪特實業有限公司 (Tianjin Fudite Company Limited) (“Tianjin Fudite”) issued a writ of summons against (i) 金岩和嘉 and (ii) the Non-controlling Shareholder in relation to an alleged breach of repayment by 金岩和嘉 pursuant to a repayment agreement entered into among Tianjin Fudite as the creditor, 金岩和嘉 as the debtor and the Non-controlling Shareholder as the guarantor on 12 February 2015. According to the writ of summons, Tianjin Fudite claimed against 金岩和嘉 and the Non-controlling Shareholder for a total sum of RMB13,499,000 (equivalent to HK\$15,938,000), comprising the outstanding trade payables of RMB12,729,000 (equivalent to HK\$15,029,000) plus interest from the default payment of RMB672,000 (equivalent to HK\$793,000) and related legal expense of RMB98,000 (equivalent to HK\$116,000). Objection and appeals over jurisdiction to handle the case were filed by 金岩和嘉 and were rejected by the relevant courts in June and August 2015, respectively.

In prior years, 呂梁市人民法院 issued 民事判決書 in which a mediation agreement was entered into between 金岩和嘉 and Tianjin Fudite pursuant to which 金岩和嘉 will repay the outstanding sum by instalments. As at 31 December 2016, 金岩和嘉 was liable for the total claims of RMB14,053,000 (equivalent to HK\$16,586,000).

Up to 31 December 2017, the Group has settled RMB7,000,000 (equivalent to HK\$8,265,000). Additional provision of interests expense of RMB1,671,000 (equivalent to HK\$1,922,000) was estimated and accrued by management based on the default rate of the People's Bank of China during the year ended 31 December 2017. As at 31 December 2017, 金岩和嘉 was liable for the total claims of RMB8,724,000 (HK\$10,243,000).

To the best knowledge of the directors, no further legal action has been lodged by Tianjin Fudite up to the approval date of the financial statements and the Group is still negotiating with Tianjin Fudite for the settlement plan. In the opinion of the directors, appropriate provisions have been made in the financial statements for the years ended 31 December 2017 and 2016.

33. 訴訟

- (a) 於二零一五年四月二十九日，天津富迪特實業有限公司（「天津富迪特」）向(i)金岩和嘉及(ii)非控股股東發出傳訊令狀，就有關金岩和嘉違反根據於二零一五年二月十二日天津富迪特（作為債權人）、金岩和嘉（作為債務人）及非控股股東（作為擔保人）所訂立之還款協議作出指控。根據該傳訊令狀，天津富迪特向金岩和嘉及非控股股東申索總額合共人民幣13,499,000元（相等於15,938,000港元），包括尚未償還之貿易應付帳款人民幣12,729,000元（相等於15,029,000港元）加拖欠付款之利息人民幣672,000元（相等於793,000港元）及相關法律開支人民幣98,000元（相等於116,000港元）。金岩和嘉提出的反對及就處理案件之司法管轄權提出之上訴皆被有關法院分別於二零一五年六月及八月駁回。

於過往年度，呂梁市人民法院發出了民事判決書，促成了金岩和嘉與天津富迪特訂立調解協議，據此，金岩和嘉將分期償還結欠款項。於二零一六年十二月三十一日，金岩和嘉須繳付之申索總額為人民幣14,053,000元（相等於16,586,000港元）。

截至二零一七年十二月三十一日止，本集團已償付人民幣7,000,000元（相等於8,265,000港元）。管理層根據中國人民銀行頒佈之違約率估計及累計有人民幣1,671,000元（相等於約1,922,000港元）之利息開支，並於截至二零一七年十二月三十一日止年度就此作出額外撥備。於二零一七年十二月三十一日，金岩和嘉須繳付之申索總額為人民幣8,724,000元（相等於10,243,000港元）。

就董事所知，直至財務報表審批日期，天津富迪特並無作出進一步法律訴訟，而本集團正就和解方案與天津富迪特進行商討。董事認為，於截至二零一七年及二零一六年十二月三十一日止年度之財務報表已作出適當撥備。

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31 December 2017 二零一七年十二月三十一日

33. LITIGATIONS (continued)

(b) On 25 September 2015, 杭州熱聯集團股份有限公司 (Hangzhou Relian Group Holding Limited) (“Hangzhou Relian”) issued a writ of summons against (i) 張家港保稅區康輝國際貿易有限公司 (Zhangjiagang Kanghui International Trading Limited) (“Kanghui International”) and (ii) 金岩和嘉 in relation to an alleged breach by Kanghui International of an agency agreement (as amended and supplemented by the supplemental agreement dated 5 May 2014) (the “Agency Agreements”) entered into on 30 December 2013 among Hangzhou Relian as the agent, Kanghui International as the principal and 金岩和嘉 as the supplier and guarantor in relation to the supply of coke by 金岩和嘉 to Kanghui International through Hangzhou Relian. According to the writ of summons, Hangzhou Relian claimed against Kanghui International and 金岩和嘉, for a sum of RMB4,318,000 (equivalent to HK\$5,098,000), being the outstanding sum payable by Kanghui International to Hangzhou Relian under the Agency Agreements.

During the year ended 31 December 2017, 浙江省杭州市江干區人民法院 has issued 民事判決書, pursuant to which, Kanghui International and 金岩和嘉 were liable to pay Hangzhou Relian a sum of RMB4,350,000 (equivalent to HK\$5,136,000). In the opinion of the directors, adequate provision has been made in the financial statements for the years ended 31 December 2017 and 2016. To the best knowledge of the directors, no further legal action has been lodged by Hangzhou Relian up to the approval date of the financial statements.

