



中國疏浚環保控股有限公司

China Dredging Environment Protection Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 871



Annual Report **2018**
年報

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Corporate Information

公司資料

Board of Directors

Executive Directors:

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

Non-Executive Director:

Mr. Liu Longhua (*Vice Chairman*) (resigned on 8 March 2019)

Independent Non-Executive Directors:

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

Audit Committee

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

Remuneration Committee

Mr. Liang Zequan (*Chairman*)
Mr. Liu Longhua (resigned on 8 March 2019)
Mr. Huan Xuedong (appointed on 8 March 2019)
Mr. Chan Ming Sun Jonathan

Nomination Committee

Mr. Liu Longhua (*Chairman*) (resigned on 8 March 2019)
Mr. Liu Kaijin (*Chairman*) (appointed on 8 March 2019)
Mr. Chan Ming Sun Jonathan
Mr. Liang Zequan

Authorised Representatives

Mr. Liu Kaijin
Ms. Wong Kwan Lai

董事會

執行董事：

劉開進先生(主席)
伍斌先生(副主席)
吳旭澤先生(行政總裁)
周淑華女士

非執行董事：

劉龍華先生(副主席)(於二零一九年三月八日辭任)

獨立非執行董事：

還學東先生
陳銘樂先生
梁澤泉先生

審核委員會

陳銘樂先生(主席)
還學東先生
梁澤泉先生

薪酬委員會

梁澤泉先生(主席)
劉龍華先生(於二零一九年三月八日辭任)
還學東先生(於二零一九年三月八日獲委任)
陳銘樂先生

提名委員會

劉龍華先生(主席)(於二零一九年三月八日辭任)
劉開進先生(主席)(於二零一九年三月八日獲委任)
陳銘樂先生
梁澤泉先生

授權代表

劉開進先生
黃君麗女士

Corporate Information (Continued)

公司資料(續)

Company Secretary

Ms. Wong Kwan Lai

公司秘書

黃君麗女士

Legal Advisors

Li & Partners (as to Hong Kong Law)
Zhong Lun Law Firm (as to PRC law)

法律顧問

李偉斌律師行(香港法律顧問)
中倫律師事務所(中國法律顧問)

Auditor

Moore Stephens CPA Limited

核數師

大華馬施雲會計師事務所有限公司

Principal Bankers

Bank of Jiangsu Co. Ltd, Yancheng Branch
Agricultural Bank of China Limited, Yancheng Branch
China Construction Bank (Asia) Corporation Limited

主要往來銀行

江蘇銀行股份有限公司鹽城分行
中國農業銀行股份有限公司鹽城分行
中國建設銀行(亞洲)股份有限公司

Registered Address

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

註冊地址

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

Headquarters and Principal Place of Business

The People's Republic of China:
No. 5 Baoxing Road, Baocai Industrial Zone,
Yandu District, Yancheng City,
Jiangsu Province, the PRC

總部及主要營業地點

中華人民共和國：
中國江蘇省
鹽城市鹽都區
寶才工業區寶興路5號

Hong Kong:
Room 1501-2, 15/F,
Siu On Plaza,
482 Jaffe Road,
Causeway Bay, Hong Kong

香港：
香港銅鑼灣
482謝斐道
兆安廣場
15樓1501-2室

Corporate Information (Continued)

公司資料(續)

Principal Share Registrar

Conyers Trust Company (Cayman) Limited

Branch Share Registrar

Tricor Investor Services Limited

Stock Code

871

Website

www.cdep.com.hk

主要股份登記處

Conyers Trust Company (Cayman) Limited

股份登記分處

卓佳證券登記有限公司

股份代號

871

網站

www.cdep.com.hk

Definitions

釋義

“Articles” 「細則」	the articles of association of the Company 本公司組織章程細則
“Audit Committee” 「審核委員會」	the audit committee of the Board 董事會審核委員會
“Board” 「董事會」	the board of Directors 董事會
“Bonds” 「債券」	the three per cent convertible bonds in the aggregate principal amounts of HK\$243 million due 2016 issued by the Company under the subscription agreement dated 28 October 2013 entered into between the Company and the Bondholder 本公司根據與債券持有人於二零一三年十月二十八日訂立的認購協議發行本金總額為243,000,000港元於二零一六年到期的三厘可換股債券
“Bondholder”/“CITIC” 「債券持有人」/「CITIC」	CITIC Capital China Access Fund Limited
“CG Code” 「企業管治守則」	the code provisions as contained in “Corporate Governance Code and Corporate Governance Report” set out in Appendix 14 to the Listing Rules (as amended from time to time), which are adopted (with modification) by the Board as its corporate governance code 上市規則附錄十四所載的「企業管治守則及企業管治報告」中所列的守則條文(經不時修訂)，董事會已附加修訂採用作為其企業管治守則
“Company”/“China Dredging ENV” 「本公司」/「中國疏浚環保」	China Dredging Environment Protection Holdings Limited 中國疏浚環保控股有限公司
“Contractual Arrangements” 「合約安排」	a series of contracts, brief details of which are set out in note 39 to the consolidated financial statements in this annual report, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu are transferred to Xiangyu PRC 一系列合約，簡介載於本年報綜合財務報表附註39，據此江蘇興宇的業務中產生的一切經濟利益及風險均轉撥至翔宇中國
“Director(s)” 「董事」	director(s) of the Company 本公司董事
“Group” 「集團」/「本集團」	the Company and its subsidiaries 本公司及其附屬公司
“HK\$” 「港元」	Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣

Definitions (Continued)

釋義 (續)

“Jiangsu Jiaolong”

「江蘇蛟龍」

Jiangsu Jiaolong Salvage Harbour Engineering Co. Ltd.*, a non-wholly owned subsidiary of the Company

江蘇蛟龍打撈航務工程有限公司，本公司一間非全資附屬公司

“Jiangsu Xingyu” /

“PRC Operational Entity”

「江蘇興宇」／

「中國經營實體」

Jiangsu Xingyu Holdings Group Limited* (formerly known as Jiangsu Xingyu Port Construction Company Limited*), a wholly-owned subsidiary of the Company

江蘇興宇控股集團有限公司(前稱江蘇興宇港建有限公司)，本公司一間全資附屬公司

“Listing Rules”

「上市規則」

Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

聯交所證券上市規則(經不時修訂)

“Model Code”

「標準守則」

Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (as amended from time to time)

上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(經不時修訂)

“Mr. Liu”

「劉先生」

Mr. Liu Kaijin, chairman and an executive Director (who is the spouse of Ms. Zhou)

主席兼執行董事劉開進先生(為周女士之配偶)

“Ms. Zhou”

「周女士」

Ms. Zhou Shuhua, an executive Director (who is the spouse of Mr. Liu)

執行董事周淑華女士(為劉先生之配偶)

“Nomination Committee”

「提名委員會」

the nomination committee of the Board

董事會提名委員會

“PRC”

「中國」

the People’s Republic of China

中華人民共和國

“Remuneration Committee”

「薪酬委員會」

the remuneration committee of the Board

董事會薪酬委員會

“RMB”

「人民幣」

Renminbi, the lawful currency of the PRC

人民幣，中國法定貨幣

“Reporting Period”/“Review Period”

「報告期間」／「回顧期間」

for the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

“SFO”

「證券及期貨條例」

the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (as amended from time to time)

香港法例第571章證券及期貨條例(經不時修訂)

Definitions (Continued)

釋義(續)

“Shareholder(s)” 「股東」	shareholder(s) of the Company 本公司股東
“Share(s)” 「股份」	ordinary share(s) of the Company 本公司之普通股
“Share Option Scheme” 「購股權計劃」	the share option scheme of the Company approved by Shareholders on 24 May 2011 股東於二零一一年五月二十四日批准之本公司購股權計劃
“Stock Exchange” 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“Xiangyu Environment Protection” 「翔宇環保」	Jiangsu Xiangyu Environment Protection Equipment Company Limited*, a wholly-owned subsidiary of the Company 江蘇翔宇環保設備有限公司，本公司一間全資附屬公司
“Xiangyu PRC” 「翔宇中國」	Jiangsu Xiangyu Port Constructing Project Administration Co. Ltd. *, a wholly-owned subsidiary of the Company 江蘇翔宇港建工程管理有限公司，本公司一間全資附屬公司

* For identification purpose only

* 僅供識別

Financial Summary

財務概要

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

以下為本集團於過往五個財政年度的已公佈業績以及資產及負債概要。

Results

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2018 二零一八年 RMB'000 人民幣千元 (audited) (經審核)	2017 二零一七年 RMB'000 人民幣千元 (audited) (經審核)	2016 二零一六年 RMB'000 人民幣千元 (audited) (經審核)	2015 二零一五年 RMB'000 人民幣千元 (audited) (經審核)	2014 二零一四年 RMB'000 人民幣千元 (audited) (經審核)
Revenue	收益	618,833	650,924	667,154	700,996	910,592
(Loss)/profit before tax	除稅前(虧損)/溢利	(232,345)	111,234	122,220	(237,333)	162,145
Income tax (expense) credit	所得稅(開支)抵免	(22,150)	(39,030)	(46,970)	46,822	(53,566)
Net (loss)/profit	(虧損)/溢利淨額	(254,495)	72,204	75,250	(190,511)	108,579
Net (loss)/profit attributable to:	以下人士應佔(虧損)/溢利淨額:					
Owners of the company	本公司擁有人	(258,647)	71,040	68,794	(197,864)	92,524
Non-controlling interests	非控股權益	4,152	1,164	6,456	7,353	16,055
		(254,495)	72,204	75,250	(190,511)	108,579

Assets and Liabilities

資產及負債

		31 December 於十二月三十一日				
		2018 二零一八年 RMB'000 人民幣千元 (audited) (經審核)	2017 二零一七年 RMB'000 人民幣千元 (audited) (經審核)	2016 二零一六年 RMB'000 人民幣千元 (audited) (經審核)	2015 二零一五年 RMB'000 人民幣千元 (audited) (經審核)	2014 二零一四年 RMB'000 人民幣千元 (audited) (經審核)
Non-current assets	非流動資產	2,172,683	2,275,052	2,441,565	2,492,129	2,054,209
Current assets	流動資產	1,176,404	1,312,737	1,389,083	1,385,034	1,414,379
Current liabilities	流動負債	(1,145,461)	(1,134,800)	(1,445,784)	(1,601,679)	(1,139,464)
Non-current liabilities	非流動負債	(115,000)	(115,739)	(115,362)	(152,067)	(394,209)
Net assets	資產淨值	2,088,626	2,337,250	2,269,502	2,123,417	1,934,915

Financial Summary (Continued)

財務概要(續)

Statement of Financial Position of the Company

The statement of financial position of the Company as at the end of the Reporting Period is as follows:

本公司的財務狀況表

本公司於報告期末的財務狀況表如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
ASSETS	資產		
Unlisted investments in subsidiaries	於附屬公司之非上市投資	259,214	259,214
Amounts due from subsidiaries	應收附屬公司的款項	951,438	942,913
Bank balances and cash	銀行結餘及現金	127	159
		1,210,779	1,202,286
LIABILITIES	負債		
Other payables	其他應付款項	4,125	4,756
Amounts due to Directors	應付董事款項	14,547	12,401
Bonds payable	應付債券	254,916	230,378
		273,588	247,535
TOTAL ASSETS LESS TOTAL LIABILITIES	總資產減總負債	937,191	954,751
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	149,577	123,483
Reserves (note)	儲備(附註)	787,614	831,268
TOTAL EQUITY	權益總額	937,191	954,751

Note:

Reserves of the Company

附註：

本公司的儲備

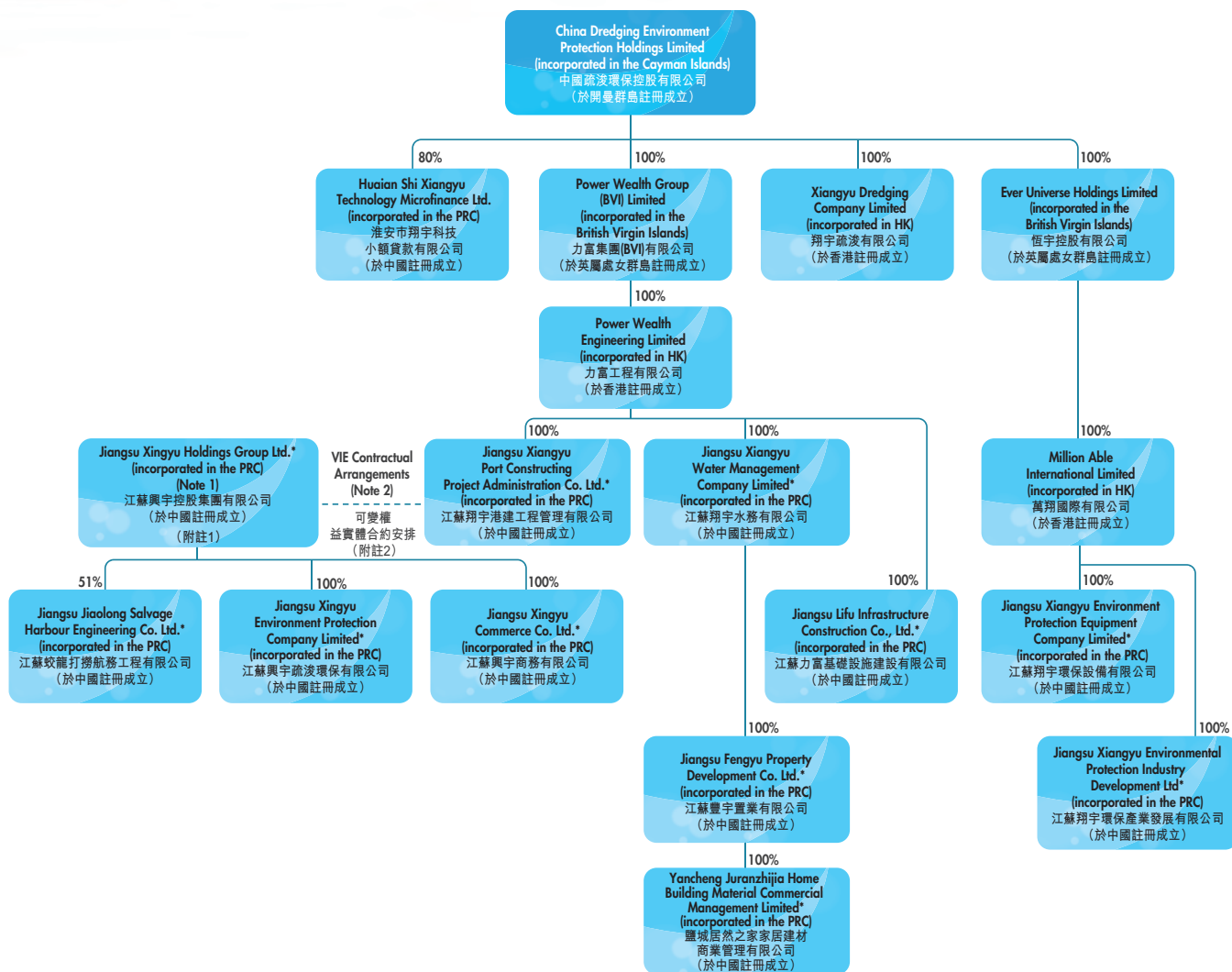
		Share premium RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	922,980	—	165,238	(229,821)	858,397
Loss for the year	年內虧損	—	—	—	(27,129)	(27,129)
At 31 December 2017	於二零一七年十二月三十一日	922,980	—	165,238	(256,950)	831,268
Equity-settled share-based payments	以權益結算的股份付款	—	2,752	—	—	2,752
Loss for the year	年內虧損	—	—	—	(51,624)	(51,624)
Placing of shares	股份配售	5,218	—	—	—	5,218
At 31 December 2018	於二零一八年十二月三十一日	928,198	2,752	165,238	(308,574)	787,614

Group Chart

集團架構

The following sets out the corporate structure of the Group as at 31 December 2018:

下圖列示本集團於二零一八年十二月三十一日的企業架構：



Notes:

1. Mr. Liu and Ms. Zhou are the registered holders of the registered capital in Jiangsu Xingyu, and Ms. Zhou holds all her equity interest in Jiangsu Xingyu as trustee for Mr. Liu.
2. On 19 April 2011, Jiangsu Xingyu, Xiangyu PRC, Mr. Liu and Ms. Zhou entered into the Contractual Arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu are transferred to Xiangyu PRC.

* For identification purpose only

附註：

1. 劉先生及周女士為江蘇興宇註冊資本的登記持有人，及周女士作為劉先生的信託人持有其於江蘇興宇的所有股權。
2. 於二零一一年四月十九日，江蘇興宇、翔宇中國、劉先生及周女士訂立合約安排，據此，江蘇興宇業務產生的所有經濟利益及風險均轉讓予翔宇中國。

* 僅供識別



Chairman's Statement

主席報告

Chairman's Statement (Continued)

主席報告(續)

To Shareholders:

The year 2018 was a tough year. Like the past few years, there were delayed and/or prolonged decision-making process and progress of certain government projects, which resulted in a slowdown in the infrastructure, reclamation and environmental protection dredging projects. Furthermore, fierce horizontal competition imposed immense pressure over the Group's operation. For the financial year of 2018, the Group recorded a total revenue of approximately RMB618.8 million, representing a slight decrease of only 4.9% as compared with the total revenue of approximately RMB650.9 million for the financial year 2017. However, due to provision for expected credit losses by the Group using the new HKFRS 9 "Financial Instruments", the Group recorded a loss of approximately RMB254.5 million for the year as compared with a profit of approximately RMB72.2 million for the financial year 2017.

We were affected by the dredging market and the overall macroeconomic environment in China, and issued a profit warning earlier. However, we are still optimistic about the prospects as we will benefit from the support under such strategies in mainland China as "strengthened the construction of an ecological civilisation" and "One Belt One Road". Meanwhile, the Group is actively expanding its business to overseas markets including Southeast Asian markets. In 2018, the Group had dispatched several large dredgers to Bangladesh, Cambodia and Thailand to undertake a number of dredging projects. On the other hand, with continuous advancement of environmental protection business technology, various large environmental protection dredging projects are still being followed. In addition, the wind power business is in full swing in China, and there will be enormous room for other marine business to expand. The Group will continue to cultivate our business with utmost care and participate in wind power construction projects proactively to lay a solid foundation for subsequent development for the Group.

"Easyhome Yancheng Shopping Mall", currently managed by the Group, has begun bringing income for us. The project will become another medium to long-term stable source of income to provide stable cash flow support for the Group's further development of environmental protection dredging business in future.

致各股東：

二零一八年是艱難的一年，正如過往幾年一樣，我們依然面對部分政府項目決策過程和推進進度被延遲及/或延長，導致我們原先預期的基建及填海疏浚以及環保疏浚項目進展緩慢。再加上同業的激烈競爭，為本集團的營運帶來沉重的壓力。於二零一八年財政年度，本集團錄得總收益約人民幣618,800,000元，其實較二零一七年財政年度錄得約人民幣650,900,000元的總收益只輕微下降4.9%，但由於本集團現採用新的香港財務報告準則第9號「金融工具」而進行的預期信貸虧損撥備，令本年度虧損約人民幣254,500,000元，相比於二零一七年財政年度本集團錄得溢利約人民幣72,200,000元。

受疏浚市場及國家總體宏觀經濟環境的影響，如我們早前發出盈利預警。然而，我們對前景仍抱樂觀態度，皆因我們將會受惠於中國內地「加強生態文明建設」、「一帶一路」等策略的支援。同時，本集團亦正積極拓展東南亞多國海外市場，於二零一八年本集團已將數艘大型挖泥船舶調遣到孟加拉、柬埔寨、泰國等開展多個疏浚項目。另一方面，隨著環保事業技術的持續進步，多個較大環保疏浚項目仍在跟進當中。另外，國內風能發電如火如荼，其他海事業務將有一定的發展空間，本集團將繼續深耕細作，積極參與風能發電的建設工程，為集團的後續發展奠定堅實的基礎。

本集團現時管理的「居然之家鹽城店」開始逐漸為本集團帶來收入，此項目將成為另一項中長期穩定收入的來源，以便為集團今後進一步拓展環保疏浚業務提供穩定的現金流支援。

Chairman's Statement (Continued)

主席報告(續)

The Group expects that the year 2019 will still be a challenging year. We will continue to implement a conservative approach to select and grasp opportunities cautiously. Nevertheless, we still face various difficulties, some of which cannot be addressed in short time to satisfy all our shareholders, including expansion of new financing channels. We will make great efforts to continue to seek feasible fundraising plans and expects to redeem our Bonds by the end of the year as scheduled. Therefore, we hope that the situation will gradually improve, driving our business back to the right track in the long run.

As a professional dredging service provider with years of experience and as a frontrunner with advanced management, strong technical strength, a large pool of quality clients and an excellent reputation in the industry, regardless of toughness of challenges, the Group will adhere to the traditional dredging business and environmental protection dredging business, our two principal businesses, stay loyal to our clients to provide them with quality service and insist in adopting robust and prudent operation strategies.

Liu Kaijin

Chairman and Executive Director

28 March 2019

本集團預計二零一九年仍然會是充滿挑戰的一年，將繼續貫徹謹慎行事的作風，審慎選擇和把握各種機遇，但我們同時仍面對各種困難，而且有些困難難以在短期內解決以滿足我們所有股東的期望，包括新的融資管道開拓方面。我們會努力繼續尋求可行的融資方案，希望能按時於今年年底前贖回債券。因此，我們希望形勢能逐步轉好，長遠推動業務重回正軌。

本集團作為一個具有多年經驗的專業疏浚服務提供者，亦作為一個管理先進、技術積累雄厚、擁有眾多優質客戶和極好聲譽口碑的行業排頭兵，無論挑戰如何艱巨，我們會始終堅守傳統疏浚和環保疏浚這兩大的主營業務，忠於我們的客戶和為客戶提供服務的品質，堅持穩健和審慎的經營策略。

主席兼執行董事

劉開進

二零一九年三月二十八日



Management Discussion and Analysis

管理層討論及分析

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Overview

The Group is primarily engaged in dredging business, which can be divided into three main operating and reportable segments, namely, (i) capital and reclamation dredging business (the “CRD Business”); (ii) environmental protection dredging and water management business (the “EPD and Water Management Business”); and (iii) other works operated in marine sites such as hoisting wind power equipment, installing major parts of docks and bridges, as well as laying underwater pipelines and salvaging (the “Other Marine Business”). In addition, the Group engaged in property management business (the “Property Management Business”) in respect of managing Easyhome Yancheng Shopping Mall.

Financial Review

Revenue

During the Reporting Period, the Group recorded a slight decrease by about 4.9% in total revenue from approximately RMB650.9 million for the year ended 31 December 2017 to approximately RMB618.8 million.

As regards the CRD Business segment, revenue of approximately RMB166.0 million was recorded for the Reporting Period, which decreased by about 41.1% as compared with the year ended 31 December 2017. The decrease in revenue was due to the slowdown of the implementation of the construction projects in dredging industry in the PRC and the implementation of a more robust and prudent policy by the Group in selecting new projects in recent years by taking into consideration the control of the operational risks and the timely collection of receivables.

Revenue of approximately RMB115.6 million was recorded for the EPD and Water Management Business segment, representing a decrease of about 11.2% from its corresponding segment revenue for the year ended 31 December 2017. The decrease was caused by the undesirable works progress of certain environmental protection dredging projects as their actual progresses depended on the collaboration with the local governments.

概覽

本集團主要致力於疏浚業務，相關的業務可分為三個主要營運及呈報分部，即(i)基建及填海疏浚業務(「基建及填海疏浚業務」)；(ii)環保疏浚及水務管理業務(「環保疏浚及水務管理業務」)；(iii)海上操作的其他工程，如風力發電設備吊裝、碼頭和橋樑建設大件安裝、水下管線鋪設及打撈工程(「其他海事業務」)。此外，本集團就管理居然之家鹽城店而經營的物業管理業務(「物業管理業務」)。

財務回顧

收益

於報告期間，本集團錄得之總收益輕微下跌，由截至二零一七年十二月三十一日止年度的約人民幣650,900,000元減少約4.9%至約人民幣618,800,000元。

於報告期間，基建及填海疏浚業務分部錄得收益約人民幣166,000,000元，較截至二零一七年十二月三十一日止年度的收益減少約41.1%，收益減少是由於國內疏浚行業的工程項目實施節奏緩慢，以及考慮項目經營風險控制和資金回籠及時性的原因，導致本集團近年對新項目採用更為穩健和審慎的篩選策略。

環保疏浚及水務管理業務分部錄得收益約人民幣115,600,000元，較截至二零一七年十二月三十一日止年度相應分部收益減少約11.2%，收益減少是由於若干環保疏浚項目推進有賴於當地政府的配合，實際推進進度未如理想所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

There has been a significant improvement for the Other Marine Business, which contributed revenue of approximately RMB327.5 million to the Group, representing a substantial increase of 40.8% as compared with approximately RMB232.6 million in the corresponding period of 2017. The increase primarily resulted from our Group's continuous focusing on the wind power field.

Revenue for the Property Management Business segment for the Reporting Period was approximately RMB9.8 million, which increased by about 49.5% from RMB6.5 million for the year ended 31 December 2017. Notwithstanding an income growth for such business, it could only bring a slight profit to the Group for the time being as it was still at the development stage.

Operating Cost and Gross Profit

The Group's operating cost increased from approximately RMB443.6 million for the year ended 31 December 2017 to approximately RMB497.1 million during the Reporting Period, representing an increase of about 12.1%. The increase was primarily caused by a corresponding rise in operating cost for the newly devised wind power projects of the Other Marine Business as well as diminished revenue for the CRD Business brought about by adopting a prudent operation strategy during the Reporting Period. Nonetheless, substantial costs such as depreciation of assets and maintenance of equipment did not change proportionately, which led to a decrease in gross profit margin. Such increase was collectively influenced by these two factors.

The Group recorded a gross profit of approximately RMB121.7 million during the Reporting Period, representing a decrease of about 41.3% as compared with approximately RMB207.4 million for the year ended 31 December 2017. Gross profit margin significantly dropped from 31.9% for the year ended 31 December 2017 to 19.7% for the Reporting Period. The decrease in gross profit was mainly due to the insufficient utilisation of production capacity of fleet and equipment resulting from the adoption of a more prudent operating strategy by the Group and also the decrease in the proportion of the CRD business and the EPD business, which have a higher gross profit margin, during the Reporting Period.

According to expected credit loss model under HKFRS 9 "Financial Instruments", the allowance for expected credit losses on the trade receivables should be recognised as expenses of relevant dredging segments resulting in the losses recorded for the segment results. In order to make reasonable comparisons between the 2017 and 2018 segment performance, the calculation of the following segment profit margin has not yet considered the impairment of the expected credit losses.

其他海事業務則顯著改善，於報告期間為本集團貢獻約人民幣327,500,000元，較二零一七年同期約人民幣232,600,000元大幅上升40.8%，以此乃主要由於本集團繼續側重於風力發電領域經營所致。

於報告期間的物業管理業務分部收益約人民幣9,800,000元，較截至二零一七年十二月三十一日止年度的人民幣6,500,000元增加約49.5%。雖然該業務收益有所增長，但仍處於拓展階段，目前只能為本集團帶來輕微盈利。

營運成本及毛利

本集團的營運成本由截至二零一七年十二月三十一日止年度的約人民幣443,600,000元增加約12.1%至報告期間的約人民幣497,100,000元，乃主要由於其他海事業務中新開拓的風電項目而增加相應的運營成本，以及審慎的經營策略導致基建及填海疏浚業務收益減少，但資產折舊、設備維護等大額固定成本，不作同比例變動而導致毛利率下降，這兩個因素共同影響。

本集團於報告期間錄得毛利約人民幣121,700,000元，較截至二零一七年十二月三十一日止年度的約人民幣207,400,000元顯著減少約41.3%，毛利率由截至二零一七年十二月三十一日止的31.9%下跌至報告期間的19.7%，本集團審慎的經營策略導致船舶、設備施工的產能利用率不足，以及毛利率較高的基建填海疏浚業務和環保疏浚業務佔比下降。

按香港財務報告準則第9號「金融工具」的「預期信貸虧損模式」，應收賬款的預期信貸虧損撥備須確認為疏浚分部的開支，導致二零一八年的分部業績出現虧損。為了能合理比較二零一八年與二零一七年的分部業績，以下各項二零一八年的疏浚分部毛利率以尚未確認減值預期信貸虧損的分部業績計算。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Gross profit margin for the CRD Business segment decreased from about 33.3% for the year ended 31 December 2017 to about 21.5% for the Reporting Period. Such decrease was primarily due to a drop in revenue for the CRD Business brought about by adopting a prudent operation strategy, while substantial costs such as depreciation of assets and maintenance of equipment did not change proportionately.

Gross profit margin for the EPD and Water Management Business segment stood at about 28.9% for the Reporting Period, which approximated the gross profit margin of about 29.1% for the year ended 31 December 2017.

During the Reporting Period, the gross profit margin for the Group's Other Marine Business segment decreased from 16.2% for the year ended 31 December 2017 to about 13.3% for the Reporting Period. Such decrease resulted from the increase in relatively higher up-front investment of the newly commenced projects of the Other Marine Business during the year.

Other Income

Other income decreased by about 70.4% to approximately RMB5.3 million during the Reporting Period as compared with the year ended 31 December 2017, primarily caused by the decrease in interest income from certain non-current trade receivables and government financial incentive during the Reporting Period.

Expected Credit Loss Allowance

As a further prudent measure in managing the trade receivables and the contract assets, the allowance for expected credit losses on trade receivables and the contract assets of about RMB243.2 million about RMB2.9 million respectively, in total amount of RMB246.1 million, were recognised for the Reporting Period (2017: nil). Such allowance for expected credit losses was made based on the assessment in recoverability of such receivables in the future by the management after considering the "expected credit loss model" under the newly adopted HKFRS 9 "Financial Instruments".