33. 訴訟(續)

(b) 於二零一五年九月二十五日, 杭州熱聯集團股份有限公司(「杭州熱聯」)向(i)張家港保稅區康輝國際貿易有限公司(「康輝國際」)及(ii)金岩和嘉發出傳訊令狀, 就有關康輝國際違反於二零一三年十二月三十日杭州熱聯(作為代理人)、康輝國際(作為主事人)及金岩和嘉(作為供應商及擔保人)所訂立之代理協議(經日期為二零一四年五月五日之補充協議修訂及補充, 「代理協議」), 內容有關金岩和嘉透過杭州熱聯向康輝國際供應焦煤作出指控。根據該傳訊令狀, 杭州熱聯向康輝國際及金岩和嘉要求賠償代理協議項下康輝國際應付杭州熱聯的未付金額人民幣4,318,000元(相等於5,098,000港元)。

於截至二零一七年十二月三十一日止年度, 浙江省杭州市江干區人民法院發出了民事判決書, 據此, 康輝國際及金岩和嘉須向杭州熱聯繳付人民幣4,350,000元(相等於5,136,000港元)。董事認為, 於截至二零一七年及二零一六年十二月三十一日止年度之財務報表已作出足夠撥備。就董事所知, 直至財務報表審批日期, 杭州熱聯並無作出進一步法律訴訟。

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財務報表附註

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33. LITIGATIONS (continued)

(c) The Group received notification issued by 山西省太原市人民法院 (Shanxi Province Taiyuan City Intermediate People's Court) (the "Court") dated 20 May 2016 in which 山西國際物流有限公司 (Shanxi International Logistic Co., Ltd.) ("Shanxi Logistic") commenced legal action against 金岩和嘉. Pursuant to the statement of claim, 金岩和嘉 failed to deliver goods and failed to repay the prepayment of RMB50,000,000 (equivalent to HK\$59,035,000) received from Shanxi Logistic in accordance with the cooperation agreements entered into by Shanxi Logistic and 金岩和嘉 in March 2013, on 1 April 2014 and 1 May 2015 respectively. As a result, Shanxi Logistic demanded 金岩和嘉 to repay RMB50,000,000 (equivalent to HK\$59,035,000) plus profits forgone of RMB14,894,000 (equivalent to HK\$17,410,000) and related legal expense of RMB183,000 (equivalent to HK\$214,000) up to 29 February 2016 as a result of the non-delivery of goods by 金岩和嘉.

During the year ended 31 December 2016, a civil mediation agreement (the "Civil Mediation Agreement") was entered into to confirm, among others, that the sums owed by 金岩和嘉 to Shanxi Logistic amounted to RMB65,077,000 (equivalent to HK\$76,659,000) as of 11 April 2016 and such sums should be repaid on or before 30 May 2016. Subsequently, 金岩和嘉, Shanxi Logistic, the Non-controlling Shareholder and the controlling owner of the Non-controlling Shareholder (collectively, as the Guarantors of 金岩和嘉) entered into a settlement agreement (the "Settlement Agreement") regarding the execution of the Civil Mediation Agreement. Pursuant to the Settlement Agreement, 金岩和嘉 shall settle RMB31,000,000 (equivalent to HK\$36,500,000) by instalments by 31 December 2017, and monthly instalments of RMB6,000,000 (equivalent to HK\$7,100,000) from January 2017 onwards until the full settlement of the outstanding sums (including interest accrued and to be accrued thereon).

The Group has been in negotiation with Shangxi Logistic to re-arrange the payment schedule under the Settlement Agreement. To the best knowledge of the directors, no further legal action was lodged by Shangxi Logistics up to the approval date of the financial statements. In the opinion of the directors, appropriate provision has been made in the financial statements for the year ended 31 December 2017.

33. 訴訟(續)

(c) 本集團接獲山西省太原市人民法院(「法院」)於二零一六年五月二十日發出之通知，山西國際物流有限公司(「山西物流」)對金岩和嘉展開法律訴訟。根據起訴書，金岩和嘉未能根據山西物流與金岩和嘉分別於二零一三年三月、二零一四年四月一日及二零一五年五月一日訂立之合作協議交付貨品及償還預付款項人民幣50,000,000元(相等於59,035,000港元)。因此，山西物流要求金岩和嘉償還預付款項人民幣50,000,000元(相等於59,035,000港元)加因金岩和嘉未能交付貨品而導致截至二零一六年二月二十九日止之已失去溢利人民幣14,894,000元(相等於17,410,000港元)及相關法律開支人民幣183,000元(相等於214,000港元)。

於截至二零一六年十二月三十一日止年度，一份民事調解協議(「民事調解協議」)已予訂立，以確認(其中包括)截至二零一六年四月十一日金岩和嘉結欠山西物流之總額為人民幣65,077,000元(相等於76,659,000港元)及有關總額須於二零一六年五月三十日或之前償還。其後，金岩和嘉、山西物流、非控股股東及非控股股東之控股擁有人(統稱金岩和嘉之擔保人)訂立還款協議(「還款協議」)，內容有關執行民事調解協議。根據還款協議，金岩和嘉須於二零一七年十二月三十一日前分期償還人民幣31,000,000元(相等於36,500,000港元)，並自二零一七年一月起分期每月償還人民幣6,000,000元(相等於7,100,000港元)，直至全數償還未償還金額為止(包括應計及其後累計利息)。

本集團一直與山西物流商討有關重新調整還款協議之付款時間。就董事所知，直至財務報表審批日期，山西物流並無作出進一步法律訴訟。董事認為，於截至二零一七年十二月三十一日止年度之財務報表已作出適當撥備。

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34. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