Marketing and Promotion Expenses

Marketing and promotion expenses for the Reporting Period was approximately RMB11.5 million, representing an increase of about 38.9% as compared with approximately RMB8.3 million for the year ended 31 December 2017, which was mainly attributable to the increase in expenses relating to actively exploring the overseas markets and early entry into new businesses including wind power field.

基建及填海疏浚業務的分部毛利率由截至二零一七年十二月三十一日止年度約33.3%下降至報告期間的約21.5%，主要由於報告期間基於審慎的經營策略，導致基建及填海疏浚業務收益減少，但資產折舊、設備維護等大額固定成本不作同比例變動。

報告期間的環保疏浚及水務管理業務的分部毛利率約28.9%，與截至二零一七年十二月三十一日止年度約29.1%相若。

於報告期間，本集團其他海事業務的分部毛利率由截至二零一七年十二月三十一日止年度16.2%下跌至報告期間的約13.3%，毛利率下降乃主要由於年內其他海事業務的新開工項目增多，項目前期投入較大所致。

其他收入

其他收入較截至二零一七年十二月三十一日止年度減少約70.4%至報告期間的約人民幣5,300,000元，主要是由於報告期間若干非即期應收款的利息收入及政府財政獎勵減少所致。

預期信貸虧損撥備

作為管理應收賬款及合約資產之進一步審慎措施，本公司已就報告期應收賬款及合約資產分別作出約人民幣243,200,000元及約人民幣2,900,000元的預期信貸虧損撥備(即總共約人民幣246,100,000元)(二零一七：無)。該預期信貸虧損撥備乃管理層根據香港財務報告準則第9號「金融工具」的「預期信貸虧損模式」估計未來可收回的應收款項情況後所作判斷而作出。

市場推廣及宣傳開支

於報告期間的市場推廣及宣傳開支約為人民幣11,500,000元，較於截至二零一七年十二月三十一日止年度的約人民幣8,300,000元增加約38.9%，此乃主要由於本集團積極開拓國外市場和搶灘國內風力發電等新型業務所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Administrative Expenses

Administrative expenses for the Reporting Period amounted to approximately RMB52.1 million, representing a decrease of about 6.0% from RMB55.4 million for the year ended 31 December 2017. This was primarily due to the reduction of management expenses by the Group.

Foreign Exchange Difference

Due to the fluctuation in the foreign exchange rate during the Reporting Period, part of the Group's bank borrowings and bank deposits were denominated in United States dollars and Hong Kong dollars. The foreign exchange loss of approximately RMB14.7 million was recognised in the Reporting Period (31 December 2017: gain of approximately RMB18.7 million).

Finance Costs

Finance costs for the Reporting Period amounted to approximately RMB52.5 million, representing a significant decrease of about 25.7% from RMB70.7 million for the year ended 31 December 2017.

Income Tax Expense

Income tax expense decreased from approximately RMB39.0 million for the year ended 31 December 2017 to approximately RMB22.2 million for the Reporting Period.

Loss for the Year

Influenced by the above factors as a whole, the net loss for the Reporting Period was approximately RMB254.5 million as compared with a net profit of approximately RMB72.2 million for the year ended 31 December 2017.

Loss Per Share

Loss per share for the Reporting Period was RMB0.185 per share as compared to earnings per share of RMB0.048 per share in the year ended 31 December 2017.

Financial Management Policies

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

行政開支

於報告期間，本集團的行政開支約為人民幣52,100,000元，較截至二零一七年十二月三十一日止年度的人民幣55,400,000元輕微減少約6.0%。此乃主要由於管理開支壓縮所致。

匯兌差額

由於報告期間匯率波動，本集團的部分銀行貸款和銀行存款以美元及港元計值，已於報告期間確認匯兌損失人民幣14,700,000元(二零一七年十二月三十一日：收益約人民幣18,700,000元)。

融資成本

報告期間的融資成本約人民幣52,500,000元，較截至二零一七年十二月三十一日止年度的人民幣70,700,000元大幅減少25.7%。

所得稅開支

所得稅開支由截至二零一七年十二月三十一日止年度約人民幣39,000,000元減少至報告期間的約人民幣22,200,000元。

年內虧損

由於以上因素的綜合影響，報告期間錄得淨虧損約人民幣254,500,000元，而截至二零一七年十二月三十一日止年度錄得淨溢利約人民幣72,200,000元。

每股虧損

報告期間每股虧損約人民幣0.185元，而截至二零一七年十二月三十一日止年度每股盈利人民幣0.048元。

財務管理政策

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

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As most of the Group's trading transactions, monetary assets and liabilities are denominated mainly in Renminbi, which is the Group's functional and reporting currency, and save for the Bonds and certain bank borrowings and deposits denominated in United States dollars and Hong Kong dollars, the foreign exchange loss recognised during the Reporting Period was approximately RMB14.7 million (31 December 2017: gain of approximately RMB18.7 million). The Group is giving full attention to respond to the related foreign exchange rate risks.

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

Financial Position

As at 31 December 2018, the total equity of the Group amounted to approximately RMB2,088.6 million (31 December 2017: approximately RMB2,337.3 million). The decrease in total equity was mainly attributable to the recognition of the expected credit loss allowance for the Reporting Period.

The Group's net current assets as at 31 December 2018 amounted to approximately RMB30.9 million (31 December 2017: approximately RMB177.9 million). The current ratio, which is calculated by dividing current assets by current liabilities, was 1.03 as at 31 December 2017 (31 December 2017: 1.16).

Liquidity and Financial Resources

The Group adopts prudent cash and financial management policies. In order to achieve better cost control and reduce capital cost, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi and Hong Kong dollars.

Included in current assets were cash and various bank deposits which was about RMB48.4 million in total as at 31 December 2018, representing a decrease by about 30.3% as compared with that of approximately RMB69.5 million as at 31 December 2017.

During the Reporting Period, the Company received the gross proceeds of about HK\$35.5 million (equivalent to about RMB31.3 million) in respect of the issue of the new Shares.

The Group's trade receivables as at 31 December 2018 amounted to approximately RMB1,035.7 million (2017: approximately RMB1,222.4 million), representing a decrease by 15.3% for the corresponding period of the preceding year.

由於本集團的大部分買賣交易、貨幣資產及負債主要以人民幣(本集團的功能及呈報貨幣)計值，惟債券及若干銀行貸款及結餘以美元及港元計值，於報告期間確認匯兌損失約人民幣14,700,000元(二零一七年十二月三十一日：收益約人民幣18,700,000元)，本集團正密切應對相關匯率風險。

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

財務狀況

於二零一八年十二月三十一日，本集團的權益總額約為人民幣2,088,600,000元(二零一七年十二月三十一日：約人民幣2,337,300,000元)。權益總額減少主要是由於報告期間確認預期信貸虧損撥備所致。

本集團於二零一八年十二月三十一日的流動資產淨值約為人民幣30,900,000元(二零一七年十二月三十一日：約人民幣177,900,000元)。於二零一八年十二月三十一日的流動比率(按流動資產除以流動負債計算)為1.03(二零一七年十二月三十一日：1.16)。

流動資金及財務資源

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

於二零一八年十二月三十一日，流動資產中包括現金及多項銀行存款共約人民幣48,400,000元，較於二零一七年十二月三十一日的約人民幣69,500,000元減少約30.3%。

於報告期間，本公司收取發行股份之款項總額約35,500,000港元(相當於約人民幣31,300,000元)。

本集團於二零一八年十二月三十一日的應收賬款約人民幣1,035,700,000元(二零一七年：約人民幣1,222,400,000元)，較去年同期減少約15.3%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As at 31 December 2018, total liabilities of the Group amounted to approximately RMB1,260.5 million (31 December 2017: RMB1,250.5 million). The Group's gearing ratio (calculated by interest bearing instruments (including bank borrowings, other borrowings and bonds payable) divided by total equity) slightly increased to 32.0% (2017: 28.5%).

Capital Structure of the Group

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

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

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Reporting Period, most transactions were denominated and settled in Renminbi. The Group recorded a net exchange loss amounting to RMB14.7 million during the Reporting Period.

Charge over Assets of the Group

As at 31 December 2018, the Group's bank borrowings were secured by charges over certain dredgers and land owned by the Group, a property owned by a company in which Mr. Liu has beneficial interest and personal guarantees by Mr. Liu and Ms. Zhou. There were also intragroup charges between two of the Company's wholly-owned subsidiaries as a result of the contractual arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu have been transferred to Xiangyu PRC.

The Group pledged over a dredger, an industrial premise located in Jiangsu Province, the PRC and a residential property located in Shandong Province, the PRC in favour of the Bondholder and/or its affiliates. For more details, please refer to the Company's announcements dated 15 November 2016 and 5 June 2017.

於二零一八年十二月三十一日，本集團的總負債約為人民幣1,260,500,000元(二零一七年十二月三十一日：人民幣1,250,500,000元)。本集團的資產負債比率(以計息工具(即包括銀行借貸、其他借貸及應付債券)除以權益總額計算)輕微上升至32.0%(二零一七年：28.5%)。

本集團的資本結構

本集團的資本結構由債務(包括應付一間附屬公司非控股權益的款項、銀行借貸、其他借貸及應付債券)及本公司所有人應佔權益儲備(包括已發行股本及各種儲備)。

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

本集團的貨幣資產、負債及交易主要以人民幣及港元計值。於報告期間，大部分交易以人民幣計值及結算。本集團於報告期內錄得匯兌虧損淨額人民幣14,700,000元。

本集團資產抵押

於二零一八年十二月三十一日，本集團的銀行借貸乃以本集團所持有的若干挖泥船及土地、劉先生擁有實益權益的一家公司所持有的一處物業以及劉先生及周女士的個人擔保作抵押。本公司兩間全資附屬公司間因合約安排(據此由江蘇興宇的業務中產生的一切經濟利益及風險均轉撥至翔宇中國)而產生集團內抵押。

本集團向債券持有人及/或其聯屬人士抵押一艘挖泥船、位於中國江蘇省的一所工業物業及位於中國山東省的一處住宅物業作為擔保。詳情請參閱本公司日期為二零一六年十一月十五日及二零一七年六月五日之公告。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Material Acquisitions and Disposals

The Group had no material investments in or material acquisitions or disposals of subsidiaries during the current year.

Capital Commitments and Contingent Liabilities

As at 31 December 2018, the Group had capital commitments of approximately RMB67.2 million (31 December 2017: approximately RMB72.8 million), which mainly included the construction cost of the hotel.

As at 31 December 2017, the Group did not have any material contingent liabilities (31 December 2016: nil).

Business Review

The Group recorded an operating revenue of approximately RMB618.8 million and gross profit of approximately RMB121.7 million, representing a decrease of 4.9% and 41.3% respectively for the corresponding period of the preceding year. The decrease in operating revenue primarily resulted from the slowdown of the implementation of the construction projects in dredging industry in the PRC and the implementation of a more robust and prudent policy by the Group in selecting new projects in recent years by taking into consideration the control of the operational risks and the collection of receivables on time. Despite a drop in revenue, substantial costs such as depreciation of assets and maintenance of equipment did not change proportionately, which led to a decrease in gross profit.

The CRD Business is a core business of the Group. The Group has undertaken and commenced new projects during the Reporting Period, including the dispatch several large dredgers to Bangladesh, Cambodia and Thailand to undertake a number of dredging projects. The decreased revenue generated by such business segment was attributable to greater variations in the volatility of new project construction conditions and the great uncertainty in collection of receivables in the industry. The Group adopts a robust and prudent operating strategy, reflected by a better understanding of the background and a more detailed and thorough due diligence review of proposed new contracted construction projects, to ensure an effective control of various possible operational risks as well as the collection of receivables.

重大收購事項及出售事項

於本年度內，本集團並無附屬公司的重大投資、重大收購或出售。

資本承擔及或然負債

於二零一八年十二月三十一日，本集團的資本承擔約為人民幣67,200,000元(二零一七年十二月三十一日：約人民幣72,800,000元)，主要包括一家酒店的建設成本。

於二零一七年十二月三十一日，本集團並無任何重大或然負債(二零一七年十二月三十一日：無)。

業務回顧

本集團錄得營運收益約人民幣618,800,000元，較去年同期下降4.9%，毛利為約人民幣121,700,000元，較去年同期下降41.3%。營運收益減少乃主要由於國內疏浚行業的工程項目實施節奏緩慢，以及考慮項目經營風險控制和資金回籠及時性的原因，本集團近年對新項目採用更為穩健和審慎的篩選策略導致新承接工程項目減少。毛利下降乃由於收益減少，但資產折舊、設備維護等大額成本不作同比例變動所致。

基建及填海疏浚業務為本集團的核心業務，於報告期間有新項目承接和開工，包括將數艘大型挖泥船舶調遣到孟加拉國、柬埔寨、泰國等開展多個疏浚項目。該業務分部所產生之收益下降，此乃因行業內新項目施工工況的易變性和資金回籠的不確定性變化較大，我們採用穩健和審慎的經營策略，對擬承接的新工程背景瞭解和盡職調查必須更加細緻深入，以確保對可能出現的各種經營風險以及資金回籠進行有效控制。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The Group develops and expands the EPD and Water Management Business segment proactively. The Group recorded a decrease in revenue during the Reporting Period, which was attributable to the slow progress in implementing certain environmental protection dredging projects.

Other Marine Business includes installing marine wind power equipment, hoisting major parts of docks and bridges, laying underwater pipelines and other works services. With the development of the global economy, wind power (being a clean and renewable energy) market also developed rapidly. Currently, there is great enthusiasm to build marine wind power constructions in mainland China. The Group continues to retrofit certain vessels to capture more business opportunities.

Easyhome Yancheng Shopping Mall, located in the administrative centre of Yandu District, Yancheng City, Jiangsu Province, the PRC and the core area of Yancheng National High-tech Industrial Development Zone with a gross floor area of 75,600 square metres, is mainly used for leasing under the Property Management Business. The shopping mall was positioned as a largescale shopping center with domestic construction materials as its theme, offering one-stop services from furniture, housewares to decoration materials to customers. As for now, there are about 100 tenants in Easyhome Yancheng Shopping Mall which include renowned houseware brands such as Steel-Land, Cheers, M&Z Furniture, Landbond Minim and Telonang. The Group expects to gain popularity, raise brand influence and receive long-term and stable rental income through adopting the “Easyhome Yancheng” brand and its operational model, to provide stable cash flow support for the Group’s further development of environmental protection business.

In addition to the operation and lease of shopping malls, the Group also commenced the construction of a 17-storey hotel with 200 guest rooms located at the west of Caihong Road, Yancheng City, Jiangsu Province in the year of 2016, with a gross floor area of 20,000 square metres. The related construction work of the hotel is still progressing and is expected to be completed by 2019.

環保疏浚及水務管理分部為本集團積極開拓發展的業務，由於若干環保疏浚項目推進進度放緩，以致本集團於報告期間收益減少。

其他海事業務，即包括海上風電設備的安裝、港口碼頭和橋樑建設大件吊裝，水下管線鋪設及其他工程服務。隨著全球經濟的發展，作為一種清潔的可再生能源，風能市場也迅速發展起來。目前國內海上風電建設的熱潮高漲，本集團繼續對部分船舶改造，以抓住更多商機。

居然之家鹽城店位於中國江蘇省鹽城市鹽都區行政中心和鹽城國家高新技術產業開發區核心地段，總建築面積達7.56萬平方米，用於物業管理業務之商業租賃，主要為顧客提供傢俱、家居用品及裝潢裝飾材料等「一站式」服務的大型家居建材主題購物中心。目前，居然之家鹽城店約有100個租戶，其中包括著名家居品牌商戶詩帝羅蘭、芝華仕、掌上明珠、聯邦米尼及泰隆祥等。本集團希望透過「居然之家」的品牌和其經營模式，聚集人氣，提升品牌影響力，獲取長期和穩定的租金收入，以便為集團進一步拓展環保業務提供穩定的現金流支持。

除經營出租商場外，本集團亦於二零一六年開始江蘇省鹽城市彩虹路西側區建設一家樓高17層200間客房的酒店，總建築面積約2萬平方米。目前，酒店相關建造仍在推進中，預期將於二零一九年完成。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Event after End of Reporting Period

On 15 March 2019, the Company and the Bondholder entered into a sixth amendment agreement and supplemental deed to the original deed poll ("the Sixth Amendment Agreement") to further amend the terms and conditions of the Bonds. Under the Sixth Amendment Agreement, the principal amount of the Bonds shall be amended to about HK\$290.0 million and the maturity date of the Bonds shall be extended to 20 December 2019 with interest rate of 13% per annum. Assuming that there have been no previous redemption of outstanding Bonds, the redemption amount on the 20 December 2019 shall be about HK\$319.5 million. For more details, please refer to the Company's announcement dated 15 March 2019.

Employees and Remuneration Policy

The sustained development of our business leverages on the ongoing contributions by our employees. The Board considers employees the Group's most valuable wealth and is committed to improving their growth environment, providing them competitive remuneration packages and safeguarding their health and safety. As at 31 December 2018, the Group had 567 (2017: 629) employees. The total staff cost for the Reporting Period was about RMB58.6 million (2017: RMB50.0 million). The Group's remuneration policy is basically determined by the Directors based on the performance of individual employees and market conditions. In addition to salaries and discretionary bonuses, employee benefits include pension contributions and options which may be granted under share option scheme (under which options to subscribe for Shares that could be granted to independent non-executive Directors would be subject to the applicable conditions and independence restrictions as set out in the Listing Rules).

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

報告期末後事件

於二零一九年三月十五日，本公司與債券持有人訂立第六份修訂協議及原平邊契據的補充契據（「第六份修訂協議」）以進一步修訂債券的條款及條件。根據第六份修訂協議，債券的本金額須修訂為約290,000,000港元及債券的到期日延後至二零一九年十二月二十日，年利率為13%。假設並無先前贖回未償還債券，則於到期日之贖回金額為約319,500,000港元。詳情請參閱本公司日期為二零一九年三月十五日之公告。

僱員及薪酬政策

我們的業務能夠持續發展，有賴本集團員工的持續奉獻。董事會認為員工為本集團最重要的財富，一直致力於改善員工的成長環境、提供具有競爭力的薪酬方案及確保員工的健康和安全。於二零一八年十二月三十一日，本集團擁有567名（二零一七年：629名）員工。於報告期間之總員工成本約為人民幣58,600,000元（二零一七年：人民幣50,000,000元）。本集團之薪酬政策乃基本上由董事基於個別僱員表現及市場狀況而釐訂。除薪金及酌情花紅外，員工福利包括退休金供款及根據購股權計劃可能授出之購股權（據此可授予獨立非執行董事以認購股份之購股權將受限於適用條件及上市規則所載列之獨立性限制）。

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

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Outlook

Looking into the year of 2019, the Group will carry on with its efforts to enhance the effectiveness of its dredging business and expects to bring reasonable returns to the Group's shareholders through obtaining more works contracts in mainland China by virtue of our rich construction experience on dredging projects. In addition, with the support under the "One Belt One Road" strategy, the Group has commenced several overseas projects and will continue to expand more overseas markets including Southeast Asian markets.

For capital operation, based on the progress of its substantial construction projects, the Group will actively identify and materialise healthy and feasible financial plans, thus strengthening the flexibility of capital resources and enhancing the capital structure of the Group, so as to satisfy, support and meet the Group's business development. Meanwhile, the Company will continue to seek opportunities to raise additional funds to redeem the relevant Bonds. When there is any material development made, the Company will timely inform the Shareholders and potential investors.

展望

展望二零一九年，本集團將繼續努力提升疏浚業務效益，希望憑著我們對疏浚工程多年積累的豐富施工經驗，在國內爭取更多工程合約的同時，以便為本集團股東帶來合理回報。另外，隨著「一帶一路」國家戰略的持續推進，現時本集團數個海外項目已展開，下一步將會繼續拓展更多東南亞等海外市場。

在資本運營方面，本集團將按重大工程項目運營的進度，積極尋找落實穩健及可行的融資方案，進一步增強資金調度彈性，優化的資本結構，以滿足、支援、配合本集團業務發展。同時，本公司亦繼續尋找籌集額外資金之機會以贖回有關債券。當有任何進一步重大進展時，本公司將適時知會股東及潛在投資者。

Directors' and Senior Management's Profile

董事及高級管理層簡介

Board of Directors

Executive Directors

Mr. Liu Kaijin, aged 58, the founder of the Group, was appointed as a Director on 31 May 2010, was re-designed from a Director to an executive Director on 24 May 2011, was re-designed from a joint chairman to the chairman of the Board of the Group on 23 September 2016 and was appointed as the chairman of the Nomination Committee on 8 March 2019. He was the chief executive officer of the Company for the period from 24 May 2011 to 5 January 2017. Mr. Liu is the spouse of Ms. Zhou, an executive Director.

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

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

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

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

董事會

執行董事

劉開進先生，58歲，本集團的創辦人，於二零一零年五月三十一日獲委任為董事，於二零一一年五月二十四日由董事調任為執行董事，於二零一六年九月二十三日由本集團董事會聯席主席調任為主席，並於二零一九年三月八日獲委任為提名委員會主席。彼自二零一一年五月二十四日至二零一七年一月五日期間擔任本公司行政總裁。劉先生為執行董事周女士的配偶。

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

劉先生為中國人民政治協商會議江蘇省鹽城市第七屆委員會委員。

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

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

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Executive Directors (Continued)

Mr. Wu Bin, aged 50, has been appointed as a vice chairman of the Board and an executive Director on 5 January 2017.

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

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

Mr. Wu Xuze, aged 52, has been appointed as an executive Director and the chief executive officer of the Company on 5 January 2017.

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

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

Ms. Zhou Shuhua, aged 56, was appointed as a Director on 18 August 2010, and was re-designed as an executive Director on 24 May 2011. Ms. Zhou is mainly responsible for general administrative work of our Group. She is the spouse of Mr. Liu, the chairman of the Board and an executive Director.

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

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

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

董事會(續)

執行董事(續)

伍斌先生，50歲，於二零一七年一月五日獲委任為董事會副主席及執行董事。

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

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

吳旭澤先生，52歲，於二零一七年一月五日獲委任為本公司執行董事及行政總裁。

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

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

周淑華女士，56歲，於二零一零年八月十八日獲委任為董事，並於二零一一年五月二十四日調任為執行董事。周女士主要負責本集團的一般行政工作。彼為本集團董事會主席及執行董事劉先生的配偶。

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

周女士出任江蘇興宇、翔宇環保、翔宇環保產業及江蘇蛟龍董事職務。

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

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors

Mr. Huan Xuedong, aged 68, was appointed as an independent non-executive Director on 25 April 2012. He is also the member of the Audit Committee and the Remuneration Committee.

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

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

Mr. Chan Ming Sun Jonathan, aged 46, was appointed as an independent non-executive Director in 30 November 2012. He is a member of the Remuneration Committee and the Nomination Committee and the chairman of Audit committee.

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

董事會(續)

獨立非執行董事

還學東先生，68歲，於二零一二年四月二十五日獲委任為獨立非執行董事。彼亦為審核委員會及薪酬委員會成員。

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

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

陳銘樂先生，46歲，於二零一二年十一月三十日獲委任為獨立非執行董事。彼為薪酬委員會及提名委員會成員以及審核委員會主席。

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

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors (Continued)

Mr. Chan is currently an independent non-executive director of Hao Tin Development Group Limited (stock code: 474), Shenyang Public Utility Holdings Company Limited (stock code: 747), Up Energy Development Group Limited (stock code: 307) (note) and Fujian Nuoqi Co., Ltd (stock code: 1353), whose securities are listed on the main board of the Stock Exchange, and of Changhong Jiahua Holdings Limited (stock code: 8016), whose securities are listed on the growth enterprise market of the Stock Exchange. Mr. Chan acted as an independent non-executive director of Far East Holdings International Limited (stock code: 36) from 14 November 2014 to 18 July 2017, whose securities are listed on the main board of the Stock Exchange, and of L&A International Holdings Limited (stock code: 8195) for the period from 25 September 2014 to 3 March 2017 and Dining Concepts Holdings Limited (stock code: 8056) for the period from 14 July 2016 to 12 December 2018, whose securities are listed on the growth enterprise market of the Stock Exchange.

Note: The appointment of Mr. Chan Ming Sun Jonathan as an independent non-executive director of Up Energy Development Group Limited (stock code: 307) is under dispute. For details, please refer to such company's relevant announcements.

Mr. Liang Zequan, aged 50, has been appointed as an independent non-executive Director, a member of the Audit Committee, the chairman of Remuneration Committee and a member of the Nomination Committee on 23 September 2016.

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

董事會(續)

獨立非執行董事(續)

陳先生現為昊天發展集團有限公司(股份代號: 474)、審陽公用發展股份有限公司(股份代號: 747)、優派能源發展集團有限公司(股份代號: 307)(附註)及福建諾奇股份有限公司(股份代號: 1353)之獨立非執行董事,其證券於聯交所主板上市,並為長虹佳華控股有限公司(股份代號: 8016)之獨立非執行董事,其證券於聯交所創業板上市。陳先生自二零一四年十一月十四日至二零一七年七月十八日為遠東控股國際有限公司(股份代號: 36)之獨立非執行董事,其證券於聯交所主板上市,並自二零一四年九月二十五日至二零一七年三月三日於樂亞國際控股有限公司(股份代號: 8195)及自二零一六年七月十四日至二零一八年十二月十二日於飲食概念控股有限公司(股份代號: 8056)出任獨立非執行董事,其證券於聯交所創業板上市。

附註: 有關陳銘樂先生擔任優派能源發展集團有限公司(股份代號: 307)之獨立非執行董事之委任存在爭議。有關詳情請參閱該公司之相關公告。

梁澤泉先生, 50歲, 於二零一六年九月二十三日獲委任為獨立非執行董事、審核委員會成員、薪酬委員會主席及提名委員會成員。

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

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors (Continued)

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

Senior Management

Mr. Xu Wenyue, aged 47, joined the Group in October 2011 and is the chief financial officer of the Company. He is the head of accounting department of the Group and is responsible for overseeing the daily accounting and financial matters of the Group, both in the PRC and Hong Kong.

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

Ms. Ding Jiying (丁繼穎女士), aged 44, joined the Group in December 2011 as the internal control officer. She is responsible for overseeing the internal control matters of the Group.

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

董事會(續)

獨立非執行董事(續)

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

高級管理層

徐文躍先生，47歲，於二零一一年十月加盟本集團。現為本公司財務總監。彼為本集團會計部主管並負責監督本集團於中國及香港的日常會計及財務事宜。

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

丁繼穎女士，44歲，於二零一一年十二月加盟本集團為內部監控專員。彼負責監督本集團的內部監控事宜。

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

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Senior Management (Continued)

Ms. Ding has about 15 years' experience in accounting, financial and internal control aspects. Prior to joining the Group, she has worked in certain sizeable enterprises as financial manager and also worked in the auditing and business consulting division of a PRC accounting firm, mainly responsible for internal control review engagements.

Mr. Yang Xianbo (楊先波先生), aged 54, joined the Group as general manager of Jiangsu Xingyu in November 2012 and is responsible for overseeing the Group's dredging operations.

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

Mr. Wang Julin (王菊林先生), aged 67, joined the Group as the chief engineer in August 2010, and is responsible for the management of the engineering department of Jiangsu Xingyu. Mr. Wang studied the profession of ports and waterways at Hohai University (河海大學) of the PRC (formerly known as East China Technical University of Water Resources (華東水利學院)) from 1974 to 1978. He was awarded the Certificate of Senior Engineer in waterways engineering by the Ministry of Communications (交通部) (now known as the Ministry of Transport (交通運輸部)) in 1998 and was awarded the Certificate of Registration of Constructor of First Class by the Ministry of Construction (建設部) in 2008.

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

高級管理層(續)

丁女士擁有約15年的會計、財務及內部監控經驗。加盟本集團前，丁女士在若干大型企業擔任財務經理，亦於中國一所會計師事務所的審計、企業管理諮詢部工作，主理審查內部監控的工作。

楊先波先生，54歲，於二零一二年十一月加盟本集團為江蘇興宇總經理，並負責監督本集團的疏浚業務。

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

王菊林先生，67歲，於二零一零年八月加盟本集團為首席工程師及負責管理江蘇興宇的工程部。王先生於一九七四年至一九七八年於中國河海大學(前稱華東水利學院)修讀港口及航道專業。彼於一九九八年獲交通部(現稱交通運輸部)頒授航道工程高級工程師證書，並於二零零八年獲建設部頒發一級建造師註冊證書。

王先生擁有超過30年航道工程施工、管理及行政經驗。在加盟本集團之前，彼在長江武漢航道工程局工作約15年，曾出任科員及項目經理，負責處理中國大型的疏浚項目。其後，王先生於長江武漢航道工程局的一家附屬公司擔任經理約3年。於一九九六年，王先生重返長江武漢航道工程局工作約8年，曾擔任工程、經營科副科長、科長及副總工程師(一級建造師)。彼曾負責多個項目的勘察、洽談及監察並訂立相關合約。

Corporate Governance Report

企業管治報告

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

Corporate Governance Code

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

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

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

Model Code for Directors' Securities Transactions

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

Constitutional Documents

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

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

企業管治守則

本集團的企業管治框架乃基於兩條主要信念：

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

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

董事進行證券交易的標準守則

本公司已採納標準守則，作為董事進行本公司證券交易的本公司操守守則。經本公司作出特定查詢後，各董事已確認其於整個回顧期間遵守交易的規定標準及董事進行證券交易的操守準則。

公司組織章程文件

於回顧期間，概無對本公司的組織章程大綱及細則作出任何修訂。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors

Board Composition

As at the date of this annual report, the Board comprises four executive Directors and three independent non-executive Directors.