34. 與關連人士之交易

(a) 除此等財務報表其他地方所詳述之交易及結餘外，本集團於年內與關連人士有下列交易：

		Notes	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
		附註		
With the Non-controlling Shareholder:		與非控股股東：		
Sales of electricity	出售電力	(i)	264	782
Sales of coke	出售焦炭	(i)	-	178,792
Sales of by-products	出售副產品	(i)	-	12,525
Purchases of refined coal	採購精煤	(i)	169	-
Purchases of sundry materials	採購雜項物料	(i)	382	4,968
Rental expense	租金開支	(ii)	1,150	1,169
Disposal of items of property, plant and equipment	出售物業、廠房及設備項目	(iv)	702	-
With a related company which is a subsidiary of the Non-controlling Shareholder:		與關連公司(為非控股股東之附屬公司)：		
Sales of electricity	出售電力	(i)	411	1,330
Disposal of an available-for-sale investment	出售可供出售投資	(iii)	-	2,248
Transportation income	運輸收入	(i)	1,051	-
With related companies which are associates of the Non-controlling Shareholder:		與關連公司(為非控股股東之聯營公司)：		
Sales of electricity	出售電力	(i)	1,145	2,110
Sales of sundry materials	出售雜項物料	(i)	-	-
Purchases of raw coal	採購原煤	(i)	115	8,236
With a related company which is held by a close family member of the beneficial owner of the Non-controlling Shareholder:		與關連公司(由非控股股東實益擁有人之直系親屬持有)：		
Sales of raw coal	出售原煤	(i)	-	593
Purchases of refined coal	採購精煤	(i)	29,616	31,690
With a company which is owned by a member of key management personnel of the Group:		與本集團主要管理人員擁有之公司：		
Sales of by-products	出售副產品	(i)	112	113

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34. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

- (i) The transactions were conducted on bases mutually agreed by the respective parties, with reference to prevailing market rates or prices similar to those transacted with the Group's third party customers/suppliers.
- (ii) The rental expense was charged based on terms mutually agreed between the contractual parties.
- (iii) The consideration was determined with reference to the Group's investment cost.
- (iv) The consideration was determined with reference to the carrying amount of the property, plant and equipment.

(b) Outstanding balances with related parties

- (i) Balances with the Non-controlling Shareholder at the end of the reporting period are set out in note 18 to the financial statements.
- (ii) A summary of the Group's balances with other related companies is set out below.

34. 與關連人士之交易(續)

(a) (續)

附註：

- (i) 交易乃按有關訂約方共同協定之基礎進行，並經參考當時市場利率或與本集團第三方客戶／供應商之交易之相若價格而定。
- (ii) 租金開支乃按訂約方共同協定之條款收取。
- (iii) 代價乃參考本集團之投資成本釐定。
- (iv) 代價乃參考物業、廠房及設備之帳面值釐定。

(b) 與關連人士之未償還結餘

- (i) 於報告期末與非控股股東之結餘載於財務報表附註18。
- (ii) 本公司與其他關連公司之結餘之概述載列於下。

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade receivables from related companies	關連公司之貿易應收帳款 17	40,462	38,073
Prepayments, deposits, and other receivables from related companies	關連公司之預付款項、按金及其他應收帳款 19	6,419	2,248
		46,881	40,321

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34. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(b) (continued)

(ii) (continued)

These related companies are affiliates of the Non-controlling Shareholder.

With respect to the balances as at 31 December 2016, the Group and the Non-controlling Shareholder entered into an indemnity agreement on 1 March 2017, pursuant to which the Non-controlling Shareholder undertook that if any amounts were not settled by the respective parties at 31 December 2016, it would settle the amounts on their behalf by monthly instalments of RMB10,000,000 after its new coking plant started operation in October 2017.

The Group and the Non-controlling Shareholder renewed the indemnity agreement on 6 March 2018 to cover the balances outstanding from affiliates of the Non-controlling Shareholder at 31 December 2017. Pursuant to the renewed indemnity agreement, the Non-controlling Shareholder undertakes that if any amounts were not settled by the respective parties by 30 June 2018, it will settle the amount on their behalf by monthly instalments of RMB10,000,000 after the new coking plant starts operation in August 2018.

(iii) As at 31 December 2017, included in trade payables (note 21) were payables to related companies, which are affiliates of the Non-controlling Shareholder, of HK\$5,229,000 (2016: HK\$7,687,000).

Details of the terms are set out in note 21 to the financial statements.

34. 與關連人士之交易 (續)

附註：(續)

(b) (續)

(ii) (續)

該等關連公司為非控股股東之聯屬公司。

就二零一六年十二月三十一日之結餘而言，本集團及非控股股東於二零一七年三月一日訂立彌償協議，據此，非控股股東承諾，倘任何金額於二零一六年十二月三十一日之前未由各自訂約方結算，其將於二零一七年十月新焦炭廠開始營運後替彼等代為按月以每期人民幣10,000,000元結算該金額。

本集團及非控股股東於二零一八年三月六日續訂彌償協議以涵蓋於二零一七年十二月三十一日非控股股東之聯屬公司之未償還結餘。根據續定彌償協議，非控股股東承諾，倘任何金額於二零一八年六月三十日之前未由各自訂約方結算，其將於二零一八年八月新焦炭廠開始營運後替彼等代為按月以每期人民幣10,000,000元結算該金額。

(iii) 於二零一七年十二月三十一日，計入貿易應付帳款(附註21)為應付關連公司款項5,229,000港元(二零一六年：7,687,000港元)，該等公司為非控股股東之聯屬公司。

有關條款載於財務報表附註21。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

34. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(b) (continued)

- (iv) As at 31 December 2017, included in other borrowings were loans from a director of the Company of HK\$1,751,000 (2016: HK\$1,907,000) and a director of 金岩和嘉 of HK\$3,195,000 (2016: HK\$3,480,000).

Details of the terms of these balances are set out in note 23 to the financial statements.

(c) Commitments with a related party

On 30 May 2010, 金岩和嘉 entered into a 10-year operating lease arrangement ending 29 May 2020 with the Non-controlling Shareholder to lease the land for the Group's production plants. Total rental expenses paid to the Non-controlling Shareholder for the year are included in note (a) above. The total operating lease commitments due within one year and in the second to fifth years as at 31 December 2017 were approximately HK\$1,181,000 (2016: HK\$1,124,000) and HK\$1,673,000 (2016: HK\$2,716,000), respectively.

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

The remuneration of directors and other members of key management during the year was as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,479	3,061
Pension scheme contributions	退休福利計劃供款	36	26
		5,515	3,087

Further details of directors' emoluments are included in note 8 to the financial statements.