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

Executive Directors:

Mr. Liu Kaijin
Mr. Wu Bin
Mr. Wu Xuze
Ms. Zhou Shuhua

Non-executive Director:

Mr. Liu Longhua (resigned on 8 March 2019)

Independent non-executive Directors:

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

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

The Board believes that it has a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) and there is an independent element on the Board, which can effectively exercise independent judgement. As at 31 December 2018, the Company has three independent non-executive Directors who provide the Group with adequate check and balance. Each of them is considered to be independent and has complied with the provisions set out in Rule 3.13 of the Listing Rules. All of them are identified as such in all corporate communications that disclose the names of the Directors. Their functions are not only limited to a restricted scope and they have contributed to the Group with diversified industry expertise, and advised on the Group's management and proceedings.

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

董事會

董事會的組成

於本年報日期，董事會由四名執行董事及三名獨立非執行董事組成。

回顧期間及直至本年報日期，董事會的組成如下：

執行董事：

劉開進先生
伍斌先生
吳旭澤先生
周淑華女士

非執行董事：

劉龍華先生(於二零一九年三月八日辭任)

獨立非執行董事：

還學東先生
陳銘樂先生
梁澤泉先生

現任董事的履歷詳情及彼等之間的關係載列於本年報「董事及高級管理層簡介」一節。

董事會相信，其執行董事及非執行董事(包括獨立非執行董事)的組成比例均衡，董事會具備獨立性，能夠有效行使獨立判斷。於二零一八年十二月三十一日，本公司擁有一名獨立非執行董事，以令本集團具備適當的制衡。彼等各自均被視為具有獨立性，並一直遵守上市規則第3.13條所載條文。於所有載有董事姓名的公司通訊中，均註明彼等的身份。彼等的職能不只是局限於受限範圍內，彼等還以其多元化的行業知識為本集團作出貢獻，並為本集團的管理及議事程序提出建議。

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

Board of Directors (Continued)

Responsibilities of the Board and Delegation

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

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

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

Corporate Governance Functions

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

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

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

董事會(續)

董事會責任及授權

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

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

董事會之決定將由出席董事會會議之執行董事轉達管理層。

企業管治職能

董事會負責履行本公司之企業管治職能，包括：

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

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

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer are segregated and are held by Mr. Liu Kaijin and Mr. Wu Xuze respectively. Mr. Liu Kaijin, being the chairman, is responsible for the management of the Board and Mr. Wu Xuze, being the chief executive officer of the Company, is responsible for the day-to-day management of the Group's businesses.

Appointments, Re-election and Removal of Directors

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

Pursuant to the Articles, any Director appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. Also, pursuant to the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including the non-executive Director and independent non-executive Directors) shall be subject to retirement by rotation at least once every three years.

董事會(續)

主席及行政總裁

主席及行政總裁之職務已分開，並分別由劉開進先生及吳旭澤先生擔任。主席劉開進先生負責董事會管理，而本公司行政總裁吳旭澤先生負責本集團業務日常管理。

委任、重選及罷免董事

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

根據細則，任何獲董事會委任的董事須任職至本公司舉行下屆股東大會為止，屆時將符合資格膺選連任。此外，根據細則，在每屆股東週年大會上，當時三分之一董事(或倘人數並非三或三的倍數，則以最接近但不少於三分之一的人數為準)將輪值退任，惟每名董事(包括非執行董事及獨立非執行董事)須至少每三年輪值退任一次。

Board of Directors (Continued)

Board Meetings

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

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

The Directors consider and approve the Company's matters by way of written resolutions circulated to them as and when necessary. If a Director has a material interest in a matter to be considered by the Board, a physical meeting will be held to discuss the matter instead of seeking Directors' written consent by way of circulation of written resolution.

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

董事會(續)

董事會會議

本集團採納的常規是定期為執行董事舉行董事會會議及每年至少舉行四次有執行董事及非執行董事出席的董事會會議。董事會亦將於其他須董事會就特定事宜作出決定的情況下召開會議。

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

各董事於必要時傳閱書面決議案，以考慮及批准本公司事宜。倘若某董事於董事會將予考慮的事項中存有重大的利益，本公司將會召開討論有關事項之會議而不會以傳閱董事決議案之方式尋求董事認可。

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

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Board Meetings (Continued)

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

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Executive Directors</i>	<i>執行董事</i>		
Mr. Liu Kaijin	劉開進先生	6	6
Mr. Wu Bin	伍斌先生	6	6
Mr. Wu Xuze	吳旭澤先生	6	6
Ms. Zhou Shuhua	周淑華女士	6	6
<i>Non-executive Director</i>	<i>非執行董事</i>		
Mr. Liu Longhua (resigned on 8 March 2019)	劉龍華先生 (於二零一九年三月八日辭任)	5	6
<i>Independent non-executive Directors</i>	<i>獨立非執行董事</i>		
Mr. Huan Xuedong	還學東先生	6	6
Mr. Chan Ming Sun Jonathan	陳銘樂先生	5	6
Mr. Liang Zequan	梁澤泉先生	6	6

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

董事會(續)

董事會會議(續)

為確保董事會的有效運作，於回顧期間，所有董事已為本集團的事宜投入充分的時間及精力。於回顧期間，已舉行六次董事會會議(不包括授權委員會會議)，各董事的出席情況載列如下：

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

Board of Directors (Continued)

Directors' Training

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

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

董事會(續)

董事培訓

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

於回顧期間，所有董事均有參與合適之持續專業發展活動，概述如下：

Reading materials and/or attending training courses relevant to the Company's business, to their duties and responsibilities and/or to corporate governance or regulation

閱讀材料及／或出席培訓課程內容有關本公司業務、彼等的職務或職責及／或企業管治或規定

Name of Director

董事姓名

<i>Executive Directors:</i>	執行董事：	
Mr. Liu Kaijin	劉開進先生	✓
Mr. Wu Bin	伍斌先生	✓
Mr. Wu Xuze	吳旭澤先生	✓
Ms. Zhou Shuhua	周淑華女士	✓
<i>Non-executive Director:</i>	非執行董事：	
Mr. Liu Longhua (resigned on 8 March 2019)	劉龍華先生 (於二零一九年三月八日辭任)	✓
<i>Independent non-executive Directors:</i>	獨立非執行董事：	
Mr. Huan Xuedong	還學東先生	✓
Mr. Chan Ming Sun Jonathan	陳銘燊先生	✓
Mr. Liang Zequan	梁澤泉先生	✓

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

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

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees

Remuneration Committee

The Company has set up a remuneration committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties. To make consistency of the Remuneration Committee's terms of reference with such terms of reference of other Board committees, the Board adopted the current terms of reference of the Remuneration Committee in January 2019.

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

During the Review Period, the Remuneration Committee conducted review of the remuneration policy and structure of the Directors and senior management which took into account the prevailing market condition and the responsibilities and performance of individual members. No change to the terms was proposed to the Board by the Remuneration Committee. Further, the Remuneration Committee made recommendations to the Board on the terms of service contracts (including remuneration packages) for the executive Directors and the grant of share options to the executive Directors during the Review Period.

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

In the band of 範圍		Number of individuals 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	4

董事委員會

薪酬委員會

本公司已成立薪酬委員會，並制定特定的職權範圍（必要時作出適當修改），清楚列明其職權及職責。為使薪酬委員會的職權範圍與其他董事會委員會的職權範圍的一致性，董事會於二零一九年一月採納現時的薪酬委員會職權範圍。

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

回顧期間，薪酬委員會對董事及高級管理層的薪酬政策及架構作出檢討，並計及現行市況及個別成員的職責及表現。薪酬委員會並無向董事會建議修改有關係款。此外，薪酬委員會於回顧期間就執行董事之服務合約條款（包括薪酬待遇）及授出購股權予執行董事向董事會作出推薦建議。

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

Board Committees (Continued)

Remuneration Committee (Continued)

As at 31 December 2018, a majority of the Remuneration Committee's members are independent non-executive Directors. During the Review Period, two committee meetings were held and the attendance of each member as to the said meetings is set out as follows:

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Non-executive Director:</i> Mr. Liu Longhua (resigned on 8 March 2019)	<i>非執行董事:</i> 劉龍華先生 (於二零一九年三月八日辭任)	2	2
<i>Independent Non-executive Directors:</i> Mr. Huan Xuedong (appointed on 8 March 2019)	<i>獨立非執行董事:</i> 還學東先生 (於二零一九年三月八日獲委任)	N/A 不適用	N/A 不適用
Mr. Chan Ming Sun Jonathan	陳銘樂先生	1	2
Mr. Liang Zequan [#]	梁澤泉先生 [#]	2	2

[#] Mr. Liang Zequan acted as the chairman of the Remuneration Committee.

董事委員會(續)

薪酬委員會(續)

於二零一八年十二月三十一日，薪酬委員會的絕大多數成員為獨立非執行董事。於回顧期間，已舉行兩次委員會會議，各成員出席上述會議的情況載列如下：

[#] 梁澤泉先生擔任薪酬委員會主席。

Nomination Committee

The Company has set up a nomination committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties. To keep the Nomination Committee's terms of reference in line with the Listing Rules amendments relating to director nomination policy, the Board adopted the current terms of reference of the Nomination Committee in January 2019.

The principal duties of the Nomination Committee include reviewing the size, structure and composition of the Board, identifying individuals qualified to become Board members, making recommendations to the Board on the appointment or re-appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

提名委員會

本公司已成立提名委員會，並制定特定的職權範圍(必要時作出適當修改)，清楚列明其職權及職責。為使提名委員會的職權範圍符合上市規則有關董事提名政策之修訂，董事會已於二零一九年一月採納現時的提名委員會職權範圍。

提名委員會的主要職責包括檢討董事會的規模、架構及組成、物色合資格可擔任董事的人士、就董事的委任或重新委任及繼任計劃向董事會作出推薦建議，以及評估獨立非執行董事的獨立性。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Nomination Committee (Continued)

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

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

Under the director nomination policy of the Company in force with effect from 1 January 2019, when making recommendations to the Board relating to the appointment or re-appointment of proposed Directors, the Nomination Committee shall take into the following factors:

- (a) character and integrity of the proposed Directors;
- (b) qualifications including skills, knowledge, experience, and professional expertise possessed by the proposed Directors that are relevant to the operations of the Group;
- (c) the proposed Directors’ willingness to devote adequate time to discharge duties as a member of the Board and the Board committees;
- (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and experience;
- (e) requirements of the proposed Directors’ independence set out in rule 3.13 of the Listing Rules for nominating an independent non-executive Director; and
- (f) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

董事委員會(續)

提名委員會(續)

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

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

根據本公司於二零一九年一月一日起生效的董事提名政策，提名委員會就委任或重新委任候任董事向董事會作出推薦建議時，應考慮以下因素：

- (a) 候任董事的品格與誠實；
- (b) 候任董事所擁有的資格包括與本集團業務相關的技能、知識、經驗及專業資格；
- (c) 候任董事能夠投放足夠的時間履行身為董事會及董事會委員會成員的職責；
- (d) 董事會各方面的多元化，包括但不限於性別、年齡、文化和教育背景、專業資格、技能、知識和經驗；
- (e) 被提名為獨立非執行董事的候任董事必須符合上市規則第3.13條所載的獨立性規定；及
- (f) 委員會或董事會不時決定的任何其他相關因素。

Board Committees (Continued)

Nomination Committee (Continued)

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

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

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
Executive Director: Mr. Liu Kaijin [#] (appointed on 8 March 2019)	執行董事： 劉開進先生 [#] (於二零一九年三月八日獲委任)	N/A 不適用	N/A 不適用
Non-executive Director: Mr. Liu Longhua [#] (resigned on 8 March 2019)	非執行董事： 劉龍華先生 [#] (於二零一九年三月八日辭任)	1	1
Independent Non-executive Directors: Mr. Chan Ming Sun Jonathan Mr. Liang Zequan	獨立非執行董事： 陳銘樂先生 梁澤泉先生	1 1	1 1

[#] Mr. Liu Longhua acted as the chairman of the Nomination Committee until 8 March 2019. Following the resignation of Mr. Liu Longhua, Mr. Liu Kaijin was appointed as the chairman of the Nomination Committee on 8 March 2019.

Audit Committee

The Company has established an audit committee with specific written terms of reference that have included the duties which are set out in CG Code provision C.3.3 with appropriate modification when necessary. To keep the Audit Committee's terms of reference in line with the Listing Rules amendments, the Board adopted the current terms of reference of the Audit Committee in January 2019.

董事委員會(續)

提名委員會(續)

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

於回顧期間，已舉行一次委員會會議，各成員出席上述會議的情況載列如下：

[#] 劉龍華先生擔任提名委員會主席直至二零一九年三月八日。於劉龍華先生辭任後，劉開進先生於二零一九年三月八日獲委任為提名委員會主席。

審核委員會

本公司已成立審核委員會，並制定特定的書面職權範圍，當中包括企業管治守則的守則條文C.3.3所載的職責(於必要時作出適當修訂)。為使審核委員會的職權範圍符合上市規則之修訂，董事會已於二零一九年一月採納現時的審核委員會職權範圍。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Audit Committee (Continued)

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

The Audit Committee reviewed the consolidated financial statements for the six months ended 30 June 2018 and consolidated financial statements for the Review Period of the Group, including the Group's adopted accounting principles and practices, the continuing connected transactions of the Company, internal control systems and financial reporting matters (in conjunction with the external auditor for the annual results). The Audit Committee also monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditors, as well as their independence. The Audit Committee endorsed the accounting treatments adopted by the Company and, to the best of its ability assured itself that the disclosures of the financial information in this annual report comply with the applicable accounting standards and Appendix 16 to the Listing Rules.

As at 31 December 2018, the Audit Committee comprised three independent non-executive Directors and regular Audit Committee meetings were held pursuant to its terms of reference. During the Review Period, three committee meetings were held in the attendance of the external auditor, and the attendance of each member as to the said meetings is set out as follows:

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Independent Non-executive Directors:</i>	獨立非執行董事：		
Mr. Huan Xuedong	還學東先生	3	3
Mr. Chan Ming Sun Jonathan [#]	陳銘樂先生 [#]	3	3
Mr. Liang Zequan	梁澤泉先生	3	3

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

董事委員會(續)

審核委員會(續)

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

審核委員會已檢討本集團截至二零一八年六月三十日止六個月的綜合財務報表及回顧期間的綜合財務報表，包括本集團採納的會計原則及慣例、本公司持續關聯交易、內部監控制度及財務報告事宜(就年度業績與外聘核數師一同檢討)。審核委員會亦監察外部審核的成效及對本公司外聘核數師的委任、薪酬、聘任條款及其獨立性進行監督。審核委員會贊同本公司採納的會計處理方法，並已盡力確保本年報披露的財務資料符合適用的會計準則及上市規則附錄十六。

於二零一八年十二月三十一日，審核委員會包括三名獨立非執行董事，並根據職權範圍定期舉行審核委員會會議。於回顧期間，已在外聘核數師出席的情況下舉行三次委員會會議，各成員出席上述會議的情況載列如下：

[#] 陳銘樂先生擔任審核委員會主席。

Directors' Interests in Competing Businesses

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

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

Non-Competition Undertakings

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

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

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

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

董事於競爭業務的權益

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

本公司已收到各董事有關不競爭承諾的年度確認書。

不競爭承諾

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

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

有關回顧期間之控股股東遵守該等承諾的情況如下：

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

Corporate Governance Report (Continued)

企業管治報告(續)

Financial Reporting and Audit

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

The Group adopted the going concern basis in preparing its financial statements. Except from the issue discussed under note 2 to the consolidated financial statements on page 92 in relation to the failure by the Group to settle the Bonds on their maturity dates, the Directors were not aware of any other material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

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

During the Review Period, remuneration in respect of non-audit services, namely, the review of continuing connected transactions, preliminary results announcements and interim report provided by the Company's external auditor amounted to about RMB445,000. The remuneration in respect of audit service was amounted to about RMB1,800,000.

Internal Control and Risk Management

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

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

財務申報及核數

董事確認彼等按照適用法定要求及會計準則及上市規則規定編製真實與公平之財務報表之責任。

本集團已採納持續經營基準編製其財務報表。除第92頁綜合財務報表附註2所討論有關本集團未有於債券到期時結付債券的問題外，董事並不知悉任何其他事件或狀況存在重大不確定性可能對本集團的持續經營能力造成重大疑問。

本公司外聘核數師就其申報責任所作出的聲明載於本年報「獨立核數師報告」一節。

回顧期間，由本公司外聘核數師提供的非核數服務（即審閱持續關連交易、初步業績公告及中期報告）的酬金約為人民幣445,000元。有關核數服務之酬金約為人民幣1,800,000元。

內部監控及風險管理

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

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

Internal Control and Risk Management (Continued)

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

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

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

Company Secretary

Ms. Wong Kwan Lai has been the company secretary of the Company since 20 June 2016 and is a full-time employee of the Company. The company secretary is responsible for ensuring good information flow within the Board and that Board's policy and procedures are followed as well as for providing advice on governance matters. For the year ended 31 December 2018, Ms. Wong confirmed that she had taken no less than 15 hours of relevant professional training to update her skills and knowledge.

Communication with Shareholders and Investors

General Meetings with Shareholders

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

內部監控及風險管理(續)

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

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

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

公司秘書

黃君麗女士自二零一六年六月二十日以來擔任本公司公司秘書，為本公司全職員工。公司秘書負責確保董事會成員之間資訊交流良好，及遵循董事會政策及程序以及就管治事項提供意見。截至二零一八年十二月三十一日止年度，黃女士確認彼已參與不少於15個小時的相關專業培訓，以提升技能及知識。

與股東及投資者進行溝通

與股東舉行股東大會

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

Corporate Governance Report (Continued)

企業管治報告(續)

Communication with Shareholders and Investors (Continued)

General Meetings with Shareholders (Continued)

The Company's annual general meeting provides a useful platform for direct communication between the Board and the Shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings. The annual general meeting for the year ended 31 December 2017 ("2017 AGM") was held on 29 May 2018.

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

Pursuant to code provision A.6.7 of the CG code, independent non-executive Directors should attend general meetings. All Directors (including independent non-executive Directors) who held office at time of the 2017 AGM attended such general meeting. Representative of the Company's external auditors also attended the 2017 AGM.

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

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

與股東及投資者進行溝通(續)

與股東舉行股東大會(續)

本公司的股東週年大會為董事會直接與股東溝通提供了一個實用的平台。本公司將於股東大會上就每項實質上不同的議題提呈獨立決議案。截至二零一七年十二月三十一日止年度的股東週年大會(「二零一七年度股東週年大會」)已於二零一八年五月二十九日舉行。

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

根據企業管治守則的守則條文A.6.7，獨立非執行董事須出席股東大會。於二零一七年度股東週年大會召開日期所有在任董事(包括獨立非執行董事)均有出席該股東週年大會。本公司外聘核數師代表亦有出席二零一七年度股東週年大會。

股東召開股東特別大會及向股東大會提出提案的權力

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

Communication with Shareholders and Investors (Continued)

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

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

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

Investor Relations

The Company endeavours to disclose all material information about the Group to all interested parties as widely and timely as possible. It has disclosed all necessary information to the Shareholders in compliance with the Listing Rules. When announcements are made through the Stock Exchange, the same information will be made available on the Company's website. During the year ended 31 December 2018, the Company has issued announcements which can be viewed on the Company's website.

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

與股東及投資者進行溝通(續)

股東召開股東特別大會及向股東大會提出提案的權力(續)

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

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

投資者關係

本公司致力以最全面及適時的方式向所有感興趣人士披露與本集團有關的所有重要資料。本公司已根據上市規則向股東披露所有必需資料。在透過聯交所作出公佈時，相同資料將於本公司網頁登載。截至二零一八年十二月三十一日止年度，本公司已刊發多份公告，可於本公司網頁查閱。

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

Environmental, Social and Governance Report

環境、社會及管治報告

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

We have given full consideration to issues that are of concern to major stakeholders and have adhered to the principles of materiality, completeness, comparability and stakeholder involvement, all of which form the contents of this report. This report spans over one financial year from 1 January 2018 to 31 December 2018 and covers information of the Group — our Hong Kong and Yancheng, PRC headquarters as well as dredging and property management businesses in the PRC.

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

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

Environmental Protection

Emissions

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

Owing to its business nature, the Group's air emissions are mainly generated from the dredging business by the consumption of fuels. The Group's greenhouse gas ("GHG") emissions consist of the direct emissions from the consumption of fuels by our dredging fleet and vehicles, and the indirect emission from the consumption of electricity and water at Easyhome Yancheng Shopping Mall and the Group's offices and the refuse produced from the shopping mall, construction project sites and offices.

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

我們充分考慮了主要持份者所關心的議題，同時遵循重要性、完整性、可比性以及持份者的參與等原則，確定了本報告中的內容。本報告涵蓋二零一八年一月一日至二零一八年十二月三十一日的財政年度，並覆蓋本集團有關香港及中國鹽城總部，以及於中國的疏浚業務和物業管理業務的資料。

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

有關我們企業管治的詳情，請參閱本年報內的企業管治報告。

環境保護

排放物

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

基於業務性質，本集團的廢氣排放主要來自疏浚業務耗用燃料。本集團的溫室氣體排放包括疏浚船隊及汽車耗用燃料直接產生的排放物，以及居然之家鹽城店及本集團各辦公室的用水用電及商場、工程項目施工場地及辦公室產生的廢物所間接產生的排放物。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Environmental Protection (Continued)

Emissions (Continued)

The Group has calculated the air and GHG emissions during the Reporting Period as follows:

Types of emissions	排放類別	2018 二零一八年 (Kg 千克)	2017 二零一七年 (Kg 千克)
Air emission	廢氣排放		
Nitrogen Oxides (NO _x)	氮氧化物	5,369,935	5,139,904
Sulphur Oxides (SO _x)	硫氧化物	26,535	25,394
Particulate Matter (PM)	顆粒物	62	61
Direct GHG emission	直接溫室氣體排放		
Carbon Dioxide (CO ₂) (scope 1)	二氧化碳 (範圍1)	44,112,554	42,989,605
Methane (CH ₄)	甲烷	427	393
Nitrous Oxide (N ₂ O)	氧化亞氮	282	115
Indirect GHG emission	間接溫室氣體排放		
Carbon Dioxide (CO ₂) (scope 2)	二氧化碳 (範圍2)	563,533	676,332

During the Reporting Period, the Group's major GHG emission was carbon dioxide and its intensity was 72,334 Kg CO₂e per million of revenue.

The Group always encourages its employees to save resources in its daily operation to reduce GHG emissions. We conduct regular maintenance and inspection of vessels and vehicles not only to maintain their performance but also to improve fuel efficiency. We remind our employees to make good use of electronic systems for message distribution and archiving and use double-sided printing and photocopying to reduce paper consumption. Further, we encourage them to reduce carbon emissions from their daily lives, such as using public transport and walking or riding a bicycle for short journeys.

環境保護(續)

排放物(續)

本集團於報告期內的廢氣排放及溫室氣體排放計算如下：

於報告期內，本集團的主要溫室氣體排放為二氧化碳，密度為每百萬收益有72,334千克二氧化碳當量。

本集團一向鼓勵僱員在日常業務中節約資源，以減低溫室氣體排放。我們定期保養和檢查船隊及汽車，不僅為保持性能，亦為改善燃料效益。我們提示僱員善用電子系統發佈信息及儲存檔案，並以雙面印刷和複印，減低耗紙量。另外，我們鼓勵僱員減低日常生活碳排放，例如使用公共交通，如行程較短，則步行或以自行車代步。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Environmental Protection (Continued)

Emissions (Continued)

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

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

During the Reporting Period, the Group's recorded the following waste:

Types of wastes	廢物類別	2018	2017
		二零一八年 (ton 噸)	二零一七年 (ton 噸)
General Waste	一般廢物	202	208
Diesel dregs	柴油渣	28	30

Notes:

1. The general waste included kitchen waste as the Group offered free meals to crews of dredging vessels in the PRC.
2. The waste produced from the Group's Hong Kong office was not counted as it was immaterial in view of the whole Group's waste production.

環境保護(續)

排放物(續)

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

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

於報告期內，本集團記錄了下列廢物類別：

附註：

1. 一般廢物包括廚房垃圾，因本集團在中國向挖泥船船員提供免費膳食。
2. 從本集團香港辦公室排放出的廢物不計在內，因以本集團整體廢物量而言並不重大。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Environmental Protection (Continued)

Emissions (Continued)

In addition, due to the nature of businesses, the Group does not have physical products for sale and thus the disclosure on the use of packaging material is inapplicable to the Group.

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

Use of resources

The resources used by our Group are principally attributed to fuels consumed by dredging fleet at construction project sites, and also electricity and water consumed at its offices and the shopping mall.

With the aim to better manage the use of resources, the Group performs assessment annually. The Group has adopted green office practices to reduce natural resource and energy consumption, e.g., installing LED lamp to save energy, and employees are encouraged to develop the habit of energy conservation, e.g., switching off lights, computers and other electronic appliances before leaving the offices. The Group strives to utilise telephone conferences to minimize face-to-face meetings in order to reduce petrol consumption in travelling and avoid unnecessary business trips. During the Reporting Period, the Group had an electricity consumption of approximately 697,000 kilowatt-hours (2017: 836,000 kilowatt-hours).

From the perspective of water management, the Group has provided signs to remind its staff to reduce water consumption. We also regularly check meter readings and conduct the detection of hidden leaks in water pipes. If hidden water leakage or tap dripping is found, we will arrange for repair promptly to avoid wasting water resources. During the Reporting Period, the Group's water consumption was about 17,900 tons, representing a decrease of 11.1% as compared with that of last year. The water consumption for the Reporting Period was more than expected as the newly opened Easyhome Shopping Mall occasionally conducted fire prevention tests to meet the fire safety requirements.

Environment and Natural Resources

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

環境保護(續)

排放物(續)

此外，基於業務性質關係，本集團並無實體產品供銷售，故此有關使用包裝材料的披露並不適用於本集團。

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

資源使用

本集團利用的資源主要為疏浚船隊於施工項目場所消耗的能源，以及於其辦公室及商場消耗的水電。

為更好管理資源利用，本集團進行年度評估。本集團已採納綠色辦公室慣例(例如安裝LED燈以節約能源)以減少天然資源及能源消耗，亦鼓勵僱員培養節能習慣(例如於離開辦公室前關燈、電腦及其他電子用品)。本集團致力運用電話會議以減少面對面會議，從而降低往返交通的汽油消耗並避免不必要的出差。於報告期間，本集團用電量約697,000千瓦小時(二零一七年：836,000千瓦小時)。

至於水資源管理方面，本集團透過張貼標識以提醒員工節約用水。我們亦定期檢查水錶讀數及檢測水管的任何滲漏水情況。倘有滲漏水情況或水龍頭有滴水情況，我們會安排從速維修以免浪費水資源。於報告期間，本集團用水量約17,900噸，較去年同期減少11.1%。報告期內耗用量超出預期，原因是新開幕的居然之家偶然有消防測試以符合消防規例。

環境及天然資源

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

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Environmental Protection (Continued)

Environment and Natural Resources (Continued)

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

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

Employment and Labour Practices

Employment

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

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

環境保護(續)

環境及天然資源(續)

我們關顧自然環境，因此本集團的疏浚業務設有環保措施，我們希望藉此為環保出一分力。我們的環保疏浚技術的環保效能較傳統環保疏浚技術為高，沒有二次污染問題，且符合國家環保政策主調。脫水設備可連續式作業，在過程不添加石灰或水泥等固化材料下，已可達到脫水量要求標準。同時，不會改變脫水後泥餅的酸鹼性質，可作污泥土壤資源回收及再利用，或成無害化環保掩埋，處理後的餘水清澈達標，可以直接回排入湖。

在投資決策時，本集團亦充分考慮項目對環境的影響。

僱傭及勞工常規

僱傭

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

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

Employment and Labour Practices (Continued)

Employment (Continued)

As of 31 December 2018, the Group had a total of 567 employees, of which over 90% were employed for our operations in the PRC. As for positions, 30.1% are managerial and technical staff and 69.9% are general staff. In respect of ages, we have an even age distribution among our staff, of which 64.8% our workforce is between 30 to 50 years old, 13.1% of our employees are below 30 years old and 22.1% are over 50 years old.

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

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

Health and safety

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

僱傭及勞工常規(續)

僱傭(續)

截至二零一八年十二月三十一日，本集團僱員總數為567人，其中超過90%員工任職於中國業務。至於職位方面，管理技術人員佔30.1%，基層員工佔69.9%。年齡方面，員工在各年齡分佈平均，其中64.8%的勞動力年齡介於30歲至50歲，13.1%的員工低於30歲，有22.1%的員工年齡高於50歲。

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

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

健康與安全

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

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Employment and Labour Practices (Continued)

Health and safety (Continued)

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

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

Development and training

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

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

Labour standards

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

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

僱傭及勞工常規(續)

健康與安全(續)

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

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

發展與培訓

本集團高度重視內部和外部的學習和培訓，以提升員工的教育水準和工作能力。

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

勞工準則

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

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

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Operating Practices

Supply chain management

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

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

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

Product responsibility

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

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

營運慣例

供應鏈管理

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

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

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

產品責任

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

於報告期間，集團未發生已竣工項目因工程品質問題被要求修補的現象。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Operating Practices (Continued)

Anti-corruption

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

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

Community Investment

The Group emphasises the support of the community and actively participates in charitable activities for the relief of poverty in the communities in which we operate our businesses. We encourage our employees to participate in volunteering activities organised by local charities.

營運慣例(續)

反貪污

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

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

社區投資

本集團重視回饋社區的支持，一向積極參與業務所在地的城市社區扶貧慈善活動。我們鼓勵僱員參與由本地慈善團體舉辦的慈善活動。

The Directors are pleased to present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2018.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business Review

A fair review of the business of the Group during the year and particulars of important events affecting the Group that have occurred since the end of the financial year 2018, as well as a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. In addition, details of the Group's relationship with its employees, customers and suppliers are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report. The above discussions form part of this directors' report.

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

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

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

董事會欣然提呈彼等的報告及本公司及本集團截至二零一八年十二月三十一日止年度的經審核財務報表。

主要業務

本公司的主要業務為投資控股。主要附屬公司的主要業務詳情載於綜合財務報表附註39。年內，本集團主要業務的性質並無重大變動。

業務回顧

年內對本集團業務的中肯審視及自二零一八年財政年度結束後發生的而對本集團有影響的重大事件的詳情以及對本集團未來業務發展的討論，分別載於本年報「主席報告書」及「管理層討論及分析」章節。此外，有關本集團與僱員、客戶及供應商的關係於本年報「環境、社會及管治報告」一節中披露。上述討論構成董事會報告一部分。

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

遵守對本集團有重大影響的適用法律及法規

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

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

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

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

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

Contract Law of the People's Republic of China

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

For construction contracts, the Contract Law sets out specific requirements, including: contracts for major national construction projects shall be entered into in accordance with state-stipulated procedures and state-approved documents such as investment plans and feasibility study reports; with the consent of the contractee, the contractor can sublet part of its contracted works to a third party, provided that construction of the main structure of the construction project must be completed by the contractor who is forbidden to sublet its works to an unqualified entity. After the completion of the construction project, the contractee shall timely conduct acceptance inspection of the project pursuant to construction acceptance rules and quality inspection standards issued by the state. If the project passes the acceptance inspection, the contractee shall accept

業務回顧(續)

遵守對本集團有重大影響的適用法律及法規(續)

《中華人民共和國招標投標法》

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

《中華人民共和國合同法》

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

對於施工合同，《合同法》列示具體要求，包括：國家重大建設工程合同，應當按照國家規定的程序和國家批准的投資計劃、可行性研究報告等文件訂立；經發包人同意，承包人可以將自己承包的部分工作交由第三方完成，但建設工程主體結構的施工必須由承包人自行完成，禁止承包人將工程分包給不具備相應資質條件的單位；建設工程竣工後，發包人應當根據國家頒發的施工驗收規範和質量檢驗標準及時進行驗收，驗收合格的，發包人應當按照約定支付價款，並接收該建設工程。本集團作為履約人及(或)施工人，如果不能履行合約義務(包括不履行合約義務或者履行合約義務不符合約定)，必須承擔違約責任，包括應當

Business Review (Continued)

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

Contract Law of the People's Republic of China (Continued)

it and make the agreed payment. In the case of the Group's failure to fulfill its contractual obligations (either non-fulfillment or non-agreed fulfillment) as the performing party and/or constructor, it must assume the liability for breach of contract, including continuing to fulfill the contract, taking remedial measures or compensating for any resulting losses. In the case of the construction project quality falling below the agreed level due to the constructor's fault, the contractee has the right to require the constructor to repair, revamp or rebuild it within a reasonable period, without any extra charge, and to bear the liability for breach of contract for the resulting delayed delivery (if any).

Production Safety Law of the People's Republic of China

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

Compliance with Laws and Regulations

During the year ended 31 December 2018 and up to the date of this report, the Group has complied with relevant laws and regulations that have a significant impact on the Group.

業務回顧(續)

遵守對本集團有重大影響的適用法律及法規(續)

《中華人民共和國合同法》(續)

承擔繼續履行、採取補救措施或者賠償損失等違約責任；因施工人的原因致使建設工程質量不符合約定的，發包人有權要求施工人在合理期限內無償修理或者返工、改建，經過修理或者返工、改建後，造成逾期交付的，施工人應當承擔違約責任(如有)。

《中華人民共和國安全生產法》

根據《中華人民共和國安全生產法》，發生生產安全事故，對負有責任的生產經營單位除要求其依法承擔相應的賠償等責任外，最高可被安全生產監督管理部門處以人民幣二千萬元的罰款。為遵守《中華人民共和國安全生產法》，避免生產安全事故，本集團為從事工程設計、施工、設備檢修和維護、安全督查等業務的員工不時提供安全生產課程培訓和應急救援預案演練，以保障生產安全。

遵守法律及法規

於截至二零一八年十二月三十一日止年度及直至本報告日期，本集團已遵守對本集團有重大影響的相關法律及法規。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Major Risks and Risk Management

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

Business Risks

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

Financial Risks

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

Compliance Risks

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

Operational Risks

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

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

業務回顧(續)

主要風險及風險管理

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

業務風險

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

財務風險

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

合規風險

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

營運風險

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

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

Business Review (Continued)

Environmental Policies and Performance

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

Results and Dividends

The Group's loss for the year ended 31 December 2018 and the financial position of the Company and of the Group at that date are set out in the accompanying financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018.

Dividend Policy

The Company's dividend policy in force with effect from 1 January 2019 sets out the guidelines for the Board to determine whether dividends are to be declared and paid and the level of dividends to be paid to the Shareholders. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles and all applicable laws and regulations and having regard to the following factors:

- (a) the actual and expected financial performance of the Group;
- (b) retained earnings and distributable reserves of the Group;
- (c) the current and future operations, liquidity position and capital requirements of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the financiers and other third parties of the Group;

業務回顧(續)

環保政策及表現

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

業績及股息

本集團截至二零一八年十二月三十一日止年度的虧損及本公司及本集團於該日的財務狀況載於隨附的財務報表。

董事並無建議就截至二零一八年十二月三十一日止年度派付末期股息。

股息政策

本公司於二零一九年一月一日起生效的股息政策，為董事會就決定是否宣派及派發股息以及就派發給股東之股息幅度提供指引。董事會有權宣派及派發股息予股東，惟須遵守細則、所有適用法例及法規以及考慮下列因素：

- (a) 本集團實際和預期的財務表現；
- (b) 本集團的保留盈利及可供分派儲備；
- (c) 本集團的目前和未來業務，流動資金狀況和資本要求；
- (d) 本集團的融資方或其他第三方可能施加之任何派息限制；

Directors' Report (Continued)

董事會報告(續)

Dividend Policy (Continued)

- (e) economic condition and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (f) any other factors that the Board deems appropriate.

The Board will review this policy as appropriate from time to time.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

Share Capital

During the Review Period, the Company issued 295,600,000 Shares on 6 November 2018 pursuant to a subscription agreement dated 9 October 2018 entered into between the Company and a subscriber. Further details of the issue of the subscription Shares are set out in the Company's announcements dated 9 October 2018 and 6 November 2018.

Details of movements in the Company's share capital during the year are set out in note 30 to the consolidated financial statements.

Pre-Emptive Rights

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

股息政策(續)

- (e) 影響本集團業務或財務表現及財務狀況之經濟狀況及其他內在或外在因素；及
- (f) 董事會認為適當的任何其他因素。

董事會將在有需要時檢討該政策。

物業、廠房及設備

年內，本集團的物業、廠房及設備的變動詳情載於綜合財務報表附註17。

股本

於回顧期間，按本公司與認購人於二零一八年十月九日訂立之認購協議，本公司於二零一八年十一月六日發行295,600,000股股份。有關發行認購股份之進一步詳情，載於本公司日期為二零一八年十月九日及二零一八年十一月六日的公告。

年內，本公司股本的變動詳情載於綜合財務報表附註30。

優先購買權

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

Equity-Linked Agreements

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

Pursuant to a subscription agreement dated 9 October 2018 entered into between the Company and a subscriber, the Company issued and allotted 295,600,000 new Shares at a price of HK\$0.12 per Share on 6 November 2018. The gross proceeds of the above subscription would be HK\$35,472,000 (equivalent to approximately RMB31,276,000). Net proceeds amounting to approximately HK\$35,222,000 (equivalent to approximately RMB31,056,000) received from the subscriber shall be used to repay part of the Bonds. For details, please refer to the announcements of the Company dated 9 October 2018 and 6 November 2018.

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

Other than the above subscription agreement and the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year or subsisting at the end of the year ended 31 December 2018.

Permitted Indemnity Provision

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

Tax Relief

For the year ended 31 December 2018, Shareholders were not entitled to any tax relief by virtue of their holding of the Shares.

Purchase, Redemption or Sale of Listed Securities of the Company

For the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

股票掛鈎協議

於年內訂立或於今年年底存續的股票掛鈎協議的詳情載列如下：

按本公司與認購人於二零一八年十月九日訂立之認購協議，本公司於二零一八年十一月六日以每股0.12港元發行及配發295,600,000股新股份，所得款項總額為35,472,000為港元(相當於約人民幣31,276,000元)。認購事項的所得款項淨額約35,222,000港元(相當於約人民幣31,056,000元)，用作償還部分債券。有關詳情請參閱本公司日期分別為二零一八年十月九日及二零一八年十一月六日的公告。

有關購股權計劃，請參閱「購股權計劃」一節。

除上述認購協議及購股權計劃外，本公司並無於年內訂立或於截至二零一八年十二月三十一日止年度年底存續的股票掛鈎協議。

獲准許的彌補條文

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

稅務減免

截至二零一八年十二月三十一日止年度，股東無權就其持有股份而享有任何稅務減免。

購買、贖回或出售本公司上市證券

於截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

Directors' Report (Continued)

董事會報告(續)

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in the statement of financial position of the Company on page 9 of this annual report and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2018, the Company has no reserve available for distribution as calculated in accordance with the Companies Law (2018 Revision) of the Cayman Islands. Under the laws of the Cayman Islands, the share premium account is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

Major Customers and Suppliers

In the year under review, revenue to the Group's five largest customers accounted for about 38% (2017: 54%) of the Group's total revenue for the year and the revenue from the largest customer included therein accounted for about 10.7% (2017: 12%) of the Group's total revenue.

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

During the year ended 31 December 2018, the Board resolved to make a expected credit loss allowance of RMB243.2 million of for certain receivables (2017: expected credit loss allowance: Nil). The allowance for expected credit loss was based on the assessment in recoverability and the judgement by the management after considering the estimated future cash flows discounted at the present value of the original effective interest rate. For details please refer to note 11 to the financial statement in this annual report.

儲備

年內，本公司及本集團的儲備變動詳情分別載於本年報第9頁本公司的財務狀況表及綜合權益變動表。

可供分派儲備

於二零一八年十二月三十一日，本公司根據開曼群島公司法(二零一八年修訂版)計算概無可供分派的儲備。根據開曼群島法，股份溢價賬可派發予股東，惟緊隨建議分派股息日期後，本公司可在日常業務過程中，在債務到期之時予以清償。股份溢價賬亦可以繳足紅股的方式分派。

主要客戶及供應商

於回顧年內，來自本集團五大客戶的收益佔本集團年內總收益約38%(二零一七年：54%)，而來自其中最大客戶的收益則佔本集團總收益約10.7%(二零一七年：12%)。

本集團五大客戶包括中國國有企業及私有企業，該等企業已與本集團維持介乎二至八年的業務關係。本集團向該等企業提供的服務包括基建及填海疏浚業務以及環保疏浚及水務管理業務。彼等以工程項目為基礎與本集團簽訂合同，合同訂明根據每個月完工工程的價值按月支付工程進度款項，或者在合同期內每年按固定比例支付年度款項。上述信用期與授予本集團其他客戶者一致。本集團五大客戶與本集團並無簽訂任何長期協議。

截至二零一八年十二月三十一日止年度，董事會議決就若干應收款項作出預期信貸虧損撥備人民幣243,200,000元(二零一七年：預期信貸虧損撥備：零)。預期信貸虧損撥備乃根據應收款項可收回情況的評估及管理層經參考原實際利率貼現現值的估計未來現金流量後所作判斷而作出。有關詳情請參閱本年報財務報表附註11。

Major Customers and Suppliers (Continued)

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

In the year under review, supplies from the Group's five largest suppliers accounted for about 30.6% (2017: 30.4%) of the Group's total operating cost for the year and supplies from the largest supplier included therein accounted for about 13.4% (2017: 8.3%) of the Group's total operating cost.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers for the year ended 31 December 2018.

Directors' Rights to Acquire Shares or Debentures

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

主要客戶及供應商(續)

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

於回顧年內，向本集團五大供應商購買供應品佔年內本集團總營運成本約30.6%(二零一七年：30.4%)，而向其中最大供應商購買供應品則佔本集團總營運成本約13.4%(二零一七年：8.3%)。

截至二零一八年十二月三十一日止年度，概無董事或彼等的緊密聯繫人或任何股東(就董事所深知，該等人士擁有本公司已發行股本的逾5%)於本集團五大客戶及/或五大供應商中擁有任何實益權益。

董事購入股份或債券的權利

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

Directors' Report (Continued)

董事會報告(續)

Directors

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

Executive Directors:

Mr. Liu Kaijin
Mr. Wu Bin
Mr. Wu Xuze
Ms. Zhou Shuhua

Non-executive Director:

Mr. Liu Longhua (resigned on 8 March 2019)

Independent Non-executive Directors:

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

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

Independence Confirmations from Independent Non-Executive Directors

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

Directors' Service Contracts

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

董事

年內及直至本報告日期在任的董事如下：

執行董事：

劉開進先生
伍斌先生
吳旭澤先生
周淑華女士

非執行董事：

劉龍華先生(於二零一九年三月八日辭任)

獨立非執行董事：

還學東先生
陳銘樂先生
梁澤泉先生

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

獨立非執行董事的獨立身份確認書

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

董事的服務合約

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

Directors' Service Contracts (Continued)

Mr. Liu Kaijin and Ms. Zhou Shuhua, both being executive Directors, have entered into service agreements with the Company for a term of three years commencing from 1 June 2017.

Both Mr. Wu Bin and Mr. Wu Xuze, all being executive Directors, have entered into service agreements with the Company for a term of one year commencing from 5 January 2019.

Mr. Liu Longhua, who has resigned as non-executive Director on 8 March 2019, entered into an appointment letter with the Company for a term of one year commencing from 25 April 2018.

Mr. Liang Zequan, being independent non-executive Director, has entered into an appointment letter with the Company for a term of three years commencing from 23 September 2016. Each of Mr. Huan Xuedong and Mr. Chan Ming Sun Jonathan, both being independent non-executive Directors, has entered into an appointment letter with the Company for a term of one year commencing from 25 April 2018 and 30 November 2018 respectively. Mr. Huan Xuedong has also entered into a new appointment letter with the Company for a term of one year with immediate effect after the expiry of the term of the current appointment letter.

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

Directors' Remuneration

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

Directors' Interests in Contracts

During the year ended 31 December 2018, save for those disclosed in the financial statements, no Director or any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事的服務合約(續)

執行董事劉開進先生及周淑華女士已與本公司簽訂服務協議，自二零一七年六月一日起計為期三年。

執行董事伍斌先生及吳旭澤先生已與本公司簽訂服務協議，自二零一九年一月五日起計為期一年。

劉龍華先生於二零一九年三月八日辭任非執行董事，他曾與本公司簽訂委任書，自二零一八年四月二十五日起計為期一年。

梁澤泉先生與本公司簽訂委任書，自二零一六年九月二十三日起計為期三年。獨立非執行董事還學東先生及陳銘樂先生各與本公司簽訂委任書，分別自二零一八年四月二十五日及二零一八年十一月三十日起計為期一年。還學東先生亦已與本公司訂立新委任書，任期為一年，於現有委任書屆滿後即時生效。

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

董事的薪酬

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

董事於合約的權益

於截至二零一八年十二月三十一日止年度，除財務報表所披露者外，董事或與董事相關的任何實體於年內概無於對本集團的業務有重大影響的任何交易、安排或合約(而本公司或其任何附屬公司為該合約的訂約方)中直接或間接擁有重大實益權益。

Directors' Report (Continued)

董事會報告(續)

Management Contracts

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

Continuing Connected Transactions

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

The Group carried out the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A of the Listing Rules) during the year ended 31 December 2018:

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

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

管理合約

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

持續關連交易

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

於截至二零一八年十二月三十一日止年度，本集團進行以下持續關連交易(根據上市規則第14A條獲豁免的持續關連交易除外)：

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

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

Continuing Connected Transactions (Continued)

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

Further details of the Contractual Arrangements are described in note 39 to the financial statements of this annual report.

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

The amount of revenue and assets subject to the Contractual Arrangements accounted for 98.4% and 63.3% of the Group's total revenue and assets respectively for the year ended 31 December 2018 (2017: 99% and 62.9%).

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

- The Group conducts its business operation in the PRC through the PRC Operational Entity by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by Mr. Liu, Ms. Zhou and/or the PRC Operational Entity, and if the Group is unable to enforce the Contractual Arrangements, the Group may not be able to exert effective control over the PRC Operational Entity, and the Group's ability to conduct its business may be negatively affected.
- If the PRC government finds that the Contractual Arrangements or the ownership structures or business operations of the Company or the PRC Operational Entity do not comply with any of the PRC laws and regulations, the Group's business, financial condition or results of operations could be materially and adversely affected, as revenue in relation to the Contractual Arrangements accounted for 98.4% of the Group's total revenue for the year ended 31 December 2018.

持續關連交易(續)

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

有關合約安排的進一步詳情載於本年報財務報表附註39。

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

合約安排的收益及資產分別佔本集團截至二零一八年十二月三十一日止年度總收益及資產的98.4%及63.3%(二零一七年：99%及62.9%)。

下列為有關合約安排的主要風險：

- 本集團以合約安排方式透過中國經營實體於中國經營其業務，但根據中國法律，合約安排中的若干條款或未能強制執行。因此，倘劉先生、周女士及／或中國經營實體違反構成合約安排的任何協議及倘本集團無法強制執行合約安排，本集團可能無法對中國經營實體行使控制權，且本集團開展其業務的能力可能會受到負面影響。
- 由於有關合約安排的收益佔本集團截至二零一八年十二月三十一日止年度總收益的98.4%，如中國政府認為合約安排或本公司或中國經營實體的擁有權架構或業務營運不符合中國任何法例及規例，本集團的業務、財務狀況或經營業績可能會受到重大不利影響。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

- The Contractual Arrangements related to critical aspects of the Group's operations with the PRC Operational Entity and its shareholders which may not be as effective as direct ownership in providing operational control. In the event that the Group is unable to enforce these Contractual Arrangements, the Group may be unable to exert effective control over the PRC Operational Entity, and the Group's ability to conduct its business may be materially and adversely affected.
- Shareholders of the PRC Operational Entity, Mr. Liu and Ms. Zhou, may potentially have a conflict of interest with the Group, and they may breach their contracts with the Group. Such disputes and proceedings may significantly disrupt the Group's business operations, adversely affect its ability to control the PRC Operational Entity and/or otherwise result in negative publicity.

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

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

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

持續關連交易(續)

- 有關本集團與中國經營實體及其股東的經營的重要範疇的合約安排於經營監控上或不及直接擁有有效。如本集團未能執行合約安排，本集團可能無法有效控制中國經營實體，而本集團進行其業務的能力亦可能受到重大不利影響。
- 中國經營實體股東劉先生及周女士或與本集團有潛在利益衝突，及彼等或違反與本集團訂立的合約。有關糾紛及訴訟可能會嚴重中斷本集團的業務營運、對其控制中國經營實體的能力造成不利影響及／或以其他方式使公眾形象受損。

本集團已採取以下措施，以確保本集團在實施合約安排後穩健有效地營運：

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

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

Continuing Connected Transactions (Continued)

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

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

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

- (i) the transactions carried out during the year ended 31 December 2018 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that all revenue generated by Jiangsu Xingyu has been retained by Xiangyu PRC;
- (ii) no dividends or other distributions have been made by Jiangsu Xingyu to its equity interest holders; and
- (iii) any new contracts or renewed contracts have been entered into on the same terms as the existing Contractual Arrangements and are fair and reasonable so far as the Group is concerned and in the interests of the Shareholders as a whole.

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

持續關連交易(續)

獨立非執行董事確認上述持續關連交易乃於下列情況下訂立：

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

此外，獨立非執行董事已對合約安排進行年度檢討，並確認：

- (i) 截至二零一八年十二月三十一日止年度進行的該等交易乃根據合約安排的有關條文而訂立，並一直在進行中，以便江蘇興宇產生的所有收益歸翔宇中國所有；
- (ii) 江蘇興宇概無向其股權持有人作出股息或其他分派；及
- (iii) 任何新合約或續期合約已根據與現有合約安排相同的條款而訂立，且就本集團而言，該等合約屬公平合理，並符合股東的整體利益。

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

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

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

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

Related Party Transactions

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

Share Option Scheme

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

持續關連交易(續)

本公司核數師已確認，概無發現任何事項致使核數師相信：

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

關連方交易

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

購股權計劃

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

Share Option Scheme (Continued)

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

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

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

購股權計劃(續)

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

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

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

Directors' Report (Continued)

董事會報告(續)

Share Option Scheme (Continued)

The movements of the share options granted under the Share Option Scheme during the year ended 31 December 2018 are as follows:

購股權計劃(續)

於截至二零一八年十二月三十一日止年度內，根據購股權計劃授出之購股權變動如下：

Name or category of participant 參與者姓名或類別	Number of share options 購股權數目				Outstanding as at 31 December 2018 於二零一八年十二月三十一日尚未行使	Date of grant ⁽¹⁾ 購股權授出日期 ⁽¹⁾	Exercise price ⁽²⁾ 行使價 ⁽²⁾ (HK\$ per Share) (每股港元)	Closing price immediately before the date of the grant 緊接授出日期前的收市價 (HK\$ per Share) (每股港元)	Exercise period ⁽³⁾ 行使期 ⁽³⁾
	Outstanding at 1 January 2018 於二零一八年一月一日尚未行使	Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed/cancelled during the year 於年內度失效/註銷					
Directors 董事									
Mr. Wu Bin 伍斌先生	—	14,780,000	—	—	14,780,000	11/10/2018 二零一八年十月十一日	HK\$0.131 0.131港元	HK\$0.119 0.119港元	11/10/2018 to 10/10/2019 二零一八年十月十一日至 二零一九年十月十日
Mr. Wu Xuze 吳旭澤先生	—	14,780,000	—	—	14,780,000	11/10/2018 二零一八年十月十一日	HK\$0.131 0.131港元	HK\$0.119 0.119港元	11/10/2018 to 10/10/2019 二零一八年十月十一日至 二零一九年十月十日
Employees in aggregate 僱員合計	—	14,780,000	—	—	14,780,000	11/10/2018 二零一八年十月十一日	HK\$0.131 0.131港元	HK\$0.119 0.119港元	11/10/2018 to 10/10/2019 二零一八年十月十一日至 二零一九年十月十日
Others in aggregate 其他合計	—	41,220,000	—	—	41,220,000	11/10/2018 二零一八年十月十一日	HK\$0.131 0.131港元	HK\$0.119 0.119港元	11/10/2018 to 10/10/2019 二零一八年十月十一日至 二零一九年十月十日
Total 總計	—	85,560,000	—	—	85,560,000				

Notes:

- (1) Each of the option is granted for consideration of HK\$1.
- (2) The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.
- (3) Immediately vested.

As at 31 December 2018, the Company had outstanding options to subscribe for up to 85,560,000 Shares as per share options granted under the Share Option Scheme, representing approximately 4.82% of the issued Shares as at the date of this annual report. There were no share options exercised, cancelled or lapsed in the year ended 31 December 2018.

附註：

- (1) 每份購股權授出代價為1港元。
- (2) 倘進行供股或紅利發行或本公司股本有其他類似變動，則購股權之行使價可予以調整。
- (3) 即時歸屬。

於二零一八年十二月三十一日，本公司購股權計劃項下已授出之購股權中尚未行使的購股權可認購最多85,560,000股股份，佔於本年報日期已發行股份約4.82%。截至二零一八年十二月三十一日止年度，概無購股權獲行使、註銷或失效。

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

As at 31 December 2018, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares in and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to section 352 of the SFO:

董事及主要行政人員於股份及相關股份的權益及淡倉

於二零一八年十二月三十一日，董事及本公司主要行政人員及彼等各自的聯繫人於本公司及其相聯法團（定義見證券及期貨條例第XV部）的股份及相關股份中，擁有根據證券及期貨條例第XV部第7及8分部（包括彼等根據證券及期貨條例的該等條文被當作或視為擁有的權益及淡倉）或根據標準守則須知會本公司及聯交所，或根據證券及期貨條例第352條須記錄於本公司所存置的登記冊的權益如下：

Interests in the Shares and the underlying Shares

於股份及相關股份的權益

Name of Director	Capacity	Notes	Long position			Approximate percentage of total number of Shares and underlying Shares in the share capital
			Number of ordinary Shares	Number of underlying Shares	Total number of Shares and underlying Shares	
董事姓名	身份	附註	普通股數目	相關股份數目	股份及相關股份總數	股份及相關總數佔股本的概約百分比
Mr. Liu Kaijin 劉開進先生	Interest in controlled corporation	1	351,600,000	—	351,600,000	19.82%
	Beneficial owner		35,559,000	—	35,559,000	2.00%
Ms. Zhou Shuhua 周淑華女士	Interest in spouse	2	387,159,000	—	387,159,000	21.83%
Mr. Wu Bin 伍斌先生	Beneficial owner		7,218,000	14,780,000	21,998,000	1.24%
Mr. Wu Xuze 吳旭澤先生	Beneficial owner		—	14,780,000	—	0.83%

Directors' Report (Continued)

董事會報告(續)

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

Notes:

- Mr. Liu is the sole beneficial owner of Wangji Limited ("Wangji"), a company incorporated in the British Virgin Islands with limited liability, which is the direct owner of 351,600,000 Shares. Further, Mr. Liu is the beneficial owner of 35,559,000 Shares.
- Ms. Zhou is the spouse of Mr. Liu who is also a Director. By virtue of the SFO, Ms. Zhou is deemed to be interested in all interests of Mr. Liu in the Company including long position and short position.

Interests in associated corporations

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

Notes:

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

董事及主要行政人員於股份及相關股份的權益及淡倉(續)

附註:

- 劉先生為旺基有限公司(「旺基」,一間於英屬處女群島註冊成立的有限公司)的唯一實益擁有人,而旺基為351,600,000股股份的直接擁有人。此外,劉先生為35,559,000股股份的實益擁有人。
- 周女士為劉先生的配偶,彼亦為一名董事。根據證券及期貨條例,周女士被視為於劉先生持有的所有本公司權益(包括好倉及淡倉)中擁有權益。

於相聯法團的權益

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

附註:

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

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

Saved as disclosed above, none of the Directors and chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any associated corporation as at 31 December 2018 (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2018, to the best of the knowledge and belief of the Directors, other than those set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" in this annual report, persons had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Name of Shareholder 股東名稱	Capacity 身份	Note 附註	Number of Shares 股份數目	Approximate percentage of holding 概約股權百分比
Wangji 旺基	Beneficial owner 實益擁有人		351,600,000	19.82%
Zhu Baolong 朱寶龍	Beneficial Owner 實益擁有人		295,600,000	16.67%
Panjiang International Investment and Trading Co., Limited 盤江國際投資貿易有限公司	Beneficial owner 實益擁有人		171,120,000	9.65%
Jiangsu Baisite Environment Engineering Co., Ltd 江蘇百斯特環境工程有限公司	Beneficial Owner 實益擁有人	1	148,180,000	8.35%

Note :

- Luck Morgan Investment Limited acts as nominee for Jiangsu Baisite Environment Engineering Co., Ltd* to hold 148,180,000 Shares.

董事及主要行政人員於股份及相關股份的權益及淡倉(續)

除上文所披露者外，於二零一八年十二月三十一日，本公司董事及主要行政人員或彼等的任何聯繫人概無於本公司或任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的任何權益或淡倉(包括本公司董事或主要行政人員根據證券及期貨條例的該等條文被當作或視為擁有的權益及淡倉)或根據證券及期貨條例第352條須記錄於本公司所存置的登記冊的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

主要股東於本公司股份及相關股份中的權益及淡倉

於二零一八年十二月三十一日，就董事深知及確信，除本年報「董事及主要行政人員於股份及相關股份的權益及淡倉」一節所述者外，根據證券及期貨條例第336條須存置的登記冊中所記錄的於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露的權益或淡倉之人士如下：

股份好倉

附註：

- Luck Morgan Investment Limited以江蘇百斯特環境工程有限公司的提名人身份持有148,180,000股股份。

Directors' Report (Continued)

董事會報告(續)

Audit Committee, Remuneration Committee and Nomination Committee

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

Sufficiency of Public Float

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

Event after end of Reporting Period

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

Auditor

Moore Stephens CPA Limited was appointed as auditor of the Company in place of CWC CPA Limited with effect from 31 October 2018.

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

On behalf of the Board

Liu Kaijin

Chairman

Hong Kong, 28 March 2019

審核委員會、薪酬委員會及提名委員會

審核委員會、薪酬委員會及提名委員會的詳情載於本年報「企業管治報告」一節。

足夠公眾持股量

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

報告期後事項

有關詳情請參閱本年報「管理層討論及分析」一節。

核數師

大華馬施雲會計師事務所有限公司獲委任為本公司核數師，代替張黃會計師事務所有限公司，自二零一八年十月三十一日起生效。

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

代表董事會

主席

劉開進

香港，二零一九年三月二十八日

Independent Auditor's Report

獨立核數師報告

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF CHINA DREDGING ENVIRONMENT PROTECTION HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

致中國疏浚環保控股有限公司股東

(於開曼群島註冊成立的有限公司)

Opinion

We have audited the consolidated financial statements of China Dredging Environment Protection Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 86 to 216, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, 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 Hong Kong Companies Ordinance.

意見

本行已審核載列於第86至216頁中國疏浚環保控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，其包括於二零一八年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表的附註(包括重大會計政策概要)。

本行認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)發佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一八年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

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.