34. 與關連人士之交易(續)

附註：(續)

(b) (續)

- (iv) 於二零一七年十二月三十一日，計入其他借貸為本公司一名董事之貸款1,751,000港元(二零一六年：1,907,000港元)及金岩和嘉一名董事之貸款3,195,000港元(二零一六年：3,480,000港元)。

該等結餘之條款載於財務報表附註23。

(c) 與關連人士之承擔

於二零一零年五月三十日，金岩和嘉與非控股股東訂立10年經營租賃安排(直至二零二零年五月二十九日為止)，以就本集團生產廠租賃土地。本年度付予非控股股東之租金開支總額載於上文附註(a)。於二零一七年十二月三十一日，於一年內及第二至第五年到期之經營租賃承擔總額分別約為1,181,000港元(二零一六年：1,124,000港元)及1,673,000港元(二零一六年：2,716,000港元)。

(d) 本集團主要管理人員之薪酬：

董事及其他主要管理層人員於年內之酬金如下：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries, allowances and benefits in kind	5,479	3,061
Pension scheme contributions	36	26
	5,515	3,087

董事袍金之進一步詳情載於財務報表附註8。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) During the year ended 31 December 2017, offsetting agreements were entered into amongst the Group, the Non-controlling Shareholder and certain creditors of the Group in which the Non-controlling Shareholder agreed to take up the obligation to settle the certain trade and other payables on behalf of the Group. Trade payables with an amount of HK\$52,176,000 (2016: HK\$3,910,000) and other payables of HK\$11,319,000 (2016: HK\$2,819,000) were offset with the other receivables due from the Non-controlling Shareholder.
- (ii) As detailed in note 23, a total amount of HK\$7,132,000, comprising a loan balance of HK\$6,000,000, accrued interests of HK\$632,000 and other payables of HK\$500,000, was waived by the lenders of other borrowings and certain creditors during the year ended 31 December 2017. A loan balance of HK\$19,000,000 was also waived by another lender during the year ended 31 December 2016.
- (iii) As detailed in note 25(d) to the financial statements, 193,000,000 ordinary shares of the Company were issued upon conversion of the 2008 Convertible Bonds with an aggregate principal amount of HK\$386,000,000 during the year ended 31 December 2017.
- (iv) As detailed in note 29 (A) to the financial statements, accrued interest expense of the 2016 Convertible Bonds of HK\$1,083,000 has not been settled and was transferred from the liability component of the convertible bonds to other payables.

35. 綜合現金流量表附註

(a) 重大非現金交易

- (i) 截至二零一七年十二月三十一日止年度，本集團、非控股股東及本集團若干債權人訂立抵銷協議，據此，非控股股東同意代表本集團承擔支付若干貿易及其他應付帳款之責任。貿易應付帳款52,176,000港元（二零一六年：3,910,000港元）及其他應付帳款11,319,000港元（二零一六年：2,819,000港元）已與應收非控股股東之其他應收帳款抵銷。
- (ii) 誠如附註23詳述，截至二零一七年十二月三十一日止年度，其他借貸之貸款人及若干債權人豁免總金額7,132,000港元，其包括貸款結餘6,000,000港元、累計利息632,000港元及其他應付帳款500,000港元。貸款結餘19,000,000港元亦獲另一名貸款人於截至二零一六年十二月三十一日止年度豁免。
- (iii) 誠如財務報表附註25(d)詳述，截至二零一七年十二月三十一日止年度，於兌換本金總額為386,000,000港元之二零零八年可換股債券後，本公司193,000,000股普通股已獲發行。
- (iv) 誠如財務報表附註29(A)詳述，二零一六年可換股債券之累計利息開支1,083,000港元尚未結清並已由可換股債券之負債部分轉入其他應付帳款。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Major non-cash transactions (continued)

- (v) During the year ended 31 December 2017, the Group disposed of item of property, plant and equipment to the Non-controlling Shareholder for a cash consideration of HK\$702,000. The cash consideration was included in other receivables due from the Non-controlling Shareholder as at 31 December 2017.
- (vi) On 31 March 2016, an agreement was signed between the Group and the Non-controlling Shareholder agreeing that an amount due to the Non-controlling Shareholder of HK\$50,201,000 was offset with other receivables due from the Non-controlling Shareholder.
- (vii) On 31 March 2016, an agreement was signed by a customer, the Non-controlling Shareholder, and HIG, pursuant to which a deposit received from the customer of HK\$69,804,000 was offset against the other receivables due from the Non-controlling Shareholder.
- (viii) During the year ended 31 December 2016, the penalty charges and accrued interests in an amount of HK\$43,277,000 due to Kailuan was satisfied by the Company issuing the 2016 Convertible Bonds, with no cash flow impact.
- (ix) As detailed in note 25(a) to the financial statements, 490,000,000 ordinary shares of the Company were issued upon partial conversion of the 2008 Convertible Bonds with an aggregate principal amount of HK\$196,000,000 during the year ended 31 December 2016.
- (x) During the year ended 31 December 2016, the Group acquired an additional 2.6% equity interest in 金岩和嘉 from certain non-controlling shareholders at a cash consideration of HK\$318,000. The consideration payable was included in other payables as at 31 December 2017 and 2016.

35. 綜合現金流量表附註(續)

(a) 重大非現金交易(續)

- (v) 截至二零一七年十二月三十一日止年度，本集團向非控股股東出售物業、廠房及設備項目，現金代價為702,000港元。現金代價計入於二零一七年十二月三十一日之應收非控股股東之其他應收帳款。
- (vi) 於二零一六年三月三十一日，本集團與非控股股東簽訂協議，同意將控股股東款項50,201,000港元與應收非控股股東之其他應收帳款抵銷。
- (vii) 於二零一六年三月三十一日，一名客戶、非控股股東及和嘉國際訂立協議，據此，應收該名客戶按金69,804,000港元已與應收非控股股東之其他應收帳款抵銷。
- (viii) 截至二零一六年十二月三十一日止年度，應付開灤款項43,277,000港元之罰款及應計利息由本公司發行二零一六年可換股債券償付，對現金流量並無影響。
- (ix) 誠如財務報表附註25(a)詳述，截至二零一六年十二月三十一日止年度，於兌換部分本金總額為196,000,000港元之二零零八年可換股債券後，本公司490,000,000股普通股已獲發行。
- (x) 截至二零一六年十二月三十一日止年度，本集團自若干非控股股東收購金岩和嘉額外2.6%股權，現金代價為318,000港元。應付代價計入於二零一七年及二零一六年十二月三十一日之其他應付帳款。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