Material Uncertainty Related to Going Concern

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

意見的基準

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

與持續經營相關的重大不確定性

吾等提呈閣下垂注綜合財務報表附註2，當中列明關於貴集團未能於債券到期日結清到期應償還可換股債券的情況。如附註2所述，該等事件或狀況，連同附註2所載其他事項，顯示存在重大不確定性或會對貴集團的持續經營能力造成重大疑問。吾等的意見並無就該事項作出修訂。

關鍵審計事項

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

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

我們審計如何處理關鍵審計事項

Assessment of loss allowance for expected credit losses ("ECL") on trade receivables and contract assets

應收賬款及合約資產預期信貸虧損(「預期信貸虧損」)的虧損撥備評估

We identified the assessment of loss allowance for expected credit losses on trade receivables and contract assets as a key audit matter. The Group's trade receivables and contract assets mainly arise from dredging, water management and marine related businesses. The estimation of expected credit losses of these trade receivables and contract assets involved exercise of significant judgement by management and high degree of estimation uncertainty.

我們將應收賬款及合約資產預期信貸虧損的虧損撥備評估視為關鍵審計事項。貴集團的應收賬款及合約資產主要源自疏浚、水務管理及相關海事業務。該等應收賬款及合約資產預期信貸虧損估計涉及管理層行使重大判斷以及深層次的估計不確定性。

As at 31 December 2018, the Group had trade receivables and contract assets of RMB1,035,691,000 and RMB34,662,000 as disclosed in Notes 21 and 22 respectively, and expected credit losses in respect thereof of RMB243,182,000 and RMB2,873,000 respectively were recognised as expense during the year.

截至二零一八年十二月三十一日，貴集團應收賬款及合約資產人民幣1,035,691,000元及人民幣34,662,000元分別披露於附註21及22，其預期信貸虧損人民幣243,182,000元及人民幣2,873,000元分別確認為年內開支。

Our procedures in relation to the evaluation of the assessment of loss allowance for expected credit losses on trade receivables and contract assets included:

我們有關應收賬款及合約資產預期信貸虧損的虧損撥備評估的估計程序包括：

- We obtained an understanding of the management's process for credit risk assessment and impairment assessment of allowance for expected credit losses on trade receivables and contract assets.
- 我們取得對管理層有關應收賬款及合約資產預期信貸虧損撥備進行信貸風險評估及減值評估流程的了解。
- We tested, on a sample basis, the accuracy of aging of trade receivables balances based on invoice date and due date as at the end of the reporting period to the underlying invoices.
- 我們基於報告期末相關發票發票日期及到期日抽樣測試應收賬款結餘賬齡準確性。
- For the collectively assessed ECL, we assessed the reasonableness of the Group's ECL models, including the model inputs, model design, model performance for significant portfolios.
- 就統一評估預期信貸虧損，我們評估貴集團預期信貸虧損模式的合理性，包括重要投資組合的模式輸入、模式設計、模式表現。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

我們審計如何處理關鍵審計事項

Assessment of loss allowance for expected credit losses ("ECL") on trade receivables and contract assets

應收賬款及合約資產預期信貸虧損(「預期信貸虧損」)的虧損撥備評估

The Group has applied a lifetime expected credit loss model in determining the expected credit losses to be recognised in respect of the trade receivables and contract assets during and as at the end of the year. When determining the amount of expected credit losses to be recognised as at the end of the reporting period, the management considered the risk of a default occurring on the trade receivables and contract assets as at the reporting date, taking into account both quantitative and qualitative information that is reasonable and supportable, including historical experience (including credit history and current credit worthiness of the customers) and forward-looking information (including current market conditions) that is available without undue cost or effort.

貴集團已應用全期預期信貸虧損模式，釐定年度期間及年末就應收賬款及合約資產確認的預期信貸虧損。釐定報告期末預期信貸虧損金額時，管理層考慮到報告日期應收賬款及合約資產發生違約的風險，並慮及合理、佐證性定量及定性資料，包括無需過度成本或精力即可獲得之歷史性經驗(包括客戶信貸記錄及即期信貸可靠性)及展望資料(包括當前市場狀況)。

- We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings. Where changes had been made in model parameters and assumptions, we evaluated the reasonableness of such changes.
- 我們質疑歷史性經驗是否代表目前具體情況及投資組合近期虧損，並評估展望調整的合理性，包括各經濟情形所用經濟變量及假設及其可能性權重。若模式參數及假設變更，我們則評估有關變更的合理性。
- We also assessed the financial statement disclosures relating to the Group's exposure to credit risks.
- 我們亦評估與貴集團信貸風險敞口相關的財務報表披露。

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion with a material uncertainty paragraph about the Group's ability to continue as a going concern on those financial statements on 28 March 2018.

其他事項

貴集團截至二零一七年十二月三十一日止年度綜合財務報表經另一名核數師審核，該核數師於二零一八年三月二十八日於有關財務報表中有關貴集團的持續經營能力的重大不確定性段落中表達未修改意見。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Other Information

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

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

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

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

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

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

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

其他資料

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

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

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

董事及管理層就綜合財務報表須承擔的責任

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

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

管理層須負責監督 貴集團的財務報告過程。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

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

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

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

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

核數師就審計綜合財務報表須承擔的責任

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

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

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。
- 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本行的意見。本行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

- 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.
- 評估綜合財務報表的整體列報方式、結構及內容(包括披露)事項以及綜合財務報表是否公平反映相關交易及事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本行負責 貴集團審計的方向、監督及執行。本行為審計意見承擔全部責任。

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

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

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

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

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

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

Moore Stephens CPA Limited

Certified Public Accountants

Chan, King Keung

Practising Certificate Number: P06057

Hong Kong

28 March 2019

大華馬施雲會計師事務所有限公司

註冊會計師

陳敬強

執業證書編號：P06057

香港

二零一九年三月二十八日

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 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收益	6	618,833	650,924
Operating cost	營運成本		(497,112)	(443,554)
Gross profit	毛利		121,721	207,370
Other income	其他收入	8	5,348	18,059
Allowance for expected credit losses	預期信貸虧損撥備	11	(246,055)	—
Other gains and losses, net	其他收益及虧損淨額	9	(14,701)	20,202
Marketing and promotion expenses	市場推廣及宣傳開支		(11,513)	(8,291)
Administrative expenses	行政開支		(52,063)	(55,446)
Increase in fair value of investment properties	投資物業公平值增加	19	17,400	—
Finance costs	融資成本	10	(52,482)	(70,660)
(Loss)/profit before tax	除稅前(虧損)/溢利		(232,345)	111,234
Income tax expense	所得稅開支	12	(22,150)	(39,030)
(Loss)/profit for the year	年內(虧損)/溢利	13	(254,495)	72,204
Other comprehensive expense	其他全面開支			
<i>Item that will not be reclassified to profit or loss</i>	<i>將不會重新分類至損益之項目</i>			
— Deficit on revaluation of properties under construction to investment properties	— 分類至投資物業之在建物業之重估虧絀		(22,400)	—
Total comprehensive (expense)/income for the year	年內全面(開支)/收益總額		(276,895)	72,204
Total comprehensive (expense)/income attributable to:	下列人士應佔全面(開支)/收益總額:			
Owners of the Company	本公司所有人		(281,047)	71,040
Non-controlling interests	非控股權益		4,152	1,164
			(276,895)	72,204
(Loss)/earnings per share	每股(虧損)/盈利	15		
— basic (RMB cents)	— 基本(人民幣分)		(18.46)	4.80
— diluted (RMB cents)	— 攤薄(人民幣分)		(18.46)	4.80

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	1,457,160	1,575,766
Prepaid land lease payments	預付土地租約款	18	92,398	95,190
Investment properties	投資物業	19	470,786	413,194
Goodwill	商譽		201	201
Deposit paid for acquisition of property, plant and equipment	已付收購物業、廠房及設備的 按金		13,153	12,366
Deferred tax assets	遞延稅項資產	20	98,332	103,323
Other intangible assets	其他無形資產		4,083	4,417
Trade and other receivables due after one year	一年後到期的應收賬款及 其他應收款	21	1,908	70,595
Contract assets	合約資產	22	34,662	—
			2,172,683	2,275,052
CURRENT ASSETS	流動資產			
Prepaid land lease payments	預付土地租約款	18	2,908	2,908
Trade and other receivables and prepayments	應收賬款及其他應收款以及 預付款	21	1,125,061	1,240,324
Bank balances and cash	銀行結餘及現金	23	48,435	69,505
			1,176,404	1,312,737
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付賬款及其他應付款	24	378,433	368,783
Amounts due to directors of the Company	應付本公司董事款項	25	6,933	9,602
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股 權益的款項	26	1,764	1,838
Tax payable	應付稅項		102,083	88,480
Bank borrowings	銀行借貸	27	324,670	371,192
Other borrowings	其他借貸	28	54,526	64,527
Bonds payable	應付債券	29	254,916	230,378
Contract liabilities	合約負債	22	22,136	—
			1,145,461	1,134,800
NET CURRENT ASSETS	流動資產淨值		30,943	177,937

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		2,203,626	2,452,989
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	30	149,577	123,483
Reserves	儲備		1,783,846	2,056,923
Equity attributable to owners of the Company	本公司所有人應佔股本		1,933,423	2,180,406
Non-controlling interests	非控股權益		155,203	156,844
TOTAL EQUITY	權益總額		2,088,626	2,337,250
NON-CURRENT LIABILITIES	非流動負債			
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益的款項	26	69,711	68,252
Deferred tax liabilities	遞延稅項負債	20	11,034	12,651
Other borrowings	其他借貸	28	34,255	34,836
			115,000	115,739
			2,203,626	2,452,989

The consolidated financial statements on pages 86 to 216 were approved and authorised for issue by the board of directors on 28 March 2019 and are signed on its behalf by:

載於第86至216頁的綜合財務報表已於二零一九年三月二十八日獲董事會批准及授權刊發，並由下列人士代表簽署：

LIU KAIJIN

劉開進

DIRECTOR

董事

ZHOU SHUHUA

周淑華

DIRECTOR

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

Attributable to owners of the Company

本公司所有人應佔

		Share capital	Share premium	Property revaluation reserve	PRC statutory reserve	Other reserve	Share options reserve	Retained profits	Total	Non-controlling interests	Total
		股本	股份溢價	物業重估儲備	法定儲備	其他儲備	購股權儲備	留存溢利	總計	非控股權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
					(notes i) (附註i)	(notes ii) (附註ii)					
At 1 January 2017	於二零一七年一月一日	123,483	922,980	—	19,658	204,554	—	838,691	2,109,366	160,136	2,269,502
Profit and total comprehensive income for the year	年內溢利及全面收益總額	—	—	—	—	—	—	71,040	71,040	1,164	72,204
Dividend paid to non-controlling interests	支付予非控股權益的股息	—	—	—	—	—	—	—	—	(4,456)	(4,456)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	123,483	922,980	—	19,658	204,554	—	909,731	2,180,406	156,844	2,337,250
(Loss)/profit for the year	年內(虧損)/溢利	—	—	—	—	—	—	(258,647)	(258,647)	4,152	(254,495)
Deficit on revaluation of properties under construction to investment properties	分類至投資物業之在建物業之重估虧絀	—	—	(22,400)	—	—	—	—	(22,400)	—	(22,400)
Total comprehensive income for the year	年內全面收益總額	123,483	922,980	(22,400)	19,658	204,554	—	651,084	1,899,359	160,996	2,060,355
Dividend paid to non-controlling interests	支付予非控股權益的股息	—	—	—	—	—	—	—	—	(5,793)	(5,793)
Equity-settled share-based payments (note 41)	以權益結算的股份支付(附註41)	—	—	—	—	—	2,752	—	2,752	—	2,752
Placement of new shares (note 30)	新股份配售(附註30)	26,094	5,218	—	—	—	—	—	31,312	—	31,312
At 31 December 2018	於二零一八年十二月三十一日	149,577	928,198	(22,400)	19,658	204,554	2,752	651,084	1,933,423	155,203	2,088,626

Notes:

附註：

- (i) According to the Articles of Association of subsidiaries established in the People's Republic of China ("PRC"), a portion of the profit after taxation of the Company's PRC subsidiaries is required to be transferred to a PRC statutory reserve before distribution of a dividend to their equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The statutory reserve can be applied either to set off accumulated losses or to increase capital of the respective subsidiaries.
- (ii) The other reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of the share capital and share premium of its subsidiaries and the paid-in capital of RMB39,316,000 of the PRC Operational Entity (as defined in Note 39) pursuant to the group reorganisation in 2011.
- (i) 根據中華人民共和國(「中國」)成立的附屬公司的組織章程細則，本公司的中國附屬公司須將部分除稅後溢利在向權益所有人分派股息之前轉撥至中國法定儲備。當儲備結餘達至相關附屬公司註冊資本的50%時可終止轉撥。該法定儲備可用於抵銷累計虧損或相關附屬公司增加資本。
- (ii) 本集團的其他儲備指本公司用作交換股本面值而發行的股本面值與因二零一一年集團重組而產生的其附屬公司股份溢價(包括中國經營實體(定義見附註39)的實繳資本人民幣39,316,000元)兩者的差額。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

			2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		Notes 附註		
OPERATING ACTIVITIES	經營活動			
(Loss)/profit before tax	除稅前(虧損)/溢利		(232,345)	111,234
Adjustments for:	經下列各項調整：			
Depreciation of property, plant and equipment	物業、廠房及設備折舊		104,949	101,398
Allowance for expected credit losses	預期信貸虧損撥備	11	246,055	—
Amortisation of intangible assets	無形資產攤銷		334	333
Amortisation of prepaid land lease payments	預付土地租賃款攤銷		2,792	2,792
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益		—	(1,520)
Fair value change on investment properties	投資物業公平值變動	19	(17,400)	—
Finance costs	融資成本	10	52,482	70,660
Interest income	利息收入		(1,840)	(8,186)
Unrealised exchange loss (gain)	未變現匯兌虧損(收益)		14,701	(18,682)
Equity-settled share-based payments	以權益結算的股份支付	41	2,752	—
Operating cash flows before movements in working capital	營運資金變動前營運現金流量		172,480	258,029
(Increase)/decrease in trade and other receivables	應收賬款及其他應收款(增加)/減少		(60,058)	29,576
Increase in contract assets	合約資產增加		(37,536)	—
Increase/(decrease) in trade and other payables	應付賬款及其他應付款增加/(減少)		10,499	(17,274)
Increase in contract liabilities	合約負債增加		22,136	—
Cash generated from operations	營運所得的現金		107,521	270,331
PRC income tax paid	已付中國所得稅		(5,173)	(82,813)
NET CASH FROM OPERATING ACTIVITIES	經營活動所得現金淨額		102,348	187,518
INVESTING ACTIVITIES	投資活動			
Purchase of property, plant and equipment	購買物業、廠房及設備	17	(48,935)	(100,713)
Deposit (paid) refunded for acquisition of property, plant and equipment	就收購物業、廠房及設備(支付)退回的按金		(787)	73,276
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項		—	64,427
Withdrawal of pledged bank deposits	提取已抵押銀行存款		—	15,000
Proceeds from disposal of leasehold land	出售租賃土地所得款項		—	7,395
Interest received	已收利息		168	266

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NET CASH (USED IN) FROM INVESTING ACTIVITIES	投資活動(所用)所得現金淨額		(49,554)	59,651
FINANCING ACTIVITIES	融資活動			
New bank borrowings raised	新增銀行借貸		364,670	485,215
Advance from directors of the company	來自本公司一名董事的墊支款項		79,704	3,310
New other borrowings raised	新增其他借貸		25,680	11,877
Advance from non-controlling interests of a subsidiary	來自一間附屬公司的非控股權益墊支款項		5,650	640
Proceeds received from share placements	股份配售所得款項	30	31,312	—
Repayment of bank borrowings	償還銀行借貸		(411,192)	(599,238)
Repayment to directors of the company	償還本公司董事款項		(82,373)	(22,188)
Interest paid	已付利息		(18,565)	(28,796)
Repayment of bonds	償還債券	29	(19,207)	(42,483)
Repayment of other borrowings	償還其他借貸		(36,262)	(13,436)
Repayment to non-controlling interests of a subsidiary	向一間附屬公司的非控股權益償還款項		(7,488)	(2,609)
Dividend payment to non-controlling interests of a subsidiary	向一間附屬公司的非控股權益支付股息		(5,793)	(4,456)
NET CASH USED IN FINANCING ACTIVITIES	融資活動所用現金淨值		(73,864)	(212,164)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值物(減少)增加淨值		(21,070)	35,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初的現金及現金等值物		69,505	34,500
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	年末的現金及現金等值物，即銀行結餘及現金		48,435	69,505

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. General

The Company was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate and ultimate holding company is Wangji Limited, a limited company incorporated in the British Virgin Islands, which is ultimately and wholly owned by Mr. Liu Kaijin ("Mr. Liu"), who is the Executive Director and Chairman of the Company. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Rooms 1501-2, 15/F., Siu On Plaza, 482 Jaffe Road, Causeway Bay, Hong Kong.

The Company acts as an investment holding company and the particulars of its subsidiaries are set out in Note 39 to the consolidated financial statements.

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

2. Basis of Preparation of Consolidated Financial Statements

During the year ended 31 December 2018, the Company had not settled the Bonds as defined in Note 29, when the Bonds fell due for repayment on 21 June 2018 and remained overdue for repayment as at the end of the reporting period. On 15 March 2019, the Company and CITIC Capital China Access Fund Limited (the "Bondholder" or "CITIC") entered into the sixth amendment agreement (the "Sixth Amendment Agreement") to further amend the terms and conditions of the Bonds, pursuant to which the Bondholder agreed to extend the due date for repayment of the Bonds. Under the latest of these amendment agreements, the Company needs to repay the principal amount of the Bonds of approximately HK\$290,000,000 (equivalent to approximately RMB254,916,000) together with the interest amount due by 20 December 2019.

1. 一般資料

本公司根據開曼群島公司法註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）主板上市。本公司的直接及最終控股公司為旺基有限公司，一間於英屬處女群島註冊成立的有限公司，其由本公司執行董事兼主席劉開進先生（「劉先生」）最終及全資擁有。本公司的註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，及其香港主要營業地點位於香港銅鑼灣謝斐道482號兆安廣場15樓1502-2室。

本公司為一間投資控股公司，其附屬公司的詳情載於綜合財務報表附註39。

綜合財務報表以人民幣（「人民幣」）（亦為本公司的功能貨幣）呈列。

2. 綜合財務報表的編製基準

於截至二零一八年十二月三十一日止年度，本公司並未償還附註29所界定之債券。債券於二零一八年六月二十一日到期須償還及於報告期末仍逾期未還。於二零一九年三月十五日，本公司與CITIC Capital China Access Fund Limited（「債券持有人」或「CITIC」）訂立第六份修訂協議（「第六份修訂協議」）進一步修訂債券之條款及條件，據此，債券持有人同意延長債券到期還款日期。根據該等最新經修訂協議，本公司最遲須於二零一九年十二月二十日償付債券本金額約290,000,000港元（相當於約人民幣254,916,000元）連同到期的利息。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. Basis of Preparation of Consolidated Financial Statements (Continued)

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern as the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2018, after taking into consideration of the following:

- (1) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its operations in the future;
- (2) Since most of the bank borrowings as at 31 December 2018 of RMB324,670,000 were secured by the Group's assets, the Directors believe that it is highly probable that they can be renewed in the next twelve months; and
- (3) As at 31 December 2018, the Group has unutilised banking facilities of RMB80,330,000 which will be available for use by the Group in the next twelve months.

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

2. 綜合財務報表的編製基準(續)

上文所述狀況顯示存在重大不明朗因素，可能對本集團繼續按持續經營基準的能力及其後對其於一般業務過程中變現其資產及償還負債的能力產生重大疑問。然而，於考慮下列各項後，綜合財務報表乃按本集團可以持續經營的假設而編製，及董事認為本集團有足夠營運資金應付自二零一八年十二月三十一日起計未來十二個月的經營所需：

- (1) 本集團繼續通過實施收緊對各項經營開支的成本控制措施，產生來自其經營業務的現金流量，從而改善其日後現金流量狀況及產生更大的經營現金流入；
- (2) 由於於二零一八年十二月三十一日的人民幣324,670,000元銀行借貸大部分為由本集團資產作抵押，董事相信，未來十二個月被續貸的可能性較大；及
- (3) 本集團於二零一八年十二月三十一日的尚未動用銀行融資額度為人民幣80,330,000元(於未來十二個月將可供使用)。

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Impacts and changes in accounting policies on application of HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)

已於本年度強制生效的新訂及經修訂的香港財務報告準則

本集團於本年度首次採用下列由香港會計師公會(「香港會計師公會」)頒佈的新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	與客戶的合約產生的收益及相關修訂案
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
香港財務報告準則第2號(修訂本)	股份支付交易的分類及計量
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第9號「金融工具」與香港財務報告準則第4號「保險合約」
香港會計準則第28號(修訂本)	作為香港財務報告準則二零一四年至二零一六年週期的年度改進的一部分
香港會計準則第40號(修訂本)	轉讓投資物業

除下文所述外，於本年度應用該等新訂及經修訂香港財務報告準則對本集團本年度及過往年度的財務表現及狀況及/或此等綜合財務報表所載的披露並無任何重大影響。

3.1 應用香港財務報告準則第9號「金融工具」的會計政策的影響及變動

於本年度，本集團已應用香港財務報告準則第9號「金融工具」及其他香港財務報告準則的有關相應修訂。香港財務報告準則第9號對1)金融資產及金融負債的分類及計量；2)金融資產的預期信貸虧損(「預期信貸虧損」)及；3)一般對沖會計法提出新要求。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 9 *Financial Instruments* (Continued)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application HKFRS 9 are disclosed in Note 4.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已於本年度強制生效的新訂及經修訂的香港財務報告準則(續)

3.1 應用香港財務報告準則第9號「金融工具」的會計政策的影響及變動(續)

本集團已根據香港財務報告準則第9號所載過渡性條文對於二零一八年一月一日(初始應用日期)尚未取消確認的工具追溯應用香港財務報告準則第9號(即應用分類及計量規定(包括預期信貸虧損模式下的減值))，惟並未對於二零一八年一月一日已取消確認的工具應用有關規定。於二零一七年十二月三十一日的賬面值與於二零一八年一月一日的賬面值之間的差額於期初留存溢利及權益的其他組成部分確認，而並無重列比較資料。

因此，由於比較資料乃根據香港會計準則第39號金融工具：確認及計量編製，故若干比較資料或不可用於比較。

因應用香港財務報告準則第9號採納的會計政策披露於附註4。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 9 *Financial Instruments* (Continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including bank balances and cash, trade and other receivables, and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Lifetime ECL represents that ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and other receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

As at 31 December 2017, impairment loss allowance of RMB437,777,000 has been recognised and no additional expected credit loss allowance for trade receivables has been recognised as at 1 January 2018 against retained profits.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已於本年度強制生效的新訂及經修訂的香港財務報告準則(續)

3.1 應用香港財務報告準則第9號「金融工具」的會計政策的影響及變動(續)

預期信貸虧損模式下的減值

本集團就根據香港財務報告準則第9號須予以減值的金融資產(包括銀行結餘及現金、應收賬款及其他應收款及合約資產)的預期信貸虧損確認虧損撥備。預期信貸虧損的金額會於各報告日期予以更新以反映自初始確認起的信貸風險變動。存續期間的預期信貸虧損指於有關工具預期年期內所有可能的違約事件將產生的預期信貸虧損。相反，十二個月預期信貸虧損(「十二個月預期信貸虧損」)指於報告日期後十二個月內可能發生的違約事件預期產生的該部分存續期間的預期信貸虧損。本集團已根據其歷史信貸虧損經驗完成評估，並就債務人特定因素、整體經濟環境以及於報告日期當前狀況及日後狀況預測的評估作出調整。

本集團一直就應收賬款及其他應收款及合約資產確認全期預期信貸虧損。該等資產的預期信貸虧損乃就具重大結餘的債務人進行個別評估及/或採用具合適組別的撥備矩陣進行整體評估。

截至二零一七年十二月三十一日，已確認減值虧損撥備人民幣437,777,000元，截至二零一八年一月一日，概無於留存溢利中就應收賬款確認任何額外預期信貸虧損撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

The Group recognises revenue from the following major sources:

- Provision of capital and reclamation dredging services and related consultation services
- Provision of dredging or water management services or constructions for promoting environmental interests and water quality
- Provision of marine hoisting, installation, salvaging, vessel chartering and other engineering services
- Provision of management and leasing of a shopping mall and the construction of a hotel

Information about the Group's performance obligation and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 6 and Note 4.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已於本年度強制生效的新訂及經修訂的香港財務報告準則(續)

3.2 應用香港財務報告準則第15號「與客戶的合約產生的收益」的會計政策的影響及變動

本集團於本年度首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而首次應用該準則的累積影響已於二零一八年一月一日初始應用日期確認。於初始應用日期的所有差額已於期初留存溢利或權益的其他部分(如適用)確認，而並無重列比較資料。此外，根據香港財務報告準則第15號的過渡性條文，本集團選擇僅對於二零一八年一月一日尚未完成的合約追溯應用該準則。因此，由於比較資料乃根據香港會計準則第18號「收益」編製，故若干比較資料或不可用於比較。

本集團確認以下主要來源的收益：

- 提供基建及填海疏浚服務及相關顧問服務
- 就提升環保效益及水質而提供的疏浚或水務管理服務或工程
- 提供海上吊裝、安裝、打撈、船舶包租及其他工程服務
- 提供商場的租賃管理及酒店建設

有關本集團因應用香港財務報告準則第15號產生的履約責任及會計政策資料披露於附註6及附註4。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已於本年度強制生效的新訂及經修訂的香港財務報告準則(續)

3.2 應用香港財務報告準則第15號「與客戶的合約產生的收益」的會計政策的影響及變動(續)

首次應用香港財務報告準則第15號產生的影響概要

以下調整乃對於二零一八年一月一日的綜合財務狀況表確認的金額作出。不受變動影響的條目並未計入。

		Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
		先前所呈報於二零一七年十二月三十一日的賬面值 RMB'000 人民幣千元	重新分類 RMB'000 人民幣千元	根據香港財務報告準則第15號於二零一八年一月一日的賬面值 RMB'000 人民幣千元
Non-current assets	非流動資產			
Trade and other receivables due after one year	一年後到期的應收賬款及其他應收款			
— Retention receivables	— 應收保固金	59,098	(59,098)	—
Contract assets	合約資產	—	59,098	59,098
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款			
— Receipts in advance	— 預收款項	17,014	(17,014)	—
Contract liabilities	合約負債	—	17,014	17,014

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.2 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

As at 1 January 2018, retention receivables of HK\$59,098,000 are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

As at 1 January 2018, advances from customers of RMB17,014,000 related to the consideration received for Capital and Reclamation Dredging Business and Environmental Protection Dredging and Water Management Business which was previously included in trade and other payables. These balances were reclassified to contract liabilities included in trade and other payables in the consolidated statement of financial position as at 1 January 2018 upon application of HKFRS 15.

Other than the adjustment made as described above, there is no material impact of transition to HKFRS 15 on the accumulated profits at 1 January 2018.

3.3 Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已於本年度強制生效的新訂及經修訂的香港財務報告準則(續)

3.2 應用香港財務報告準則第15號「與客戶的合約產生的收益」的會計政策的影響及變動(續)

首次應用香港財務報告準則第15號產生的影響概要(續)

於二零一八年一月一日，港幣59,098,000元的應收保固金以客戶在合約規定特定期限內對服務品質滿意為條件，相關結餘從應收賬款及其他應收款重新分類至合約資產。

於二零一八年一月一日，客戶墊款人民幣17,014,000元與就基建及填海疏浚業務、環保疏浚及水務管理業務收取的代價有關。有關代價先前計入應付款項及其他應付款。該等結餘已於應用香港財務報告準則第15號後重新分類至於二零一八年一月一日的綜合財務狀況表中計入應付款項及其他應付款的合約負債。

除所作上述調整外，過渡至香港財務報告準則第15號對於二零一八年一月一日的累計溢利並無重大影響。

3.3 香港會計準則第40號(修訂本)轉讓投資物業

修訂本闡明，轉出或轉入投資物業需評估物業是否符合或已不再符合投資物業的定義，以用途發生更改的證明作為佐證。修訂本亦闡明除香港會計準則第40號列明者外的情況可能證明用途變更，及在建物業用途可能變更(即用途變更並不限於已完工物業)。

於最初應用之日，本集團評估基於當日狀況評估特定物業分類。於二零一八年一月一日，並未對分類產生影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1 and HKAS 8	Amendments to Definition of Material
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for annual periods beginning on or after a date to be determined.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第16號	租賃 ¹
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23號	所得稅處理的不確定性 ¹
香港財務報告準則第3號(修訂本)	企業定義 ²
香港財務報告準則第9號(修訂本)	提早還款特性及負補償 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
香港會計準則第1號及香港會計準則第8號(修訂本)	重大性定義之修訂
香港會計準則第19號(修訂本)	計劃修訂、削減或結算 ¹
香港會計準則第28號(修訂本)	於聯營公司及合營企業的長期權益 ¹
香港財務報告準則(修訂本)	香港財務報告準則二零一五年至二零一七年週期的年度改進 ¹

¹ 於二零一九年一月一日或之後開始的年度期間生效。

² 針對收購日期為二零二零年一月一日或之後開始的第一個年度期間開始之日或之後的業務合併及資產收購生效。

³ 於二零二一年一月一日或之後開始的年度期間生效。

⁴ 於待確定日期或之後開始的年度期間生效。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則(續)

除下文所述新訂及經修訂香港財務報告準則外，本公司董事預計應用所有其他新訂及經修訂香港財務報告準則及詮釋於可見未來對綜合財務報表將無重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入綜合模式。香港財務報告準則第16號生效時將取代香港會計準則第17號「租賃」及其相關詮釋。

香港財務報告準則第16號基於確定資產是否由客戶控制區分租賃及服務合約。此外，香港財務報告準則第16號規定，出售及售後回租交易基於香港財務報告準則第15號有關相關資產轉讓是否應計為出售的要求確定。香港財務報告準則第16號亦包括有關分租及租賃修訂的規定。

除短期租賃及低價值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並以承租人須就所有租賃確認使用權資產及相應負債的模式取代。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

使用權資產初始按成本計量，其後按成本(受若干例外情況所規限)減累計折舊及減值虧損計量，並就任何租賃負債重新計量作出調整。租賃負債初始按當日尚未支付租賃款項的現值計量。其後，租賃負債就利息及租賃款項以及(其中包括)租賃修訂的影響作出調整。就現金流分類，本集團目前將首期預付租賃款呈列為自用租賃土地相關投資現金流，分類為投資物業，而其他營運租賃款呈列為營運現金流。應用香港財務報告準則第16號之後，租賃負債相關租賃款將分類至本金及利息部分，本集團將其呈列為融資現金流。

依據香港會計準則第17號，本集團已確認融資租賃安排的資產及相關融資租賃，以及本集團作為承租人的租賃土地預付租賃款。應用香港財務報告準則第16號可能致使該等資產分類可能變更，具體取決於本集團是否單獨或在呈列自有相關資產的相同行項目中呈列使用權資產。

除亦適用於出租人的若干要求外，香港財務報告準則第16號實質上推行香港會計準則第17號中的出租人會計要求，並繼續要求出租人將租賃分類為營運租賃或融資租賃。

此外，香港財務報告準則第16號要求作出更全面的披露。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$404,000 as disclosed in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB145,000 and refundable rental deposits received of RMB70,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of the new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors of the Company complete a detailed review.