35. 綜合現金流量表附註(續)

(b) 融資活動所產生之負債變動

		Convertible Bonds 可換股債券 HK\$'000 千港元	Other Borrowings 其他借貸 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	36,835	25,813
Gain from debt restructuring	債務重組收益	-	(7,669)
Interest expense	利息開支	5,842	44
Transfer of interest expense to other payable	利息開支轉撥至其他應付帳款	(1,083)	-
Loss on extinguishment of the 2016 Convertible Bonds	因消除二零一六年可換股債券所產生之虧損	1,362	-
Extinguishment of the 2016 Convertible Bonds	已消除之二零一六年可換股債券	(42,904)	-
Recognition of the 2017 Convertible Bonds	已確認之二零一七年可換股債券	41,375	-
At 31 December 2017	於二零一七年十二月三十一日	<u>41,427</u>	<u>18,188</u>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

2017

Financial assets

36. 按類別劃分之金融工具

於報告期末，各類金融工具之帳面值如下：

二零一七年

金融資產

		Loans and receivables	Available- for-sale financial assets	Total
		貸款及 應收帳款	可供出售 金融資產	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Available-for-sale investments	可供出售投資	–	1,115	1,115
Trade receivables	貿易應收帳款	89,887	–	89,887
Amount due from the Non- controlling Shareholder	應收非控股股東款項	177,150	–	177,150
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及 其他應收帳款之 金融資產	158,984	–	158,984
Cash and bank balances	現金及銀行結存	69,655	–	69,655
		495,676	1,115	496,791

Financial liabilities

金融負債

		Financial liabilities at amortised cost
		按攤銷成本 列帳之 金融負債
		HK\$'000
		千港元
Trade payables	貿易應付帳款	158,188
Financial liabilities included in other payables and accruals	計入其他應付帳款及應計款項 之金融負債	228,722
Other borrowings	其他借貸	18,188
Convertible bonds	可換股債券	41,427
		446,525

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows: (continued)

2016

Financial assets

36. 按類別劃分之金融工具

於報告期末，各類金融工具之帳面值如下：
(續)

二零一六年

金融資產

		Loans and receivables 貸款及 應收帳款 HK\$'000 千港元	Available- for-sale financial assets 可供出售 金融資產 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Available-for-sale investments	可供出售投資	–	1,099	1,099
Trade receivables	貿易應收帳款	61,027	–	61,027
Amount due from the Non-controlling Shareholder	應收非控股股東款項	168,483	–	168,483
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收帳款之金融資產	110,057	–	110,057
Cash and bank balances	現金及銀行結存	97,931	–	97,931
		<u>437,498</u>	<u>1,099</u>	<u>438,597</u>

Financial liabilities

金融負債

		Financial liabilities at amortised cost 按攤銷成本 列帳之 金融負債 HK\$'000 千港元
Trade payables	貿易應付帳款	247,162
Financial liabilities included in other payables and accruals	計入其他應付帳款及應計款項之 金融負債	182,563
Other borrowings	其他借貸	25,813
Convertible bonds	可換股債券	36,835
		<u>492,373</u>

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2017

		Quoted prices in active markets (Level 1) 於活躍市場之 報價 (第一層) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察數據 (第二層) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大 不可觀察數據 (第三層) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Available-for-sale investment	可供出售投資	1,115	-	-	1,115

As at 31 December 2016

		Quoted prices in active markets (Level 1) 於活躍 市場之報價 (第一層) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察數據 (第二層) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大 不可觀察數據 (第三層) HK\$'000 千港元	Total 總計 HK\$'000 千港元
Available-for-sale investment	可供出售投資	1,099	-	-	1,099

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

37. 金融工具之公允值及公允值等級架構

公允值等級架構

下表載列本集團之金融工具之公允值等級架構：

按公允值計量之資產：

於二零一七年十二月三十一日

Fair value measurement using

採用下列各項之公允值計量

Quoted prices in active markets (Level 1) 於活躍市場之 報價 (第一層) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察數據 (第二層) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大 不可觀察數據 (第三層) HK\$'000 千港元	Total 總計 HK\$'000 千港元
1,115	-	-	1,115

於二零一六年十二月三十一日

Fair value measurement using

採用下列各項之公允值計量

Quoted prices in active markets (Level 1) 於活躍 市場之報價 (第一層) HK\$'000 千港元	Significant observable inputs (Level 2) 重大 可觀察數據 (第二層) HK\$'000 千港元	Significant unobservable inputs (Level 3) 重大 不可觀察數據 (第三層) HK\$'000 千港元	Total 總計 HK\$'000 千港元
1,099	-	-	1,099

本年度內，就金融資產及金融負債而言，第一層與第二層之間並無轉移，及第三層並無轉入或轉出之情況（二零一六年：無）。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise other borrowings and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, an amount due from the Non-controlling Shareholder, cash and bank balances, trade payables, other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HK\$. The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than functional currencies of the respective group entities.

Certain of the Group's liabilities are denominated in US\$. The Group is exposed to foreign exchange risk arising from the exposure of US\$ against HK\$. The Group considered the impact on the equity and profit before tax from the change in US\$, exchange rate was nominal at the end of the reporting period since HK\$ is pegged to US\$.

The Group does not have any hedging instruments outstanding. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in the future as may be necessary.

38. 金融風險管理目標及政策

本集團之主要金融工具包括其他借貸及可換股債券。該等金融工具之主要目的為籌集資金作本集團經營所需。本集團有若干其他不同金融資產及負債，例如貿易應收帳款、按金及其他應收帳款、應收非控股股東款項、現金及銀行結存、貿易應付帳款、其他應付帳款及應計款項，均直接來自其經營業務。

本集團金融工具之主要風險為外幣風險、信貸風險及流動資金風險。董事會檢討及協定管理各項有關風險之政策，並概述如下。

外幣風險

本集團之貨幣資產、負債及交易均主要以人民幣、美元及港元計值。本集團因貨幣資產及負債以相關集團實體之功能貨幣以外貨幣計值而承受外幣風險。

本集團若干負債以美元計值。本集團因美元兌港元所產生之風險而承受外幣風險。本集團認為，由於港元與美元掛鈎，故於報告期末美元匯率變動對股權及除稅前溢利之影響輕微。

本集團並無任何未行使對沖工具。本集團將持續觀察經濟情況及其外匯風險組合，並於日後有需要時考慮採取適當之對沖措施。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group reviews the recoverable amount of each amount due from individual debtors at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, available-for-sales investments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equals to the carrying amounts of these instruments.

In addition to the concentration of credit risk on other receivables from the Non-controlling Shareholder and related companies, the Group had concentrations of credit risk as 66% (2016: 73%) of the Group's net trade receivables was due from the Non-controlling Shareholder, and 15% (2016: 16%) of Group's net trade receivables was due from related companies as at 31 December 2017.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of convertible bonds and other borrowings.

38. 金融風險管理目標及政策(續)

信貸風險

本集團僅與已確認及信譽良好之人士進行貿易。本集團之政策為所有希望以信貸條款進行貿易之客戶均須接受信貸核證程序。此外，應收結餘受持續監察，而本集團所承擔之壞帳並不重大。本集團於各報告期末檢討每項應收帳款之可收回金額，以確保為不可收回金額提供足夠減值虧損撥備。

本集團其他金融資產(包括現金及銀行結存、可供出售投資、按金及其他應收帳款)之信貸風險來自對手方之失責，而最高風險相等於該等工具之帳面值。

除信貸風險集中於向非控股股東及關連公司提供之其他應收帳款外，本集團之信貸風險具有若干程度之集中性，原因為於二零一七年十二月三十一日，本集團66%(二零一六年：73%)之貿易應收帳款淨額來自非控股股東及15%(二零一六年：16%)之貿易應收帳款淨額來自關連公司。

有關本集團來自貿易應收帳款之信貸風險進一步量化數據披露於財務報表附註17。

流動資金風險

本集團之目標為透過使用可換股債券及其他借貸而在集資之持續性與靈活度兩者之間取得平衡。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group as at the end of the reporting periods, based on the contractual undiscounted payments, is as follows:

		On demand or less than 3 months 按要求或 少於3個月 HK\$'000 千港元	3 to less than 12 months 3至 少於12個月 HK\$'000 千港元	1 to 5 years 1至5年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2017	二零一七年				
Trade payables	貿易應付帳款	112,146	46,042	–	158,188
Financial liabilities included in other payables, accruals and deposits received	計入其他應付帳款、應計款項及已收按金之金融負債	226,959	–	1,763	228,722
Other borrowings	其他借貸	–	–	19,813	19,813
Convertible bonds	可換股債券	–	1,082	44,172	45,254
		339,105	47,124	65,748	451,977
		On demand or less than 3 months 按要求或 少於3個月 HK\$'000 千港元	3 to less than 12 months 3至 少於12個月 HK\$'000 千港元	1 to 5 years 1至5年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2016	二零一六年				
Trade payables	貿易應付帳款	190,537	56,625	–	247,162
Financial liabilities included in other payables, accruals and deposits received	計入其他應付帳款、應計款項及已收按金之金融負債	180,839	1,724	–	182,563
Other borrowings	其他借貸	1,237	24,576	–	25,813
Convertible bonds	可換股債券	–	1,082	43,818	44,900
		372,613	84,007	43,818	500,438

38. 金融風險管理目標及政策(續)

信貸風險(續)

於報告期末，基於已訂約但未貼現付款之本集團金融負債到期情況如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

38. 金融風險管理目標及政策(續)

資金管理

本集團資本管理之首要目標，為確保本集團具備持續發展之能力，且維持穩健之資本比率，以支持其業務運作，爭取最大之股東價值。

本集團根據經濟情況之變動及相關資產之風險特質，管理其資本結構並作出調整。為維持或調整資本結構，本集團可能調整向股東派發之股息、向股東派回之資本或發行新股。截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度，並無更改管理資本之目標、政策或程序。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes trade payables, other payables, accruals and deposits received, other borrowings and convertible bonds, net of cash and bank balances. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the respective reporting periods were as follows:

38. 金融風險管理目標及政策(續)

資金管理(續)

本集團採用債務淨額除資金加負債淨額計算之資產負債比率監察資本狀況。債務淨額包括經扣除現金及銀行結存後之貿易應付帳款、其他應付帳款、應計款項及已收按金、其他借貸及可換股債券。資金包括母公司擁有人應佔股權。於各自之報告期末之資產負債比率如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade payables	貿易應付帳款	158,188	247,162
Other payables, accruals and deposits received	其他應付帳款、應計款項及已收按金	477,343	372,586
Other borrowings	其他借貸	18,188	25,813
Convertible bonds	可換股債券	41,427	36,835
Less: Cash and bank balances	減：現金及銀行結存	(69,655)	(97,931)
Net debt	債務淨額	625,491	584,465
Capital – Equity attributable to owners of the parent	資本—母公司擁有人應佔股權	376,868	244,610
Capital and net debt	資金及債務淨額	1,002,359	829,075
Net gearing ratio	資產負債比率	62%	71%