3. 應用新訂及經修訂的香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

誠如附註31所披露，本集團於二零一八年十二月三十一日的不可撤銷經營租賃承擔為404,000港元。初步評估顯示此等安排將符合租賃的定義。於應用香港財務報告準則第16號時，本集團將確認使用權資產及有關所有該等租賃的相應負債，除非其符合低價值或短期租賃則另作別論。

此外，本集團目前將已付可退還租賃按金人民幣145,000元及已收可退還租賃按金人民幣70,000元視為香港會計準則第17號適用的租賃權利及義務。基於香港財務報告準則第16號下租賃款的定義，該等按金並非就相關資產使用權支付的款項，因此，該等按金賬面值可調整至攤銷成本。已付可退還租賃按金將視為額外租賃款，計入使用權資產賬面值。已收可退還按金將視為預付租賃款的調整。

應用新要求可能引致上述計量、呈列及披露變更。但本公司董事完成詳細審核前，無法提供合理財務影響估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases* and HKFRS 2 *Share-based Payment*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

4. 主要會計政策

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

綜合財務報表乃按歷史成本基準編製，惟投資物業乃按各報告期末的公平值計量(如下述會計政策所闡述)。

歷史成本一般根據交換貨品及服務時所付出代價的公平值計算。

公平值是於計量日期市場參與者於有秩序交易中出售資產所收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及/或披露用途的公平值乃按此基準釐定，惟屬於香港會計準則第17號租賃及香港財務報告準則第2號股份支付範圍內的租賃交易，以及與公平值存在若干類似特點但並非公平值的計量(如香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中使用的數值)除外。

非金融資產公平值計量考慮市場參與者最大限度使用資產，或將其出售予另一名將最大限度使用資產的市場參與者，從而產生經濟效益的能力。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

4. 主要會計政策(續)

就按公平值交易的投資物業及使用不可觀察輸入數據計量隨後期間公平值的估值技術，估值技術將進行調校，以使初始確認時估值技術結果等於交易價。

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

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

主要會計政策於下文載列。

綜合基準

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

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. 主要會計政策(續)

綜合基準(續)

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

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

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

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

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

於附屬公司的非控股權益獨立於本集團於附屬公司股權呈列，意味著呈列所有權權益，賦予持有人於清盤後享有相關附屬公司淨資產比例份額的權利。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Goodwill

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

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

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

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit retained.

4. 主要會計政策(續)

商譽

收購業務產生的商譽按收購業務日期產生的成本減任何累計減值虧損(如有)列賬。

就減值測試而言，商譽會分配至預期可從合併的協同效益中獲益的本集團各現金產生單位，這是商譽內部管理目的的最低水平而不大於經營分部。

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

於出售相關現金產生單位或現金產生單位組別中任何現金產生單位時，應佔商譽金額納入出售損益金額釐定。當本集團出售現金產生單位中的業務，出售商譽金額基於出售業務(或現金產生單位)及留存現金產生單位部分的相對價值計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Government grants

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

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

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

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

4. 主要會計政策(續)

政府補助

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

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

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

與客戶的合約產生的收益(依據附註3過渡應用香港財務報告準則第15號之後)

根據香港財務報告準則第15號，本集團當(或於)完成履約責任時確認收益，即於特定履約責任相關的商品或服務的「控制權」轉讓予客戶時。

履約責任指明確商品及服務(或一組商品或服務)或一系列實質上相同的明確商品或服務。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 3) (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

4. 主要會計政策(續)

與客戶的合約產生的收益(依據附註3過渡應用香港財務報告準則第15號之後)(續)

倘符合下列其中一項標準，控制權在一段時間內轉移，而收益確認會按一段時間內完全滿足相關履約責任的進度進行：

- 客戶同時收取及耗用由本集團履約所帶來的利益；
- 本集團履約導致產生及提升於本集團履約時由客戶控制的資產；或
- 本集團履約並無產生對本集團有替代用途的資產，且本集團可享有強制執行權，以收回迄今已履約部分的款項。

否則，收益於客戶獲得明確商品或服務的控制權時確認。

合約資產指本集團就向客戶換取本集團已轉讓的貨品或服務收取代價的權利(尚未成為無條件)。其根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即代價付款到期前僅需時間推移。

合約負債指本集團向已支付代價(或到期代價金額)的客戶轉讓商品或服務的責任。

合約相關的合約資產及合約負債均按淨額列賬及呈列。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 3) (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

Where revenue is recognized over time, the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

4. 主要會計政策(續)

與客戶的合約產生的收益(依據附註3過渡應用香港財務報告準則第15號之後)(續)

隨時間確認收益：計量完全覆行履約責任的進度

輸出法

若收益隨時間確認，完全覆行履約責任的進度乃根據輸出法計量，即以直接計量迄今已轉讓予客戶的商品或服務相對合約項下承諾的剩餘商品或服務的價值為基礎確認收益，此舉最能反映本集團轉讓商品或服務控制權的履約情況。

可變代價

就包含可變代價的合約而言，本集團使用(a)預期價值法或(b)最可能金額(視乎何種方法可令本集團更好預測其有權獲得的代價金額而定)估計其有權獲得的代價金額。

估計可變代價金額僅在可變代價相關不明朗因素其後得以解決時，有關計入幾乎不會導致日後出現重大收益撥回的情況下計入交易價格。

本集團於各報告期末更新估計交易價格(包括更新其對可變代價估計是否受限的評估)，以忠實呈列本報告期間末存在的情況以及於本報告期間的情況變化。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Revenue recognition (prior to January 2018)

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

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

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

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

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

Property, plant and equipment

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

4. 主要會計政策(續)

收益確認(二零一八年一月之前)

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

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

服務收入將於正常業務過程中提供服務時進行確認(扣除銷售相關稅費)。

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

本集團確認來自經營租賃的收益的會計政策於下文租賃的會計政策闡釋。

物業、廠房及設備

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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

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

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

4. 主要會計政策(續)

物業、廠房及設備(續)

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

若一個物業、廠房及設備項目因所有人佔用結束證實用途變更而成為投資資產，該項目於轉讓日賬面值與公平值之間的任何差額(包括相關預付租賃款)確認於其他綜合收益及於物業重新估值儲備累計。資產後續出售或退役時，相關重新估值儲備將直接轉至留存溢利。

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

根據融資租賃持有的資產乃按自置資產的相同基準於其估計可使用年期內折舊。

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Buildings under development for future owner-occupied purpose

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

Investment properties

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

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

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

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

4. 主要會計政策(續)

日後由所有人佔用的在建樓宇

倘樓宇正處於開發階段，以作生產或行政用途，於建築期內計提的預付土地租賃款攤銷則計入在建樓宇成本的一部分。在建樓宇按成本減任何已識別減值虧損入賬。樓宇在其可供使用(即樓宇處於適當的地點及狀況而能夠按管理層擬定的方式經營)時開始折舊。

投資物業

投資物業乃指持有作為賺取租金及/或作資本增值的物業(包括作為該用途的在建物業)。

在建投資物業初步按成本(包括任何直接應佔開支及合資格撥充資本的借貸成本)計量。在建投資物業產生的建築成本資本化為在建投資物業的賬面值的一部分。

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

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

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (as a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 主要會計政策(續)

有形資產減值虧損

於各報告期末，本集團會審閱其有形資產的賬面值，以判斷是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何該等跡象，會對有關資產的可回收金額進行估計，以釐定減值虧損(如有)的程度。

有形資產可收回金額獨立估算，倘未能估算個別資產的可收回金額，本集團將估算資產所屬現金產生單位的可收回金額。倘合理及一貫分配基準可獲識別，企業資產亦會被分配到個別現金產生單位，否則或會被分配到可識別合理及一貫分配基準的最小現金產生單位組別。

可收回金額為公平值減銷售成本與使用價值兩者中的較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產作為現金產生單位於估計未來現金流量調整前的獨有風險的稅前貼現率折算估計未來現金流量至其現值。

倘估計資產的可收回金額低於其賬面值，該項資產(或現金產生單位)的賬面值則會調減至其可收回金額。減值虧損將立即於損益賬確認為開支。

倘減值虧損隨後被撥回，則該資產(或現金產生單位)的賬面值會增加至其重新估計的可收回金額，但增加後的賬面值不得超過該資產(或現金產生單位)於以往年度未確認減值虧損時釐定的賬面值。減值虧損的撥回立即確認為收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When the Group makes payments for a property which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease.

Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straightline basis. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as finance lease under property, plant and equipment.

4. 主要會計政策(續)

租賃

凡租賃條款將擁有權的絕大部分風險及回報轉予承租人的租賃均分類為融資租賃。所有其他租賃則分類為經營租賃。

本集團作為出租人

經營租賃租金收入於相關租期內以直線法確認。

本集團作為承租人

經營租賃付款按直線法於租期內確認為一項開支，惟如另有系統性基準較時間性模式更具代表性，租賃資產的經濟效益據此被消耗除外。

租賃土地及樓宇

倘本集團為同時包括租賃土地及樓宇部分的物業付款，則本集團會分別依照各部分擁有權隨附的絕大部分風險及回報是否已轉移至本集團的評估，就將各部分分類為融資或經營租賃作出評估，惟倘兩部分均明顯為經營租賃，則將整項物業作為經營租賃入賬。

具體而言，全部代價(包括任何一筆過首期付款)會按初次確認時租賃土地部分與樓宇部分租賃權益的相關公平值，按比例於租賃土地及樓宇部分之間分配。

倘能可靠地分配相關款項，列為經營租賃的租賃土地權益將於綜合財務狀況表列作「預付土地租賃款」，並於租期內以直線法攤銷入賬。倘無法於租賃土地及樓宇部分之間可靠地分配租賃款項，全部物業一般被分類為物業、廠房及設備項下的融資租賃。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution schemes are recognised as an expense when employees have rendered service entitling them to the contributions. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

4. 主要會計政策(續)

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易按交易當日適用的匯率確認。於報告期末，以外幣列值的貨幣項目按該日適用的匯率重新換算。以外幣列值並按歷史成本計量的非貨幣項目則不會重新換算。

結算貨幣項目及重新換算貨幣項目時產生的匯兌差額會於產生期間在損益賬確認。

借貸成本

購置、建築或生產合資格資產(即須長時間準備方可用作其擬定用途或可供出售的資產)直接產生的借貸成本乃計入該等資產的成本中，直至有關資產實質可用作擬定用途或可供出售為止。

所有其他借貸成本於產生期間在損益賬確認。

退休福利成本

定額供款計劃的供款，乃於僱員提供服務後而享有供款時確認為開支。並未悉數歸屬的被沒收供款(如有)，或會用於扣減當期供款水平。

國家退休福利計劃所付款項，乃作為定額供款計劃的供款處理，而本集團根據該計劃承擔的義務與定額供款退休福利計劃產生的義務相等。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "(loss) profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

4. 主要會計政策(續)

短期與其他長期員工福利

短期僱員福利按僱員提供服務時預計將予支付的未貼現福利金額予以確認。所有短期僱員福利將確認為開支，惟其他香港財務報告準則另有規定或允許將福利計入資產成本則除外。

負債乃按應給予僱員的福利(如工資及薪金、年假及病假)扣除任何已支付的金額後進行確認。

就其他長期僱員福利所確認的負債按本集團所預測的僱員截至報告日期所提供服務相關的估計未來現金流出的現值計量。因服務成本、利息及重新計量而產生的負債賬面值的任何變化均在損益中確認，惟其他香港財務報告準則另有規定或允許將其計入資產成本則除外。

稅項

所得稅開支指現時應付稅項及遞延稅項的總額。

即期稅項

現時應付稅項乃按年內應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中所呈報的「除稅前(虧損)溢利」不同，乃由於在其他年度應課稅或可扣稅收入或開支項目及不能課稅及扣稅的項目所致。本集團的即期稅項負債乃按各報告期末已實行或實際上已實行的稅率計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled, or the asset is realised based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. 主要會計政策(續)

稅項(續)

遞延稅項

遞延稅項乃就綜合財務報表中資產及負債賬面金額與計算應課稅溢利所用相應稅基間的臨時差額而確認。遞延稅項負債通常會就所有應課稅臨時差額確認。遞延稅項資產通常就所有可扣稅臨時差額於可能出現應課稅溢利以抵銷該等可扣稅的臨時差額時確認。若於一項交易中，因商譽或於初步確認(非業務合併)資產與負債而引致的臨時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等資產與負債。此外，倘初步確認商譽而引致臨時差額，則不會確認遞延稅項負債。

與附屬公司的投資有關的應課稅臨時差額會確認遞延稅項負債，惟倘本集團可控制臨時差額撥回及臨時差額可能不會於可見將來撥回則除外。與該等投資相關的可扣減臨時差額產生的遞延稅項資產僅於可能將有足夠應課稅溢利以應用臨時差額的利益且預期將於可見將來撥回時確認。

遞延稅項資產的賬面金額於各報告期末予以檢討，並於不再可能有足夠應課稅溢利讓全部或部分資產得以收回時作出調減。

遞延稅項資產及負債按預期清付負債或變現資產期間適用的稅率，根據於報告期末已實施或實際上實施的稅率(及稅法)計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred Tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. 主要會計政策(續)

稅項(續)

遞延稅項(續)

遞延稅項負債及資產的計量反映因於報告期末本集團預計收回或清付其資產及負債賬面金額所使用的方式而引致的稅務後果。

就計量使用公平值模式計量的投資物業的遞延稅項，該等物業賬面值假設將透過出售全部收回，除非假設不成立。當投資物業貶值，及於以逐漸消耗投資物業中經濟效益而非銷售為目標的業務模式中持有，則假設不成立。

倘享有合法可行使權力以即期稅項資產沖銷即期稅項負債，及倘稅項資產及負債涉及由同一稅務機構徵收的所得稅，而本集團有意按淨額結算期即期稅項資產及負債，則遞延稅項資產及負債抵銷。

年內的即期及遞延稅項

即期及遞延稅項於損益賬確認，惟倘其與於其他全面收益或直接於權益確認的項目相關，則即期及遞延稅項亦會分別於其他全面收益或直接於權益確認。倘因業務合併的初步會計方法而產生即期稅項或遞延稅項，有關稅務影響會計入業務合併的會計方法內。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

4. 主要會計政策(續)

股份支付

以權益結算股份支付交易

授予員工的購股權

向員工及提供類似服務的其他人士作出的以權益結算股份支付，按授予日權益工具公平值計量。

以權益結算股份支付的公平值於授予日釐定，未考慮所有非市場歸屬條件，按直線法基於本集團對最終歸屬的權益工具的估計計入歸屬期開支，股本(購股權儲備)則相應增加。於各報告期末，本集團會基於所有相關非市場歸屬條件評估，更改預期歸屬的權益工具數目估計。初步估計更改的影響(如有)確認於損益，以使累積開支反映修改估計，並相應調整購股權儲備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

4. 主要會計政策(續)

金融工具

金融資產及金融負債在集團實體成為契據合約條文的訂約方時確認。所有金融資產常規購買或出售方式於交易日確認及終止確認。購買或出售金融資產的常規購買或出售方式要求於市場法規或約定規定的時間範圍內交付資產。

金融資產及金融負債初步按公平值計量，自二零一八年一月一日起按香港財務報告準則第15號初步計量的客戶合約應收賬款除外。收購或發行金融資產及金融負債直接產生的交易成本於初步確認時計入金融資產或金融負債(於損益賬按公平值列賬的金融資產或金融負債除外)的公平值或自公平值扣除(如適用)。因收購於損益賬按公平值列賬的金融資產或金融負債直接產生的交易成本即時於損益賬確認。

實際利息法乃計算有關期間金融資產或金融負債攤銷成本及分配利息收入及利息開支的方法。實際利率乃於初步確認時按金融資產或金融負債的預計年期或(如適用)較短期間將估計未來現金收支(包括構成實際利率不可或缺部分而支付或收取的所有手續費及貼息、交易成本及其他溢價或折讓)準確貼現至賬面淨額的利率。

本集團一般業務過程中產生的利息收入呈列為收益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

4. 主要會計政策(續)

金融工具(續)

金融資產

金融資產分類及其後計量(依據附註3過渡應用香港財務報告準則第9號之後)

符合以下條件的金融資產隨後按攤銷成本計量：

- 金融資產於以收取合約現金流為目標的業務模式中持有；及
- 合約於指定日期招致現金流，全部為未償還本金款項本金及利息付款。

符合下列條件的金融資產其後均按公平值計入其他全面收益計量：

- 金融資產由以收取合約現金流量及出售金融資產達致目標的業務模式持有；及
- 金融資產的合約性條款於指定日期產生僅為支付本金及未償還本金的利息的現金流量。

所有其他金融資產其後均按公平值計入損益計量，惟於初始應用／初始確認金融資產當日除外。倘股權投資並非持作買賣或收購方並未於香港財務報告準則第3號業務合併適用的業務合併中確認為或然代價，本集團可不可撤回地選擇於其他全面收益中呈列股權投資公平值的其後變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產分類及其後計量(依據附註3過渡應用香港財務報告準則第9號之後)(續)

滿足以下條件的金融資產分類為持做買賣:

- 主要為於近期出售至目的收購;或
- 於初始確認時,屬於由本集團一併管理及近期實際採用短期盈利模式的確定金融工具投資組合的一部分;或
- 屬未指定及成為對沖工具的衍生工具。

此外,倘可消除或大幅減少會計錯配,本集團可不可撤回地指定符合攤銷成本或按公平值計入其他全面收益標準的債務投資按公平值計入損益計量。

(i) 攤銷成本及利息收入

就之後按攤銷成本計量的金融資產及之後以按公平值計入其他全面收益計量的債務工具/應收款項,以實際利息法確認利息收入。除購買或產生的信貸減值金融資產外,金融工具的利息收入透過將實際利率應用於金融資產總賬面值計算,之後發生信貸減值的金融資產除外。就隨後發生信貸減值的金融資產,利息收入透過將實際利率應用於下一報告期金融資產攤銷成本確認。若信貸減值金融工具的信貸風險緩解,而金融資產不再發生信貸減值,則透過將實際利率應用於確定資產不再發生信貸減值下一報告期初的金融資產總賬面值確認利息收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)

本集團就根據香港財務報告準則第9號須予以減值的金融資產(包括應收賬款及合約資產)的預期信貸虧損確認虧損撥備。預期信貸虧損的金額會於各報告日期予以更新以反映自初始確認起的信貸風險變動。

存續期間的預期信貸虧損指於有關工具預期年內所有可能的違約事件將產生的預期信貸虧損。相反，十二個月預期信貸虧損(「十二個月預期信貸虧損」)指於報告日期後十二個月內可能發生的違約事件預期產生的該部分存續期間的預期信貸虧損。本集團已根據其歷史信貸虧損經驗完成評估，並就債務人特定因素、整體經濟環境以及於報告日期當前狀況及日後狀況預測的評估作出調整。

本集團一直就無重大融資成分的應收款項確認存續期間的預期信貸虧損。該等資產的預期信貸虧損乃就具重大結餘的債務人進行個別評估及/或採用具合適組別的撥備矩陣進行整體評估。

就所有其他工具而言，本集團計量虧損撥備等於十二個月預期信貸虧損，除非當信貸風險自初始確認以來顯著上升，則本集團確認存續期間的預期信貸虧損。是否應確認存續期間的預期信貸虧損乃根據自初始確認以來出現違約的可能性或風險顯著上升而評估。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)(續)

(i) 信貸風險顯著上升

評估信貸風險自初始確認以來是否顯著上升時，本集團會比較金融工具於報告日期發生違約的風險與金融工具於初始確認日期發生違約的風險。作出本評估時，本集團會考慮合理及具支持性的定量及定性資料，包括過往經驗及可以合理成本及精力獲取的前瞻性資料。

具體而言，評估信貸風險是否顯著上升時會考慮以下資料：

- 金融工具外部(如有)或內部信用評級的實際或預期顯著惡化；
- 信貸風險的外部市場指標顯著惡化，例如債務人的信貸息差、信用違約掉期價格顯著上升；
- 商業、金融或經濟情況目前或預期有不利變動，預計將導致債務人償還債項的能力顯著下降；
- 債務人經營業績實際或預期顯著惡化；
- 債務人的監管、經濟或技術環境有實際或預期的重大不利變動，導致債務人償還債項的能力顯著下降。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)(續)

(i) 信貸風險顯著上升(續)

不論上述評估結果如何，本集團均假設合約付款逾期超過30日的信貸風險自初始確認以來顯著上升，除非本集團有合理及具支持性的資料證明存在其他情況。

儘管有上述情況，本集團認為，若報告日確定債務工具信貸風險較低，則債務工具的信貸風險並未因初始確認顯著上升。倘債務工具(i)違約風險較低，(ii)借款人於近期履行合約現金流義務的能力較強及(iii)經濟及業務狀況中的不利變更於較長期限內可能但不一定會減損借款人履行其合約現金流義務的能力，則確定債務工具信貸風險較低。當債務工具獲得全球公認的內部或外部「投資等級」信貸評級，則本集團認為債務工具信貸風險較低。

本集團定期監控確定信貸風險是否顯著上升的標準有效性，並在適當時作出修改，以確保標準能在款項逾期前確定信貸風險是否顯著上升。

(ii) 違約定義

就內部信貸風險管理而言，當內部編製或從外部來源獲取的資料顯示債務人無法向其債權人(包括本集團)清償債務(不考慮本集團持有的任何抵押品)，則本集團認為發生違約事件。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

- (ii) Definition of default (Continued)
- Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. For contracts with large state-owned enterprise or local government, the Group would assess the exposure individually taking into consideration specific facts and circumstances in considering when an event of default has occurred.
- (iii) Credit-impaired financial assets
- A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:
- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - (e) the disappearance of an active market for that financial asset because of financial difficulties.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)(續)

- (ii) 違約定義(續)
- 不論是否發生上述情況，本集團認為，倘金融資產逾期超過90天時則發生違約，除非本集團有合理及具支持性的資料顯示較長的違約期限更為適用。就與大型國有企業或地方政府訂立的合約，本集團將於考量何時發生違約時考慮具體事實及情況，以單獨評估風險敞口。
- (iii) 信貸減值金融資產
- 當一起或多起違約事件對金融資產估計未來現金流產生不利影響，則金融資產發生信貸減值。證明金融資產發生信貸減值的證據包括有關以下時間的可觀察資料：
- (a) 發行人或借款人出現嚴重財務困難；
 - (b) 違反合約，例如違約或逾期事件；
 - (c) 借款人的貸款人因借款人財務困難，向借款人授予貸款人在其他情況下不予考慮的讓步；
 - (d) 借款人可能進入破產或其他財務重組程序；或
 - (e) 該金融資產活躍市場因財務困難消失。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)(續)

(iv) 撇銷政策

當有資料顯示對手方陷入嚴重財務困難並且無現實恢復可能性，例如當對手方進入清盤或破產程序，或就應收賬款而言，款項逾期超過三年(以較早出現為準)，則本集團將撇銷金融資產。遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成終止確認事件。任何隨後收回款項將於損益確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險暴露的函數。評估違約概率及違約損失率的依據是經前瞻性資料調整的過往數據。預期信貸虧損估計反映各項加權違約風險釐定的無偏差及概率加權金額。

預期信貸虧損通常按根據合約應付本集團的所有合約現金流量與本集團預計收取的所有現金流量(按初始確認時釐定的實際利率折現)之間的差額估算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the customer basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(於應用香港財務報告準則第9號時依據附註3的過渡規定)(續)

(v) 預期信貸虧損的計量及確認(續)

倘預期信貸虧損按集體基準計量或於未必能獲得個別工具的證據的情況下，金融工具按以下基準歸類：

- 金融工具性質(即本集團應收賬款及其他應收款、融資租賃應收款項及應收客戶款項各自評為獨立組別。提供予相關人士的貸款按獨立基準評估預期信貸虧損)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(如有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入乃根據金融資產的總賬面值計算，除非金融資產發生信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團透過調整金融工具的賬面值於損益中確認所有金融工具的減值收益或虧損，惟應收賬款及合約資產則除外，其相應調整於虧損撥備賬中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets represent as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產的分類及其後計量(於二零一八年一月一日應用香港財務報告準則第9號前)

本集團的金融資產由貸款及應收款項所代表。分類視乎金融資產的性質及目的而定，並於初步確認時釐定。

實際利息法

實際利息法乃計算有關期間債務工具攤銷成本及分配利息收入的方法。實際利率乃於初步確認時按債務工具的預計年期或(如適用)較短期間將估計未來現金收益(包括構成實際利率不可或缺部分而支付或收取的所有手續費及貼息、交易成本及其他溢價或折讓)準確貼現至賬面淨額的利率。債務工具的利息收入按實際利息基準確認。

貸款及應收款項

貸款及應收款項為有定額或可釐定付款且在活躍市場並無報價的非衍生金融資產。貸款及應收款項(包括應收賬款及其他應收款、已抵押銀行存款及銀行結餘)扣減任何已識別減值虧損後使用實際利息法按攤銷成本計量(參閱下文有關金融資產減值的會計政策)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Impairment loss for loans and receivables are assessed on an individual basis.

For loans and receivables, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值

金融資產於各報告期末評估有否出現減值跡象。倘有客觀證據顯示初步確認金融資產後發生的一項或多項事件導致金融資產的估計未來現金流量受到影響，則金融資產被認為已減值。

就貸款及應收款項而言，減值的客觀證據可能包括：

- 發行人或交易對方出現嚴重財務困難；或
- 違約，例如逾期或拖欠利息或本金還款；或
- 借款人很有可能破產或進行財務重組。

貸款及應收款項的減值虧損乃按個別基準評估。

就貸款及應收款項而言，已確認減值虧損的金額為資產賬面值與按金融資產原實際利率貼現的估計未來現金流量現值之間的差額。

所有金融資產的減值虧損會直接於金融資產的賬面值中作出扣減，惟應收賬款及其他應收款的賬面金額則透過撥備賬扣減。撥備賬的賬面金額變動於損益賬確認。倘應收賬款及其他應收款被視為不可收回，則會自撥備賬撇銷。先前撇銷而其後收回的金額計入損益賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

倘於往後期間減值虧損金額減少，而該減少與減值確認後發生的事件有客觀聯繫，則先前確認的減值虧損透過損益賬撥回，惟該投資於撥回減值當日的賬面金額不得超過在並無確認減值的情況下應有的攤銷成本。

終止確認

僅當自資產收取現金流量的合約權利屆滿，或金融資產已轉讓而本集團已將該項資產擁有權的絕大部分風險及回報轉移至另一實體，本集團方會終止確認有關金融資產。

於終止確認金融資產時，資產的賬面值與已收及應收代價總額的總和間的差額，將於損益中確認。

金融負債及權益工具

分類為債務或股本

集團實體發行的債務及權益工具乃根據所簽訂合約安排的內容及金融負債與權益工具的定義分類為金融負債或股本。

權益工具

權益工具為可證明於本集團資產經扣除其所有負債後的剩餘權益的任何合約。本集團所發行的權益工具確認為所收取的所得款項(扣除直接發行成本)。

實際利息法

實際利息法乃計算有關期間金融負債攤銷成本及分配利息開支的方法。實際利率乃於初步確認時按金融負債的預計年期或(如適用)較短期間將估計未來現金支付(包括構成實際利率不可或缺部分而支付或收取的所有手續費及貼息、交易成本及其他溢價或折讓)準確貼現至賬面淨額的利率。利息開支按實際利息基準確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Other financial liabilities (including trade and other payables, amounts due to directors of the Company, amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings and bonds payable) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Derecognition/non-substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具(續)

以攤銷成本計量的金融負債

其他金融負債(包括應付賬款及其他應付款、應付董事款項、應付附屬公司非控股權益的款項、銀行借貸及其他借貸及應付債券)隨後攤銷成本採用實際利率法計量。

終止確認

金融負債終止確認/非重大改動

當且僅當本集團的責任獲解除、取消或屆滿時，本集團方會終止確認金融負債。已終止確認的金融負債賬面值與已付及應付代價之間的差額會於損益中確認。

本集團將與金融負債貸方的交換(其條款絕大部分跟原有的條款不同)當作抵銷原有金融負債及確認新金融負債。若現有金融負債或其部分的條款作出重大修訂(無論是否由於本集團出現財務困難)，亦應當作抵銷原有金融負債及確認新金融負債。

倘若按新條款以原有實際利率按現金流(包括扣除任何已收取費用的任何已付費用)貼現的現值與原有金融負債的剩餘現金流的貼現現值最少有10%的差額，則本集團認為條款有重大差異。因此，債務工具的交換或條款的修訂按抵銷方式處理，任何已產生的成本或費用將確認為抵銷的部分收益或虧損。倘有關差額少於10%，則有關交換或修訂視作非重大改動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition (Continued)

Non-substantial modifications of financial liabilities (under HKFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term.