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

39. 本公司之財務狀況表

於報告期末有關本公司財務狀況表之資料如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司之投資	104,247	182,559
CURRENT ASSETS	流動資產		
Prepayment, deposit and other receivables	預付款項、按金及其他應收帳款	413	-
Bank balances	銀行結存	66,171	95,845
Total current assets	流動資產總值	66,584	95,845
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付帳款及應計款項	4,325	4,585
NET CURRENT ASSETS	流動資產淨值	62,259	91,260
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	166,506	273,819
NON-CURRENT LIABILITIES	非流動負債		
Amount due to subsidiaries	應付附屬公司款項	(188,402)	(253,683)
Other payables and accruals	其他應付帳款及應計款項	(666)	-
Convertible bonds	可換股債券	(41,427)	(36,835)
Total non-current liabilities	非流動負債總額	(230,495)	(290,518)
Net liabilities	負債淨額	(63,989)	(16,699)
EQUITY	權益		
Equity attributable to owners of the parent	母公司擁有人應佔股權		
Issued share capital	已發行股本	25,966	24,036
Reserves (note)	儲備(附註)	(89,955)	(40,735)
Total deficiency in assets	資產虧絀總額	(63,989)	(16,699)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(continued)

Note:

A summary of the Company's reserves is as follows:

		Share premium	Contributed surplus	Special reserve	Capital redemption reserve	Share option reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價 HK\$'000 千港元	繳入盈餘 HK\$'000 千港元	特別儲備 HK\$'000 千港元 (note i) (附註i)	資本贖回儲備 HK\$'000 千港元 (note ii) (附註ii)	購股期權儲備 HK\$'000 千港元	可換股債券儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	145,361	419,650	17,275	85	4,433	829,350	(2,109,338)	(693,184)
Profit for the year and total comprehensive profit for the year	本年度溢利及本年度全面溢利總額	-	-	-	-	-	-	13,522	13,522
Conversion of convertible bonds	兌換可換股債券	-	230,300	-	-	-	(279,300)	-	(49,000)
Capital reorganisation	資本重組	-	491,777	-	-	-	-	-	491,777
Share Subscription	股份認購	196,000	-	-	-	-	-	-	196,000
Lapsed share options	已失效之購股期權	-	-	-	-	(848)	-	848	-
Issue of the 2016 Convertible Bonds	發行二零一六年可換股債券	-	-	-	-	-	150	-	150
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	341,361	1,141,727	17,275	85	3,585	550,200	(2,094,968)	(40,735)
Loss for the year and total comprehensive profit for the year	本年度虧損及本年度全面虧損總額	-	-	-	-	-	-	(47,645)	(47,645)
Conversion of convertible bonds	兌換可換股債券	-	548,120	-	-	-	(550,050)	-	(1,930)
Extinguishment of the 2016 Convertible Bonds	已消除之二零一六年可換股債券	-	-	-	-	-	(13)	-	(13)
Transfer of equity component to accumulated losses upon extinguishment	消除後權益部分轉撥至累計虧損	-	-	-	-	-	(137)	137	-
Recognition of the 2017 Convertible Bonds	已確認之二零一七年可換股債券	-	-	-	-	-	368	-	368
Lapsed share options	已失效之購股期權	-	-	-	-	(1,076)	-	1,076	-
At 31 December 2017	於二零一七年十二月三十一日	341,361	1,689,847	17,275	85	2,509	368	(2,141,400)	(89,955)

- (i) The contributed surplus represents the excess of value of shares converted upon conversion of the 2008 Convertible Bonds over the previous nominal amount of the ordinary shares issued pursuant to Section 40(1) of the Bermuda Companies Act 1981 and the credit arising from the Capital Reorganisation.
- (ii) The Company's special reserve represents the excess of the combined net assets of the subsidiaries acquired over the nominal amount of the Company's shares issued for the acquisition.

39. 本公司之財務狀況表 (續)

附註：

本公司儲備之概要如下：

- (i) 繳入盈餘指根據百慕達一九八一年公司法第40(1)條，兌換二零零八年可換股債券時兌換之股份價值超出先前已發行普通股面值之差額及資本重組產生之進帳。
- (ii) 本公司之特別儲備指所收購附屬公司之合併資產淨值超出本公司就收購發行之股份面值之差額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 二零一七年十二月三十一日

40. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 29 March 2018, the Group entered into a non-legally binding letter of intent (the “Letter of Intent”) with EDB Holdings Limited (“EDB”). Pursuant to the Letter of Intent, both parties agreed to commence further negotiation in good faith on the possible investment whereby the Company may invest in EDB through acquisition or subscription of its shares, with an investment amount between HK\$50,000,000 to HK\$150,000,000 as consideration, to acquire a percentage of its share capital. EDB’s principal subsidiary, 北京聖特爾科技發展有限公司, is a China-based software service provider with the major product named E 店寶, which is E-commerce Enterprise Resource Planning (“ERP”) software. Further details are set out in the announcement of the Company dated 29 March 2018.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2018.

40. 報告期後事項

於二零一八年三月二十九日，本集團與EDB Holdings Limited (「EDB」) 訂立無法律約束力之意向書 (「意向書」)。根據意向書，訂約雙方同意就潛在投資展開進一步善意磋商，據此，本公司可透過收購或認購EDB股份向其作出投資，投資額為50,000,000港元至150,000,000港元之間，以作為收購其一定百分比的股本之代價。EDB之主要附屬公司北京聖特爾科技發展有限公司為一間中國軟件服務供應商，其主要產品E店寶為一套電子商務企業資源規劃 (「ERP」) 軟件。有關進一步詳情載於本公司日期為二零一八年三月二十九日之公告。

41. 批准財務報表

財務報表已於二零一八年三月二十九日獲董事會批准及授權刊發。

PARTICULARS OF PROPERTIES

物 業 詳 情

Name/location 名稱／地點	Lease term 租期	Type 類別	Gross floor area 建築面積 (sq.m.) (平方米)	Attributable interest 應佔權益
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Properties Held for the Group's Own Use

本集團持有作自用之物業

The People's Republic of China

中華人民共和國

山西省孝義市經濟開發區金岩路1號	Medium term lease 中期租賃	C & I C及I	29,148	90%
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C Commercial
I Industrial

C 商業
I 工業

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		Year ended 31 December	Year ended 31 December 截至十二月三十一日止年度			
		2017	2016	2015	2014	2013
		截至 二零一七年 十二月三十一日 止年度	二零一六年	二零一五年	二零一四年	二零一三年
		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
CONTINUING OPERATIONS	持續經營業務					
Revenue	收入	1,330,791	792,518	461,384	598,618	1,038,456
Cost of sales	銷售成本	(1,117,808)	(658,103)	(494,878)	(715,756)	(1,037,941)
Gross profit/(loss)	毛利/(毛損)	212,983	134,415	(33,494)	(117,138)	515
Other income and gains	其他收入及收益	45,419	58,891	94,152	36,812	54,294
Selling and distribution costs	銷售及分銷成本	(146,429)	(55,949)	(23,094)	(43,263)	(58,480)
Administrative expenses	管理費用	(83,804)	(79,608)	(97,155)	(85,399)	(84,077)
Finance costs	財務費用	(8,015)	(1,582)	(23,964)	(21,862)	(25,741)
Other operating income/ (expenses), net	其他經營收入/ (開支)·淨額	21,528	12,758	(41,152)	(28,193)	(17,315)
Gain on redemption of convertible bonds	贖回可換股債券之收益	-	-	-	-	15,867
Fair value change on derivative financial Instruments	衍生金融工具之 公允價值變動	-	-	-	-	46,025
Reversal of impairment/(impairment) on items of property, plant and equipment	物業、廠房及設備項目 減值撥回/(減值)	84,977	-	(14,760)	(448,545)	(20,733)
Impairment of goodwill	商譽減值	-	-	-	(388,544)	-
Profit/(loss) before tax	除稅前溢利/(虧損)	126,659	68,925	(139,467)	(1,096,132)	(89,645)
Income tax credit/(expense)	所得稅抵免/(開支)	5,254	(8,544)	8,732	190	178
PROFIT/(LOSS) FOR THE YEAR	本年度溢利/(虧損)	131,913	60,381	(130,735)	(1,095,942)	(89,467)
Attributable to:	應佔：					
Owners of the parent	母公司擁有人	117,898	55,663	(110,474)	(989,409)	(81,765)
Non-controlling interests	非控股權益	14,015	4,718	(20,261)	(106,533)	(7,702)
		131,913	60,381	(130,735)	(1,095,942)	(89,467)

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

		As at 31 December 2017 於 二零一七年 十二月三十一日 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	As at 31 December 於十二月三十一日		
			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	
TOTAL ASSETS	資產總額	1,116,534	955,267	905,285	1,487,467	2,525,474
TOTAL LIABILITIES	負債總額	(700,565)	(687,662)	(893,941)	(1,329,453)	(1,254,597)
		415,969	267,605	11,344	158,014	1,270,877
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	母公司擁有人應佔股權	376,868	244,610	1,142	124,994	1,129,250
NON-CONTROLLING INTERESTS	非控股權益	39,101	22,995	10,202	33,020	141,627
		415,969	267,605	11,344	158,014	1,270,877

DEFINITIONS

釋 義

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

於本報告內，除文義另有所指外，下列詞彙具有下列涵義：

“AGM” 「股東週年大會」	the annual general meeting of the Company to be held at Room 2301, 23/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Tuesday, 5 June 2018 at 3:00 p.m. 本公司謹訂於二零一八年六月五日(星期二)下午三時正假座香港金鐘金鐘道89號力寶中心一座23樓2301室舉行之股東週年大會
“Annual Report” 「年報」	This annual report of the Group prepared for the year ended 31 December 2017 本集團所編製截至二零一七年十二月三十一日止年度之本年報
“associate(s)” 「聯繫人士」	has the meaning ascribed to it under the Listing Rules 具上市規則所賦予之涵義
“Board” 「董事會」	board of Directors 董事會
“Bye-Laws” 「公司細則」	the bye-laws from time to time adopted by the Company 本公司不時採納之公司細則
“CG Report” 「企業管治報告」	the corporate governance report contained in this Annual Report from pages 37 to 52 本年報第37至52頁所載之企業管治報告
“Company” 「本公司」	Huscoke Resources Holdings Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the main board of the Stock Exchange 和嘉資源控股有限公司，於百慕達註冊成立之有限公司，其股份於聯交所主板上市
“Companies Ordinance” 「公司條例」	Chapter 622 of the Laws of Hong Kong 香港法例第622章
“Director(s)” 「董事」	the directors of the Company 本公司董事
“ESG Report” 「環境社會管治報告」	the environmental, social and governance report contained in this annual Report from pages 53 to 72 本年報第53至72頁所載之環境、社會及管治報告
“Group” 「本集團」	the Company and its subsidiaries 本公司及其附屬公司

DEFINITIONS

釋 義

“Hong Kong” 「香港」	the Hong Kong Special Administrative Region of the People's Republic of China 中華人民共和國香港特別行政區
“Listing Rules” 「上市規則」	the Rules Governing the Listing of Securities on the Stock Exchange 聯交所證券上市規則
“Memorandum of Association” 「組織章程大綱」	the memorandum of association of the Company 本公司之組織章程大綱
“PRC” 「中國」	the People's Republic of China, excludes Hong Kong and Macau in this report 中華人民共和國，就本報告而言，不包括香港及澳門
“SFO” 「證券及期貨條例」	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended from time to time 經不時修訂之香港法例第571章證券及期貨條例
“Share(s)” 「股份」	ordinary share(s) of HK\$0.01 each in the capital of the Company 本公司股本中每股面值0.01港元之普通股
“Shareholder(s)” 「股東」	holder(s) of the Share(s) 股份持有人
“Stock Exchange” 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“subsidiaries” 「附屬公司」	a subsidiary (within the meaning of the Companies Ordinance or section 86 of the Companies Act) for the time being and from time to time of the Company 本公司當時及不時之附屬公司(按公司條例或公司法第86條之定義)
“HK\$” 「港元」	Hong Kong dollars, the lawful currency of Hong Kong 香港現時之法定貨幣港元
“%” 「%」	per cent. 百分比



HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司