Non-substantial modifications of financial liabilities (before application of HKFRS 9 on 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, at the point of modification, the carrying amount of the relevant financial liabilities is revised for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortise the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. 主要會計政策(續)

金融工具(續)

終止確認(續)

金融負債的非重大改動(自二零一八年一月一日起根據香港財務報告準則第9號)有關不造成終止確認的金融負債的非重大改動,相關金融負債的賬面金額將以經修訂合約現金流量的現值計算,按該金融負債的原始實際利率貼現。金融負債賬面金額的任何調整於改動日期於損益中確認。產生的交易成本或費用按經改動金融負債的賬面金額調整並於餘下期間攤銷。

金融負債的非重大改動(於二零一八年一月一日應用香港財務報告準則第9號之前)

有關不造成終止確認的金融負債的非重大改動,在作出改動時,相關金融負債的賬面金額會根據直接應佔交易成本及支付給對手方或從對手方收取的任何代價進行改動。對實際利率進行調整以攤銷經修訂的賬面金額與經修訂工具有效期內的預期現金流量之間的差額。

5. 關鍵會計判斷及估計不明朗因素的主要來源

於應用本集團的會計政策(載述於綜合財務報表附註4)時,董事須作出有關未能從其他來源直接獲得的資產及負債賬面金額的判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關的其他因素作出。實際結果可能有別於該等估計。

估計及相關假設乃按持續經營基準予以檢討。倘會計估計的修訂僅影響估計獲修訂的期間,則會計估計的修訂於該期間予以確認,倘若修訂影響現時及未來期間,則會計估計的修訂於修訂及未來期間內予以確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements and the results, assets and liabilities of the PRC Operational Entity and its subsidiaries are consolidated with other group entities.

Consolidation of a structured entity

PRC laws and regulations prohibit or restrict foreign investors from owning more than 50% equity interest in any enterprise which owns vessels for conducting dredging business in the PRC.

On 19 April 2011, Xiangyu PRC (as defined in Note 39), the PRC Operational Entity (as defined in Note 39) and its respective equity participants, being Mr. Liu and Ms. Zhou Shuhua ("Ms. Zhou"), the spouse of Mr. Liu, entered into the Contractual Arrangements (as defined in Note 39). The PRC Operational Entity and its subsidiaries are engaged in the provision of dredging services of the Group. Details of the Contractual Arrangements are set out in Note 39.

The Directors, after consulting legal opinion, are of the view that the terms of the Contractual Arrangements have in substance enabled Xiangyu PRC to have the ability and right to direct the relevant activities to obtain variable returns from its involvement with the PRC Operational Entity and its subsidiaries, and to have free ability to use its power to affect its returns, despite the absence of formal legal equity interest held by the Group therein. Accordingly, the PRC Operational Entity is treated as a subsidiary of the Company, and the results, assets and liabilities of the PRC Operational Entity and its subsidiaries are consolidated together with other group entities as if they were wholly owned by the Company.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時的關鍵判斷

除涉及估計(見下文)的判斷外,以下為董事在採用本集團會計政策過程中所作出、對在綜合財務報表中確認的金額具最重大影響的關鍵判斷,及中國經營實體及其附屬公司的業績、資產及負債與其他集團實體合併入賬。

結構性實體合併

中國法律及規定禁止或限制外國投資者於任何擁有可進行疏浚業務的船舶的中國企業中持有超過50%的股權。

於二零一一年四月十九日,翔宇中國(定義見附註39)、中國經營實體(定義見附註39)及其各參股方(即劉先生及劉先生配偶周淑華女士(「周女士」))訂立合約安排(定義見附註39)。中國經營實體及其附屬公司從事提供本集團的疏浚業務。有關合約安排的詳情載於附註39。

董事經徵詢法律意見後認為,儘管本集團於合約安排中並無持有正式的法定股權,惟合約安排的條款已實質上賦予翔宇中國具有能力及權利指導相關活動及改變來自其參與中國經營實體及其附屬公司的回報,有權利用其權利影響回報。因此,中國經營實體作為本公司的附屬公司,因此,中國經營實體及其附屬公司的業績、資產及負債與其他集團實體合併入賬,猶如彼等由本公司全資擁有。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Consolidation of a structured entity (Continued)

In the opinion of the Directors, with reference to legal opinion, the Contractual Arrangements are in compliance with the existing PRC laws and regulations are valid, binding and legally enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group's current Contractual Arrangements Structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company's ability, through Xiangyu PRC, to enforce its rights and power over the PRC Operational Entity under the Contractual Arrangements.

The operation of the Group was substantially derived from the PRC Operational Entity and its subsidiaries. If the current structure or any of the Contractual Arrangements were found to be in violation of PRC laws and regulations, the Group may be subject to penalties, which in the future may include but not be limited to, the cancellation or revocation of the Group's business and operating licenses, being required to restructure the Group's operations or discontinue the Group's operating activities. The imposition of any of these or other penalties may result in a material and adverse effect on the Group's ability to conduct its operations. In such case, the Group may not be able to operate or control the PRC Operational Entity and its subsidiaries, which may result in deconsolidation of it.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時的關鍵判斷(續)

結構性實體合併(續)

董事認為，經考慮法律意見，合約安排已遵守現有中國法律及規定，為有效、具約束力及法律依從性，並將於各重大方面不會導致違反中國現行法律及規定。然而，中國法律體系存有不確定性，可能會引致本集團現時的合約安排架構違反任何現有及/或未來中國法律或規定，並會根據中華人民共和國境內經營實體合同安排限制本公司透過翔宇中國強制行使其於該等合約安排項下的權利及權力的能力。

本集團的業務主要來自中國經營實體及其附屬公司。倘現有架構或任何合約安排違反任何中國法律法規，本集團可能會受到處罰(日後可能包括但不限於取消或撤銷本集團的業務及營業執照)，需要重組本集團的業務或終止本集團的經營活動。判以任何該等或其他處罰可能會對本集團經營其業務的能力造成重大不利影響。在此情況下，本集團或許無法營運或控制中國經營實體及其附屬公司，或會導致其取消綜合入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the Directors of the Company have reviewed the Group's investment property and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are disclosed below.

Estimates of fair values of investment properties

As described in Note 19, investment properties are measured at fair value at the end of reporting period using income capitalised approach by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation reflect market condition. Where there are any changes in the assumptions due to the market conditions in the PRC, the estimate of fair value of investment properties may be significantly affected. As at 31 December 2018, investment properties of approximately RMB470,786,000 (2017: RMB413,194,000) are measured using income capitalised approach.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時的關鍵判斷(續)

投資物業遞延稅項

為了衡量使用公平值模型計量投資物業產生的遞延稅項，本公司董事對本集團的投資物業進行了審查，並得出結論認為本集團的投資物業按照目前消費標準的經營模式進行，基本上所有的經濟利益都體現在投資物業中而不是出售。因此，在計量本集團投資物業的遞延稅項時，董事已確定推定使用公平值模型計量的投資物業的賬面價值是通過出售完全收回的。因此，本集團投資物業的遞延稅項是根據完全通過使用追回賬面價值的稅後影響進行衡量的。

估計不明朗因素的主要來源

於報告期末，有重大風險或會導致下個財政年度資產的賬面金額出現重大調整的估計不明朗因素的主要來源的披露如下。

投資物業的公平值估計

如附註19所述，投資物業於報告期末乃由獨立專業估值師採用收益資本化法按公平值計量。該等估值乃基於若干假設，或會受不確定性因素影響且可能與實際結果有重大出入。在依賴估值報告時，本公司董事已行使判斷且信納估值中所用假設反映了市場狀況。倘因中國市況導致假設出現任何變動時，投資物業的公平值估計或會受到重大影響。於二零一八年十二月三十一日，約人民幣470,786,000元(二零一七年：人民幣413,194,000元)的投資物業乃使用收益資本化法計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

ECL allowances for trade receivable and contract assets

Management regularly assesses the loss allowances for expected credit losses on trade receivables and contract assets and recognises lifetime ECL for trade receivables and contract assets. Allowances for these receivables and contract assets are made based on evaluation of ECL for trade receivables and contract assets and involve exercise of management's judgments, which are made by reference to the estimation of the future cash flows discounted at the original effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness and the risk of default occurring on debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The assessment on the probability of default and loss given default is based on historical data adjusted by forward-looking information. As at 31 December 2018, the carrying amount of trade receivables and contract assets are approximately RMB1,035,691,000 and RMB34,662,000 respectively, net of impairment loss allowance of approximately RMB680,959,000 and RMB2,873,000 respectively.

Estimated useful life and residual values of property, plant and equipment

Dredgers and plant and machinery included in property, plant and equipment are depreciated over their useful lives. The assessment of estimated useful lives and residual values are matters of judgement based on the experience of the Group, taking into account factors such as technological progress, conditions of the dredgers and plant and machinery and changes in market demand. Useful lives and residual values are periodically reviewed for continued appropriateness. Due to the long useful lives of the dredgers and plant and machinery, changes to the estimates used can affect the amount of depreciation to be charged to profit or loss in each reporting period and consequently affect their carrying value at the end of the reporting period. There was no change in the estimated useful lives or residual values of property, plant and equipment for both years.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

應收賬款及合約資產預期信貸虧損撥備

管理層定期評估應收賬款及合約資產預期信貸虧損的虧損撥備，及確認應收賬款及合約資產全期預期信貸虧損。應收賬款及合約資產撥備基於應收賬款及合約資產預期信貸虧損評估作出，由管理層參考按計算當前價值的初始實際利率貼現的未來現金流估計作出判斷。大量判斷需要評估該等債務人最終變現，包括其目前信譽及約較高值債務人的違約風險及/或對適當組別統一運用撥備模型。違約可能性及違約虧損評估基於經前瞻性資料調整的歷史資料作出。於二零一八年十二月三十一日，應收賬款及合約資產賬面值分別約為人民幣1,035,691,000元及人民幣34,662,000元，分別減去減值虧損撥備約人民幣680,959,000元及人民幣2,873,000元。

物業、廠房及設備的估計可使用年期及剩餘價值

物業、廠房及設備所包括的挖泥船、廠房及機器於其可使用年期內折舊。評估估計可使用年期及剩餘價值乃根據本集團的經驗作出判斷，並考慮如技術進步、挖泥船、廠房及機器狀況以及市場需求變動等因素。本集團會定期檢討可使用年期及剩餘價值的持續適用性。由於挖泥船、廠房及機器使用年期較長，估計變動會影響於各報告期間在損益賬予以扣除的折舊金額，從而影響報告期末的賬面值。於兩個年度，物業、廠房及設備的估計可使用年期或剩餘價值並無變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. Revenue

Disaggregation of revenue from contracts with customers

6. 收益

來自客戶合約的收益細分

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Segments	分部		
Capital and Reclamation Dredging Business	基建及填海疏浚業務	165,960	281,589
Environment Protection Dredging and Water Management Business	環保疏浚及水務管理業務	115,646	130,223
Other Marine Business	其他海事業務	327,451	232,572
Property Management Business	物業管理業務	9,776	6,540
		618,833	650,924
Timing of revenue recognition	收益確認的時間		
At point in time	於某一時間點	—	—
Over time	隨時間	618,833	650,924
Total	總計	618,833	650,924

The Group has a right to consideration from its customers in an amount that corresponds directly with the value to the customers of the Group's performance completed to date. As the Group bills its customers a fixed amount based on each portion of dredging works provided, the Group recognises revenue based on the amount it has a right to invoice.

The Group recognises revenue on the basis of the volume of dredging works performed and delivered to customers. The measurements of value of the dredging works transferred to customers are directly invoiced based on a quantitative measure of dredging, that is, a unit price for the material dredged per cubic meter is set forth in the contracts with customers and therefore the revenue is recognised based on the amount invoiced. As the Group's performance creates an asset that customer simultaneously receives and consumes, this method provides a faithful depiction of the transfer of an asset to the customer.

本集團有權自客戶收取金額直接與本集團迄今已完成履約的應付客戶價值對應的代價。由於本集團基於所提供疏浚工程的各個部分為客戶開具固定數額票據，故本集團基於其有權取得的發票金額確認收益。

本集團根據已進行及交付予客戶的疏浚工程量確認收益。計量轉讓予客戶的疏浚工程價值直接根據疏浚的定量測算(即客戶合約中所載每立方米疏浚材料的單價)出具的發票計算，因此，收益按發票金額確認。由於本集團的履約產生客戶同時取得及耗用的資產，故此方法為轉讓予客戶的資產提供最真實的描述。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. Revenue (Continued)

The transaction price of the Group is determined upon establishment of the contract that contains the unit price for the quantity dredged for dredging projects.

Contract modifications are changes in the scope or price (or both) of a contract that are approved by the parties to the contract. The Group recognises a contract modification when the parties to a contract approve a modification that either creates new, or changes existing, enforceable rights and obligations of the parties to the contract. Contract modifications are included in the transaction price only if it is probable that the modification estimate will not result in a significant reversal of revenue. The nature of the Group's contracts seldom give rise to contract modifications based on historical information and thus contract modifications are not routine in the performance of the Company's contracts.

The majority of the Company's contracts have an original duration of less than one year, the practical expedient for contracts with durations of one year or less is applied and therefore does not consider the effects of the time value of money.

Summary of the effect of HKFRS 15 on contract balances are detailed in Note 3.2 and Note 22.

An analysis of revenue from customers contributing over 10% of the Group's total revenue for the year is as follows:

6. 收益(續)

本集團的交易價於訂立包含疏浚項目疏浚量的單價的合約後釐定。

合約修訂是經合約訂約方批准的合約範圍或價格(或兩者)的變更。本集團於合約訂約方批准新設或變更合約訂約方的現有可執行權利與義務等修訂時確認合約修訂。僅在修訂估計不可能導致收益重大逆轉的情況下，合約修訂方可計入交易價內。根據過往資料，本集團的合約性質極少發生合約修訂的情況，因此，合約修訂並非本公司履行合約的慣例。

本公司大部分合約的原期限為一年以內，並對期限為一年或以下的合約採用可行權宜方法，因此不考慮貨幣時間價值的影響。

香港財務報告準則第15號對合約結餘的影響概況詳細載列於附註3.2及附註22中。

來自貢獻超過本集團年內總收益10%的客戶的收益分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Customer A	客戶A		
— Environmental Protection Dredging and Water Management Business	— 環保疏浚及水務管理業務	66,499	66,607
Customer B	客戶B		
— Capital and Reclamation Dredging Business	— 基建及填海疏浚業務	N/A 不適用	71,820
Customer C	客戶C		
— Capital and Reclamation Dredging Business	— 基建及填海疏浚業務	N/A 不適用	68,603

Note: Customers B and C did not contribute over 10% of the Group's total revenue for the year ended 31 December 2018. No other customers contributed over 10% of the Group's total revenue for the year ended 31 December 2018.

附註：客戶B及C貢獻並無超過本集團於截至二零一八年十二月三十一日止年度總收益10%，並無其他客戶貢獻超過本集團於截至二零一八年十二月三十一日止年度總收益10%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments

The Group determines its operating segments based on the reports reviewed by the Executive Directors of the Company who are also the chief operating decision makers ("CODM"), that are used to make strategic decisions. Information reported to the chief operating decision makers is based on the different nature of projects carried out by the Group.

Details of the Group's four reportable and operating segments are as follows:

- (i) Capital and Reclamation Dredging Business refers to the capital and reclamation dredging services and related consultation services provided by the Group;
- (ii) Environmental Protection Dredging and Water Management Business refers to dredging or water management services or constructions for promoting environmental interests and water quality mainly for inland rivers provided by the Group;
- (iii) Other Marine Business mainly comprises marine hoisting, installation, salvaging, vessel chartering and other engineering services provided by the Group; and
- (iv) Property Management Business refers to the management and leasing of a shopping mall and the construction of a hotel by the Group.

7. 營運分部

本集團基於本公司執行董事(亦為制定戰略決定的主要運營決策者(「主要運營決策者」))審閱的報告釐訂其營運分部。向主要運營決策者呈報的資料乃基於本集團運營項目的不同性質而編製。

本集團四個可呈報及營運分部的詳情載列如下：

- (i) 基建及填海疏浚業務指本集團提供的基建及填海疏浚服務及相關顧問服務；
- (ii) 環保疏浚及水務管理業務指本集團主要就提升內河的環保效益及水質而提供的疏浚或水務管理服務或工程；
- (iii) 其他海事業務主要包括本集團提供的海上吊裝、安裝、打撈、船舶包租及其他工程服務；及
- (iv) 物業管理業務指本集團商場的租賃管理及酒店建設。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Segment results

An analysis of the Group's reportable segment revenue and segment results is as below.

7. 營運分部(續)

分部業績

本集團呈報分部收益及分部業績分析如下。

		Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended 31 December 2018	截至二零一八年十二月 三十一日止年度					
Segment revenue	分部收益	165,960	115,646	327,451	9,776	618,833
Segment results	分部業績	(83,019)	(92,431)	14,582	2,093	(158,775)
Increase in fair value of investment properties	投資物業公平值增加					17,400
Other gains and losses, net	其他收益及虧損淨額					(14,701)
Unallocated other income	未分配其他收入					3,230
Unallocated corporate expenses	未分配企業開支					(34,911)
Unallocated finance costs	未分配融資成本					(44,588)
Loss before tax	除稅前虧損					(232,345)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Segment results (Continued)

7. 營運分部(續)

分部業績(續)

		Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended 31 December 2017	截至二零一七年十二月 三十一日止年度					
Segment revenue	分部收益	281,589	130,223	232,572	6,540	650,924
Segment results	分部業績	93,867	37,848	37,780	(3,490)	166,005
Unallocated other income	未分配其他收入					18,059
Other gains and losses, net	其他收益及虧損淨額					18,683
Unallocated corporate expenses	未分配企業開支					(29,097)
Unallocated finance costs	未分配融資成本					(62,416)
Profit before tax	除稅前溢利					111,234

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Segment assets

7. 營運分部(續)

分部資產

		Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2018	於二零一八年 十二月三十一日					
Segment assets	分部資產	1,642,495	388,354	527,533	682,914	3,241,296
Unallocated assets:	未分配資產:					
Prepaid land lease payments	預付土地租賃款					14,548
Bank balances and cash	銀行結餘及現金					48,435
Others	其他					44,808
Consolidated assets	綜合資產					3,349,087

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Segment assets (Continued)

		Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total Total RMB'000 人民幣千元
At 31 December 2017	於二零一七年 十二月三十一日					
Segment assets	分部資產	1,707,966	646,594	546,064	588,349	3,488,973
Unallocated assets:	未分配資產：					
Prepaid land lease payments	預付土地租賃款					14,866
Bank balances and cash	銀行結餘及現金					69,505
Others	其他					14,445
Consolidated assets	綜合資產					3,587,789

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to reportable and operating segments other than the unallocated items listed above.

Segment liabilities

As the liabilities are regularly reviewed by the CODM in total for the Group as a whole, the measure of total liabilities by reportable segments is therefore not presented.

7. 營運分部(續)

分部資產(續)

	Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total Total RMB'000 人民幣千元
At 31 December 2017	於二零一七年 十二月三十一日				
Segment assets	1,707,966	646,594	546,064	588,349	3,488,973
Unallocated assets:					
Prepaid land lease payments					14,866
Bank balances and cash					69,505
Others					14,445
Consolidated assets					3,587,789

為監控分部表現及於各分部間分配資源，資產均分配至各呈報及營運分部，惟上文所列的未分配項目除外。

分部負債

由於主要運營決策者定期為本集團對負債進行整體審閱，因此並無呈列可呈報分部的總負債計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Other segment information

7. 營運分部(續)

其他分部資料

		Capital and Reclamation Dredging Business 基建及填海疏浚業務 RMB'000 人民幣千元	Environmental Protection and Water Management Business 環保疏浚及水務管理業務 RMB'000 人民幣千元	Other Marine Business 其他海事業務 RMB'000 人民幣千元	Property Management Business 物業管理業務 RMB'000 人民幣千元	Segment total 分部總計 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度							
Amounts included in the measure of segment profit or loss or segment assets	計入分部損益或分部資產計量的金額							
Additions to non-current assets	添置非流動資產	903	62,592	16,129	25,024	104,648	6,879	111,527
Depreciation of property, plant and equipment	物業、廠房及設備折舊	72,554	1,620	24,476	23	98,673	6,276	104,949
Amortisation of prepaid land lease payment	預付土地租賃款攤銷	-	-	-	2,474	2,474	-	2,474
Amortisation of other intangible assets	其他無形資產攤銷	-	-	-	334	334	-	334
Expected credit loss allowance	預期信貸虧損撥備	118,743	125,812	1,425	75	246,055	-	246,055

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. Operating Segments (Continued)

Other segment information (Continued)

Capital and Reclamation Dredging Business 基建及填海疏浚業務	Environmental Protection and Water Management Business 環保疏浚及水務管理業務	Other Marine Business 其他海事業務	Property Management Business 物業管理業務	Segment total	Unallocated	Consolidated
RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元

7. 營運分部(續)

其他分部資料(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度	Amounts included in the measure of segment profit or loss or segment assets 計入分部損益或分部資產計量的金額							
Additions to non-current assets	添置非流動資產	6,568	—	27,420	66,725	100,713	—	100,713
Depreciation of property, plant and equipment	物業、廠房及設備折舊	71,953	2,867	26,533	—	101,353	45	101,398
Amortisation of prepaid land lease payment	預付土地租賃款攤銷	—	—	—	2,474	2,474	318	2,792
Amortisation of other intangible assets	其他無形資產攤銷	—	—	—	333	333	—	333
Gain on disposal of property, plant and equipment	出售物業、廠房及設備所得收益	—	(1,520)	—	—	(1,520)	—	(1,520)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements.

可呈報分部的會計政策與綜合財務報表附註4所載本集團的會計政策相同。

Segment results represent profit earned or loss incurred by each segment, without allocation of central administrative expenses, other gains and losses, certain other income and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

分部業績為各分部所賺取的溢利或發生的虧損(未分配中央行政開支、其他收益及虧損、若干其他收入及若干融資成本)。此乃向主要運營決策者報告資源分配及業績評估的工具。

Geographical information

As all the Group's revenue is derived from its operations in the PRC and substantially all its non-current assets (excluding the other financial assets) are located in the PRC, no geographical information is presented.

地區資料

由於本集團的所有收益均來自其於中國的營運且其絕大部分非流動資產(不包括其他金融資產)位於中國,故並無呈列地區資料。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. Other Income

8. 其他收入

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Government financial incentive (note)	政府財政獎勵(附註)	2,954	9,717
Bank interest income	銀行利息收入	168	266
Interest income in respect of trade receivable	應收賬款的利息收入	1,672	7,920
Sundry income	雜項收入	554	156
		5,348	18,059

Note: Pursuant to a document issued by a PRC local government authority, one of the Company's PRC subsidiaries was granted financial incentive for a period of three years ending in 2019 for its contribution to the economic development of the locality, provided it is duly registered in the locality and pays taxes according to tax laws. No other conditions are attached to the financial incentive.

The PRC local government authority confirmed that the amount for such financial incentive that the Group was entitled for the year ended 31 December 2018 was RMB2,954,000 (2017: RMB9,717,000). Accordingly, the Group recognised such amount as other income for the year.

附註：根據中國地方政府機關發佈的文件，本公司的一間中國附屬公司已獲授一項於二零一九年完結並為期三年的財政獎勵，以嘉許其為地方經濟發展作出的貢獻，條件為其須於當地正式註冊並根據稅法繳稅。除此之外，財政獎勵並無任何其他附帶條件。

中國地方政府機關確認，本集團於截至二零一八年十二月三十一日止年度可享受的該項財政獎勵金額為人民幣2,954,000元(二零一七年：人民幣9,717,000元)。因此，本集團已將有關金額確認為年內其他收入。

9. Other Gains and Losses, Net

9. 其他收益及虧損淨額

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	—	1,520
Exchange (loss) gain, net	匯兌(虧損)收益淨額	(14,701)	18,682
		(14,701)	20,202

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. Finance Costs

10. 融資成本

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註		
Interest expenses on:	下列各項利息開支：		
Bank borrowings wholly repayable within five years	於五年內全數償還的銀行借貸	21,426	29,880
Discounted bills receivable	應收已貼現票據	—	580
Other borrowings	其他借貸	4,018	5,627
The Bonds	債券	30,694	39,312
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益款項	3,223	1,972
Total borrowing costs	總借貸成本	59,361	77,371
Less: amounts capitalised in the cost of qualifying assets	減：合資格資產成本資本化金額	(6,879)	(6,711)
		52,482	70,660

Borrowing cost capitalised during the year ended 31 December 2018 of approximately RMB6,879,000 (2017: RMB6,711,000) arose on the general borrowing pool calculated by applying a weighted average capitalisation rate of 7.68% (2017: 10.59%) per annum. During the year ended 31 December 2018, borrowing cost was capitalised as part of the construction in progress in respect of the hotel under construction included in property, plant and equipment.

截至二零一八年十二月三十一日止年度，資本化的借貸成本約人民幣6,879,000元(二零一七年：人民幣6,711,000元)乃由一般借貸組合按資本化比率每年7.68%(二零一七年：10.59%)產生。截至二零一八年十二月三十一日止年度，借貸成本資本化為有關在建酒店物業、廠房及設備在建工程的一部分。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

11. Allowance for Expected Credit Losses

11. 預期信貸虧損撥備

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Expected credit losses recognised on:	以下項目確認的預期信貸虧損：		
— Trade receivables — goods and services	— 應收賬款 — 商品及服務	243,182	—
— Contract assets	— 合約資產	2,873	—
		246,055	—

Details of impairment assessment for the year ended 31 December 2018 are set out in Note 37.

截至二零一八年十二月三十一日止年度減值評估詳情列載於附註37。

12. Income Tax Expense

12. 所得稅開支

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
The charge comprises:	支出包括：		
Current tax	即期稅項		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅 (「企業所得稅」)	18,776	40,746
Deferred taxation (note 20)	遞延稅項(附註20)	3,374	(1,716)
		22,150	39,030

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

12. Income Tax Expense (Continued)

The tax charge for the year can be reconciled to the (loss)/profit before tax as follows:

12. 所得稅開支(續)

年內稅務支出與除稅前(虧損)/溢利對賬如下:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(Loss)/profit before tax	除稅前(虧損)/溢利	(232,345)	111,234
Tax at the PRC EIT rate of 25% (2017: 25%)	按中國企業所得稅稅率25%計算的稅項(二零一七年: 25%)	(58,086)	27,809
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	79,714	7,118
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	522	4,103
Tax charge for the year	年內稅務開支	22,150	39,030

(i) PRC EIT

PRC EIT is calculated at 25% of the assessable profits for both years.

(ii) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years, if any.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in or derived from Hong Kong for both years.

(i) 中國企業所得稅

於兩個年度，中國企業所得稅乃按應課稅溢利以稅率25%計算。

(ii) 香港利得稅

於兩個年度，香港利得稅乃按估計應課稅溢利(如有)以稅率16.5%計算。

由於本公司及其附屬公司於兩個年度內並無於香港產生或源自香港的應課稅溢利，故綜合財務報表內並無就香港利得稅作出撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

13. (Loss)/Profit for the Year

13. 年內(虧損)/溢利

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit for the year has been arrived at after charging:	年內(虧損)/溢利已經扣除下列各項：		
Auditor's remuneration	核數師薪酬	1,800	1,868
Amortisation of other intangible assets	其他無形資產攤銷	334	333
Amortisation of prepaid land lease payments	預付土地租賃款攤銷	2,792	2,792
Depreciation of property, plant and equipment	物業、廠房及設備折舊	104,949	101,398
Directors' emoluments (note 14)	董事酬金(附註14)	2,925	2,100
Other staff costs	其他員工成本	49,058	44,102
Retirement benefit scheme contributions, excluding those of Directors	退休福利計劃供款，不包括董事部分	6,646	3,757
Total staff costs (including equity-settled share-based payment)	員工成本總額(包括按權益結算以股份為基礎的付款)	58,629	49,959
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	—	(1,520)
Sub-contracting charges included in operating cost	計入運營成本的分包費用	271,150	192,595

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. Directors', Chief Executive Officer's and Employees' Emoluments

Directors and Chief Executive Officer

Details of the emoluments paid or payable to the Directors and the Chief Executive Officer during the year are as follows:

For the year ended 31 December 2018

14. 董事、主要行政人員及僱員酬金

董事及主要行政人員

年內，已付或應付董事及主要行政人員的酬金詳情如下：

截至二零一八年十二月三十一日止年度

		Fees	Salaries and other allowances	Retirement benefit contribution	Sub-total	Share-based payment	Total
		袍金	薪金及其他津貼	退休福利計劃供款	小計	股份支付	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive Directors:	執行董事：						
Mr. Liu (notes (i))	劉先生(附註(i))	—	1,200	—	1,200	—	1,200
Mr. Wu Bin	伍斌先生	—	—	—	—	479	479
Mr. Wu Xuze (notes (ii))	吳旭澤先生(附註(ii))	—	—	—	—	479	479
Ms. Zhou	周女士	—	600	—	600	—	600
		—	1,800	—	1,800	958	2,758
Non-Executive Director:	非執行董事：						
Mr. Liu Longhua (notes (iii))	劉龍華先生(附註(iii))	—	—	—	—	—	—
Independent Non-Executive Directors:	獨立非執行董事：						
Mr. Chan Ming Sun Jonathan	陳銘燊先生	119	—	—	119	—	119
Mr. Huan Xuedong	還學東先生	48	—	—	48	—	48
Mr. Liang Zequen	梁澤泉先生	—	—	—	—	—	—
		167	—	—	167	—	167
		167	1,800	—	1,967	958	2,925

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

Directors and Chief Executive Officer (Continued)

For the year ended 31 December 2017

14. 董事、主要行政人員及僱員酬金(續)

董事及主要行政人員(續)

截至二零一七年十二月三十一日止年度

		Fees	Salaries and other allowances	Retirement benefit scheme contribution	Total
		袍金	薪金及其他津貼	退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive Directors:	執行董事：				
Mr. Liu (notes (i))	劉先生(附註(i))	—	1,200	—	1,200
Mr. Wu Bin	伍斌先生	—	—	—	—
Mr. Wu Xuze (notes (ii))	吳旭澤先生(附註(ii))	—	—	—	—
Ms. Zhou	周女士	—	600	—	600
		—	1,800	—	1,800
Non-Executive Director:	非執行董事：				
Mr. Liu Longhua	劉龍華先生	—	—	—	—
Independent Non-Executive Directors:	獨立非執行董事：				
Mr. Chan Ming Sun Jonathan	陳銘燊先生	150	—	—	150
Mr. Huan Xuedong	還學東先生	150	—	—	150
Mr. Liang Zequen	梁澤泉先生	—	—	—	—
		300	—	—	300
		300	1,800	—	2,100

Notes:

- (i) Mr. Liu was also the Chief Executive Officer of the Company until 5 January 2017 when he resigned as the Chief Executive Officer, but remains as the chairman of the Board and an Executive Director.
- (ii) Mr. Wu Xuze was appointed on 5 January 2017 as an Executive Director and Chief Executive Officer of the Company.
- (iii) Mr. Liu Longhua has resigned as a Non-Executive Director on 8 March 2019.

附註：

- (i) 直至二零一七年一月五日劉先生亦為本公司主要行政人員，當時劉先生已辭去行政總裁職務，但仍然擔任董事會主席及執行董事。
- (ii) 吳旭澤先生在二零一七年一月五日獲委任為本公司執行董事兼行政總裁。
- (iii) 劉龍華先生已於二零一九年三月八日辭去非執行董事職務。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

Directors and Chief Executive Officer (Continued)

During the year, there was no arrangement under which a Director waived or agreed to waive any remuneration.

Salaries and other allowance paid to or for the Executive Directors are generally emoluments paid in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Employees

Of the Group's five highest paid individuals during the year, two (2017: two) of them were Directors whose emoluments are presented above. The emoluments of the remaining three (2017: three) highest paid individuals, were as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Salaries and other allowances	薪金及其他津貼	1,040	918
Retirement benefit scheme contributions	退休福利計劃供款	25	18
		1,065	936

Their emoluments were within the following bands:

		2018 二零一八年 No. of employees 僱員人數	2017 二零一七年 No. of employees 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	3	3

During both years, no emoluments were paid by the Group to any of the Directors, Chief Executive Officer or the five highest paid individuals (including Directors, Chief Executive Officer and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. 董事、主要行政人員及僱員酬金(續)

董事及主要行政人員(續)

年內，並無董事藉以豁免或同意豁免任何酬金的安排。

支付予執行董事的薪金及其他津貼屬就該等人士為管理本公司及其附屬公司的事務提供的其他服務而支付的一般薪酬。

僱員

年內本集團五名最高薪酬僱員中，其中兩名(二零一七年：兩名)為董事及主要行政人員，其酬金已於上文呈列。餘下三名(二零一七年：三名)最高薪酬個人的酬金如下：

其酬金在下列組別人數如下：

		2018 二零一八年 No. of employees 僱員人數	2017 二零一七年 No. of employees 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	3	3

於兩個年度內，本集團並無向任何董事、主要行政人員或五名最高薪酬個人(包括董事、主要行政人員及僱員)支付任何酬金，以作為其加入或於加入本集團後的獎勵或離職補償。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

15. (Loss)/Earnings Per Share

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

15. 每股(虧損)/盈利

本公司所有人應佔每股基本及攤薄(虧損)/盈利乃按下列數據計算：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(Loss)/profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	就計算每股基本及攤薄(虧損)/盈利而言的本公司所有人應佔年內(虧損)/溢利	(281,047)	71,040
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	就計算每股基本及攤薄盈利而言的普通股加權平均數	1,522,606,000	1,478,064,000

The weighted average number of shares for the purposes of basic earnings per share for both years were calculated based on the weighted average number of shares in issue during both years. The computation of diluted loss per share for the year ended 31 December 2018 does not assume the exercise of share options since the assumed exercise would result in a decrease in loss per share.

As disclosed in Note 29, the conversion options embedded in the convertible bonds are no longer exercisable after the Original Maturity Date. As at 31 December 2017, the Group did not have any potential ordinary shares.

用作計算兩個年度的每股基本盈利的股份加權平均數乃根據兩個財政年度的已發行股份加權平均數計算得出。計算截至二零一八年十二月三十一日止年度每股攤薄虧損時假設購股權未獲行使，原因是該假設行使將引致每股虧損減少。

如附註29所披露，嵌入可換股債券的轉換期權原到期日後不再行使。於二零一七年十二月三十一日，本集團並無任何潛在普通股。

16. Dividends

No dividend was paid or proposed during the year ended 31 December 2018 and 31 December 2017, nor has any dividend been proposed since the end of the reporting period.

16. 股息

於截至二零一八年十二月三十一日及二零一七年十二月三十一日止年度概無派付或建議股息，而自報告期末起亦無建議任何股息。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

17. Property, Plant and Equipment

17. 物業、廠房及設備

		Building	Leasehold improvements	Dredgers and vessels	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Construction in progress	Total
		樓宇	租賃裝修	挖泥船及船舶	廠房及機器	傢俬、裝置及辦公設備	汽車	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
COST	成本								
At 1 January 2017	於二零一七年一月一日	114,606	244	1,726,669	109,759	1,988	15,644	143,878	2,112,788
Additions	添置	—	—	30,407	745	—	2,829	66,732	100,713
Disposals/write-off	出售/撤銷	(60,205)	—	(5,163)	—	—	(1,591)	—	(66,959)
At 31 December 2017	於二零一七年十二月三十一日	54,401	244	1,751,913	110,504	1,988	16,882	210,610	2,146,542
Additions	添置	—	—	12,854	3,550	37	590	31,904	48,935
Transfer upon completion	完成後轉讓	—	—	—	21,607	—	—	(21,607)	—
Transfer to investment properties	轉至投資物業	—	—	—	—	—	—	(62,592)	(62,592)
At 31 December 2018	於二零一八年十二月三十一日	54,401	244	1,764,767	135,661	2,025	17,472	158,315	2,132,885
ACCUMULATED DEPRECIATION	累計折舊								
At 1 January 2017	於二零一七年一月一日	6,087	244	419,887	36,560	1,517	9,135	—	473,430
Provided for the year	年內撥備	2,599	—	87,075	9,502	164	2,058	—	101,398
Eliminated on disposals/write-off	出售時對銷/撤銷	(201)	—	(2,376)	—	—	(1,475)	—	(4,052)
At 31 December 2017	於二零一七年十二月三十一日	8,485	244	504,586	46,062	1,681	9,718	—	570,776
Provided for the year	年內撥備	2,599	—	86,287	13,892	71	2,100	—	104,949
At 31 December 2018	於二零一八年十二月三十一日	11,084	244	590,873	59,954	1,752	11,818	—	675,725
CARRYING VALUE	賬面值								
At 31 December 2018	於二零一八年十二月三十一日	43,317	—	1,173,894	75,707	273	5,654	158,315	1,457,160
At 31 December 2017	於二零一七年十二月三十一日	45,916	—	1,247,327	64,442	307	7,164	210,610	1,575,766

The Group's buildings are all situated on leasehold land in the PRC.

本集團的樓宇均位於中國租賃土地內。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

17. Property, Plant and Equipment (Continued)

Depreciation is charged so as to write off the cost of assets (other than construction in progress), over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, on the following bases:

Building	2-4% or over the term of the lease, whichever is shorter
Leasehold improvements	20% or over the term of the lease, whichever is shorter
Dredgers and vessels	5%-6.7%
Plant and machinery	5%-20%
Furniture, fittings and office equipment	10%-33.3%
Motor vehicles	16.7%-20%

Details of property, plant and equipment that are pledged as collateral are set out in Note 33.

17. 物業、廠房及設備(續)

折舊乃按估計可使用年期及經計及其估計剩餘價值後以直線法撇銷資產成本(在建工程除外)·有關基準載列如下:

樓宇	2-4%或租賃年期 (以較短者為準)
租賃裝修	20%或租賃年期 (以較短者為準)
挖泥船及船舶	5%-6.7%
廠房及機器	5%-20%
傢俬、裝置及辦公設備	10%-33.3%
汽車	16.7%-20%

抵押為擔保物品的物業、廠房和設備詳情載於附註33。

18. Prepaid Land Lease Payments

18. 預付土地租賃款

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Analysed for reporting purposes as:	為報告目的所作的分析:		
Current assets	流動資產	2,908	2,908
Non-current assets	非流動資產	92,398	95,190
		95,306	98,098

Details of prepaid lease payments that are pledged as collateral are set out in Note 33.

抵押為擔保物品的預付租賃款詳情載於附註33。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

19. Investment Properties

19. 投資物業

		RMB'000 人民幣千元
At 1 January 2017, 31 December 2017 and 1 January 2018, at fair value	於二零一七年一月一日、二零一七年十二月三十一日 及二零一八年一月一日，按公平值	413,194
Additions	添置	—
Changes in fair value	公平值變動	—
At 31 December 2017, at fair value	於二零一七年十二月三十一日，按公平值	413,194
Additions	添置	—
Transfer from construction in progress in property, plant and equipment	轉自在建物業、廠房及設備	40,192
Changes in fair value recognised in the consolidated statement of profit and loss	於綜合損益表內確認的公平值變動	17,400
At 31 December 2018, at fair value	於二零一八年十二月三十一日，按公平值	470,786

The Group's property interests, including its interests in the land held under operating lease, held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2018, the Group transferred certain portion of factories under construction to investment properties, the transfer is supported by evidence of end of owner-occupation as the factories are leased out to third parties to earn rental income upon completion of construction. The difference between the carrying amount and the fair value of the factories at the date of transfer amounted to RMB22,400,000 is recognised in other comprehensive income and accumulated in property revaluation reserve.

The fair value of the Group's investment properties as at 31 December 2018 has been arrived at on the basis of a valuation carried out on the respective dates by GCA Professional Services Group (31 December 2017: Sinno Appraisals Limited), an independent qualified professional valuer not connected to the Group.

In determining the fair value of the relevant properties, the Chief Financial Officer of the Company is responsible to determine the appropriateness of valuation techniques and inputs for fair value measurements.

本集團的物業權益，包括其於經營租賃下持有以賺取租金或出於資本升值目的的物業的權益，乃使用公平值模型計量，並分類及入賬列作投資物業。

於截至二零一八年十二月三十一日止年度，本集團將若干在建工廠轉為投資物業，轉移以工廠於建設完工後出租予第三方以取得租金收入致使所有人佔用終止為支持性證據。於轉移之日工廠賬面值及公平值之間差額人民幣22,400,000元於其他綜合收益確認及於物業重新估值撥回累積。

於二零一八年十二月三十一日，本集團投資物業的公平值乃基於GCA Professional Services Group (二零一七年十二月三十一日: Sinno Appraisals Limited)(一間與本集團並無關連的獨立合資格專業估值公司)在有關日期進行的估值而達致。

於釐定相關物業的公平值時，本公司財務總監負責就公平值計量釐定適合的估值技術及輸入數據。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

19. Investment Properties (Continued)

The Group engages a third party qualified valuer to perform the valuation. The valuation committee works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company to explain the cause of fluctuations in the fair value of the assets.

The fair value of the Group's investment properties is categorised as level 3 of the fair value hierarchy. There were no transfer into or out of level 3 during the year. In estimating the fair value of the properties, the highest and best use of the properties is the current use.

19. 投資物業(續)

本集團已委聘第三方合資格估值師進行估值。估值委員會與合資格外部估值師緊密共事，以就模型設立適合的估值技術及輸入數據。財務總監向本公司董事匯報估值委員會的調查結果，以解釋資產公平值波動的原因。

本集團的投資物業公平值分類為公平值層級的第三層。年內第三層間並無轉入或轉出。在估計物業的公平值時，物業的最高及最佳用途為其當前用途。

	Valuation technique(s) 估值技術	Significant unobservable input(s) 重大不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察數據與公平值的關係
Shopping mall located in Yancheng, the PRC	Income capitalised approach The key inputs are (i) Estimated unit price (ii) Capitalisation rate	Price per square meter, using market direct comparable and taking into account of location and other individual factors, which is RMB7,100 (2017: RMB6,800) per square meter. Capitalisation rate, taking into of rate generated by market, of 5.0%.	The higher the unit price, the higher the market value. The lower the capitalisation rate, the higher the market value.
位於中國鹽城市的商場	收益資本化法 主要輸入數據為 (i) 估計單位價格 (ii) 資本化率	每平方米價格，採用市場直接比較並計及位置及其他個別因素，為每平方米人民幣7,100元(二零一七年：人民幣6,800元)。 資本化率，經計及市場一般比率，為5.0%。	單位價格越高，市場價值越高。 資本化率越低，市場價值越高。
Factories located in Yancheng, the PRC	Income capitalised approach The key inputs are (i) Estimated unit rental (ii) Capitalisation rate	Rental per square meter per month, using market direct comparable and taking into account of location and other individual factors, which is RMB10.5 (2017: N/A) per square meter per month. Capitalisation rate, taking into account of rate generate by market, of 5.5%.	The higher the unit rental, the higher the market value. The lower the capitalisation rate, the higher the market value.
位於中國鹽城市的工廠	收益資本化法 主要輸入數據為 (i) 估計單位租金 (ii) 資本化率	每月每平方米價格，採用市場直接比較並計及位置及其他個別因素，為每月每平方米人民幣10.5元(二零一七年：不適用)。 資本化率，經計及市場一般比率，為5.5%。	單位租金越高，市場價值越高。 資本化率越低，市場價值越高。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. Deferred Tax Assets/Deferred Tax Liabilities

The following are the major deferred tax assets and (deferred tax liabilities) recognised and movements thereon during the current and prior year:

20. 遞延稅項資產／遞延稅項負債

以下為本年度及過往年度的主要已確認遞延稅項資產及(遞延稅項負債)，以及其變動：

		Allowance for doubtful debts/ECL provisions	Fair value adjustment of property, plant and equipment on acquisition of subsidiaries	Tax losses	Others	Total
		呆賬撥備／預期信貸虧損準備	收購附屬公司時物業、廠房及設備公平值調整	稅項虧損	其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	103,323	(14,367)	6,018	(6,018)	88,956
Charged to profit or loss (Note 12)	計入損益(附註12)	—	1,716	—	—	1,716
At 31 December 2017	於二零一七年十二月三十一日	103,323	(12,651)	6,018	(6,018)	90,672
(Credited) charged to profit or loss (Note 12)	(計入)扣除自損益(附註12)	(4,991)	1,617	(6,018)	6,018	(3,374)
At 31 December 2018	於二零一八年十二月三十一日	98,332	(11,034)	—	—	87,298

Other temporary differences mainly represented the temporary differences arising from the construction costs capitalised in investment properties under construction which were deductible for tax purpose in the year those costs incurred. The Group had no significant unprovided deferred tax during the years ended 31 December 2018 and 2017.

其他暫時性差異主要為在建投資性房地產的建築成本中產生的暫時性差異，在發生的當期費用可以扣除。截至二零一八年及二零一七年十二月三十一日止年度，本集團無重大遞延所得稅。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB321,522,000 (2017: RMB330,786,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group has unused tax loss of RMB88,035,000 (2017: RMB85,947,000). A deferred tax asset has been recognised in respect of tax losses of RMB24,072,000 (2017: RMB24,072,000). No deferred tax asset has been recognised for the remaining tax loss of RMB63,963,000 (2017: RMB61,875,000) due to unpredictability of future profit streams.

An analysis of the expiry dates of the unused tax losses is as follows:

20. 遞延稅項資產／遞延稅項負債 (續)

於報告期末，與該等並無確認遞延稅項負債的附屬公司的未分配盈利有關的臨時差額總額為人民幣321,522,000元(二零一七年：人民幣330,786,000元)。由於本集團可控制臨時差額的撥回時間，而該等差額預期於可見將來不會撥回，因此並無就該等差額確認負債。

於報告期末，本集團的未動用稅項虧損為人民幣88,035,000元(二零一七年：人民幣85,947,000元)。一項有關稅項虧損的人民幣24,072,000元(二零一七年：人民幣24,072,000元)的遞延稅項資產已獲確認。由於無法預測未來溢利來源，故並無就餘下稅項虧損人民幣63,963,000元(二零一七年：人民幣61,875,000元)確認遞延稅項資產。

未使用稅項虧損到期日分析如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within 1 to 4 years	一至四年內	83,585	84,684
Within the 5th year	五年內	4,450	1,263
		88,035	85,947

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments

21. 應收賬款、其他應收款及預付款

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current:	非即期：		
Trade receivable, net of expected credit losses/ impairment allowances (notes (ii))	應收賬款，扣除預期信貸虧 損／減值撥備(附註(ii))	—	68,798
Value-added tax recoverable (notes (iv))	可收回增值稅(附註(iv))	1,908	1,797
		1,908	70,595
Current:	即期：		
Trade receivable, net of expected credit losses/ impairment allowances (notes (i))	應收賬款，扣除預期信貸虧 損／減值撥備(附註(i))	1,035,691	1,153,637
Bills receivable (notes (iii))	應收票據(附註(iii))	3,468	4,150
Government financial incentive receivables (notes 8)	應收政府財政獎勵(附註8)	14,842	11,888
Prepayments	預付款項	50,280	55,812
Deposits	按金	13,195	4,786
Others	其他	7,585	10,051
		1,125,061	1,240,324
		1,126,969	1,310,919

As at 31 December 2017, included in the trade receivables are retention amounts of RMB199,171,000, of which RMB59,098,000 are due after one year. Upon application of HKFRS 15, the retention receivables were reclassified to contract assets as at 1 January 2018.

於二零一七年十二月三十一日，應收賬款中保固金為人民幣199,171,000元，其中人民幣59,098,000元於一年後到期。應用香港財務報告準則第15號之後，應收保固金於二零一八年一月一日重新分類為合約資產。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes:

- (i) Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on reputation of the customers within the industry.

The Group prepares an aged analysis for its trade receivable based on the dates when the Group and the customers agreed on the quantum of the services rendered, as evidenced by progress certificates. Periodic statements are issued and agreed by the customers for the services rendered for the customers. Most of the contracts require the customers to make monthly progress payments with reference to the quantum of the services completed (typically 95% of the quantum of the services completed in the previous month) within thirty days to ninety days after the issuance of the progress certificate. According to these contracts, the remaining balance (typically 5% of the quantum of the services completed) is kept as retention money and is to be paid by the customers within thirty to sixty days after (i) the project is completed and (ii) accepted by the customers.

A contract asset, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on (i), (ii) and expiration of defect liability period. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from thirty to sixty days after (i) and (ii) are fulfilled. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately. The timing of payment patterns give rise to retention receivables which are subject to performance risks but not only the passage of time before the retention receivables are due. The Group's right on the retention receivables is conditional and thus the retention receivables are classified as contract assets as at 1 January 2018.

21. 應收賬款、其他應收款及預付款(續)

附註：

- (i) 於接納任何新客戶前，本集團基於客戶於行業內的聲譽評估該潛在客戶的信貸質素及設定其信貸限額。

本集團基於本集團與客戶協定就所提供服務量的日期(由進度證書證明)編製其應收賬款的賬齡分析。期間報表經客戶同意就向客戶提供的服務而由客戶發出。大部分合同需客戶於發出進度證書後三十日至九十日內參考完成服務量(通常為上月完成服務量的95%)支付月度進度付款。根據該等合同，餘額(通常為完成服務量的5%)作為留存款項保留，由客戶於(i)項目完成及(ii)客戶接納後三十至六十日內支付。

合約資產於履行本集團收取服務代價的建築服務期間確認，因為權利以(i)、(ii)及缺陷責任期滿為前提條件。合約資產於無條件享有權利時轉為應收賬款。

應收保固金於缺陷責任期屆滿前分類為合約資產，自(i)及(ii)獲滿足日期起介乎三十至六十日。當缺陷責任期屆滿時，合約資產的有關金額重新分類為應收賬款。缺陷責任期用於保證所執行的施工服務符合協定的規格，且該保險不能單獨購買。付款時間安排方式可能產生應收保固金，而可能存在行使風險，但不僅限於應收保固金到期前的過期風險。本集團獲得應收保固金的權利設有前提條件，因此於二零一八年一月一日，應收保固金分類為合約資產。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes: (Continued)

(i) (Continued)

The aged analysis of the Group's trade receivable, prepared based on the dates of certification of work done, which approximate the respective revenue recognition dates (net of credit losses for trade receivable), at the end of each reporting period is as follows:

Aged analysis of the Group's trade receivable

21. 應收賬款、其他應收款及預付款(續)

附註：(續)

(i) (續)

於各報告期末，根據工程完成後通過核證的日期(接近於相關收益的確認日期)而編製的本集團應收賬款(扣除應收賬款信貸虧損)的賬齡分析如下：

本集團的應收賬款賬齡分析

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
0-30 days	0至30天	74,841	93,370
31-60 days	31至60天	27,916	31,066
61-90 days	61至90天	24,419	60,942
91-180 days	91至180天	77,703	135,715
181-365 days	181至365天	154,249	261,162
1 year-2 years	1年至2年	249,592	205,478
Over 2 years	超過2年	426,971	434,702
		1,035,691	1,222,435

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes: (Continued)

(i) (Continued)

Aged analysis of the Group's trade receivable (Continued)

Up to the date of approval of the consolidated financial statements, there were subsequent settlement of account receivables amounting to RMB121,801,000 being received by the Group.

The amount of trade receivables which were past due based on the terms of contracts, as at the end of the reporting period but for which the Group has not provided for impairment loss is analysed as follows:

Aging of trade receivable from due date which were past due but not impaired

		2017 二零一七年 RMB'000 人民幣千元
0-30 days	0至30天	—
31-60 days	31至60天	27,134
61-90 days	61至90天	60,942
91-180 days	91至180天	129,659
181-365 days	181至365天	311,035
1 year-2 years	1年至2年	193,430
Over 2 years	超過2年	281,389
		1,003,589

The Group does not hold any collateral over the above balances.

The estimated loss rates for ECL calculations are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is updated.

21. 應收賬款、其他應收款及預付款(續)

附註：(續)

(i) (續)

本集團的應收賬款賬齡分析(續)

截至綜合財務報表獲批准日期止，本集團已收取結算日後結付的應收賬款為數人民幣121,801,000元。

於報告期末已逾期(按合約年期劃分)但本集團並無計提減值虧損撥備的應收賬款分析如下：

自到期日已逾期但未減值的應收賬款的賬齡

本集團並無就上述結餘持有任何抵押。

預期信貸虧損計算估計虧損率乃基於債務人於預期年期的過往觀察所得違約率估計，並按毋需不必要成本或努力可取得的前瞻性資料作調整。分組由管理層定期審核，以確保特定債務人相關資料已更新。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes: (Continued)

(i) (Continued)

Aging of trade receivable from due date which were past due but not impaired (Continued)

Included in trade receivables as at 31 December 2018 was a gross carrying amount of approximately RMB48,803,000 (31 December 2017: RMB58,803,000) due from a customer of which the related dredging project has been suspended since January 2014 due to change in use of relevant reclaimed areas by the Government. The customer has signed an agreement with the Group to repay RMB40,000,000 before 31 December 2016 but failed to fulfil the payment. During the year ended 31 December 2018, an amount of RMB10,000,000 was received. Accordingly, allowance of credit loss of RMB48,803,000 (2017: RMB58,803,000) was recognised as at end of reporting period.

Included in trade receivables as at 31 December 2018 was a gross carrying amount of approximately RMB24,134,000 (31 December 2017: RMB26,134,000) due from a customer which the dredging project was started since 2016 and is still in progress as at 31 December 2018 while the repayment of progress billings fell behind schedule. During the year ended 31 December 2018, an amount of RMB2,000,000 was received. Considering the payment pattern, the progress of the project and the creditability of the customer, allowance of credit loss of RMB13,188,000 (2017: RMB10,728,000) was recognised at end of reporting period.

Included in trade receivables as at 31 December 2018 were amounts of approximately RMB159,558,000 (31 December 2017: RMB323,465,000) due from customers who are large state-owned enterprise or local governments which the respective projects were already completed for more than one year. During the year ended 31 December 2018, an amount RMB43,741,000 was received. Considering the repayment pattern and the credibility of respective customers, allowance of credit loss of RMB178,394,000 (2017: RMB116,402,000) was recognised at end of reporting period.

21. 應收賬款、其他應收款及預付款(續)

附註：(續)

(i) (續)

自到期日已逾期但未減值的應收賬款的賬齡(續)

於二零一八年十二月三十一日的應收賬款包括應收一名客戶(其相關疏浚項目自二零一四年一月起因政府更改相關填海區的用途而暫停)的款項總賬面值約人民幣48,803,000元(二零一七年十二月三十一日：人民幣58,803,000元)。該客戶與本集團已簽訂協議，以於二零一六年十二月三十一日前償還人民幣40,000,000元，但並未實現付款。於截至二零一八年十二月三十一日止年度，已收取人民幣10,000,000元的款項。因此，信貸虧損撥備人民幣48,803,000元(二零一七年：人民幣58,803,000元)已於報告期末確認。

於二零一八年十二月三十一日的應收賬款包括應收一名客戶(其疏浚項目於二零一六年開始及於二零一八年十二月三十一日仍在進行，而進度款償還落後於進度)的款項總賬面值約人民幣24,134,000元(二零一七年十二月三十一日：人民幣26,134,000元)。於截至二零一八年十二月三十一日止年度，已收取人民幣2,000,000元的款項。考慮到付款模式、項目進度及有關客戶的可信度，於報告期末已確認信貸虧損撥備人民幣13,188,000元(二零一七年：人民幣10,728,000元)。

於二零一八年十二月三十一日的應收賬款包括應收客戶(為大型國有企業或地方政府，於一年以上其各自的項目已完工)的款項約人民幣159,558,000元(二零一七年十二月三十一日：人民幣323,465,000元)。於截至二零一八年十二月三十一日止年度，已收取人民幣43,741,000元的款項。考慮到有關客戶的付款模式及信譽，於報告期末已確認信貸虧損撥備人民幣178,394,000元(二零一七年：人民幣116,402,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes: (Continued)

(i) (Continued)

Movement in ECL/allowance for doubtful debts

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
1 January	一月一日	437,777	437,777
Charged to profit or loss	扣除自損益	263,146	—
Reversal of impairment losses	減值虧損撥回	(19,964)	—
31 December	十二月三十一日	680,959	437,777

(ii) Non-current trade receivable represents amounts due from several customers for contract works, for which the contracts include clauses for extended payment terms beyond one year. During the year, interest income calculated at a rate of 10% per annum (2017: 10% per annum) of about RMB1,756,000 (2017: RMB8,316,000) was recognised as the clause for interest has expired in 2017.

(iii) The aged analysis of the Group's bills receivable, presented based on the relevant dates of certification of work done, is as follows:

Aged analysis of the Group's bills receivable

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0-30 days	0至30天	200	—
31-60 days	31至60天	132	1,000
61-90 days	61至90天	900	700
91-180 days	91至180天	2,236	2,450
Over 180 days	超過180天	—	—
		3,468	4,150

21. 應收賬款、其他應收款及預付款(續)

附註：(續)

(i) (續)

預期信貸虧損/呆賬撥備變動

(ii) 非即期應收賬款指應收若干客戶的合約工程款項，而相關合約載有可將付款期延長超過一年的條款。於年內，按年利率10%（二零一七年：年利率10%）計算的利息收入為約人民幣1,756,000元（二零一七年：人民幣8,316,000元），因為利息條款已於二零一七年過期。

(iii) 基於竣工證書的相關日期所呈列的本集團應收票據的賬齡分析如下：

本集團應收票據賬齡分析

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. Trade and Other Receivables and Prepayments (Continued)

Notes: (Continued)

- (iv) VAT paid of approximately RMB1,908,000 (2017: RMB1,797,000) by the Group in connection with its construction-in-progress could be set-off against future value added tax payable generated from the Group. The amount is not expected to be recovered within one year from the end of reporting, and is accordingly classified as non-current.

Details of impairment assessment of trade receivables for the year ended 31 December 2018 are set out in Note 37.

21. 應收賬款、其他應收款及預付款(續)

附註：(續)

- (iv) 本集團就其在建工程所支付的增值稅約人民幣1,908,000元(二零一七年：人民幣1,797,000元)可用於抵銷本集團將來產生的未來應付增值稅。由於預期該筆款項不可於報告期末起計一年內收回，故分類為非流動。

於截至二零一八年十二月三十一日止年度應收賬款減值評估詳情列載於附註37。

22. Contract Assets/Contract Liabilities

Retention receivables included in contract assets amounted to RMB34,662,000 as at 31 December 2018. There has been a significant change in contract assets during the year due to the initial application of HKFRS 15 which is solely due to the reclassification of retention receivables to contract assets as at 1 January 2018. The Group's dredging contracts usually include a retention period ranging from thirty days to sixty days for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the satisfaction of the service quality by the customers over the retention period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

Retention receivables included in contract assets amounted to RMB34,662,000 as at 31 December 2018. There is an addition of RMB16,641,000 and a transfer of RMB41,077,000 to trade receivables during the year. The Group's rights to considerations on these contracts assets have become unconditional i.e. only the passage of the time is required before payment of that consideration is due.

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to contract assets.

22. 合約資產／負債

於二零一八年十二月三十一日，計入合約資產的應收保固金為人民幣34,662,000元。由於初次採用香港財務報告準則第15號，年內合約資產發生顯著變動，而這完全是因為於二零一八年一月一日應收保固金被重新歸類為合約資產。本集團的疏浚合約通常均存在三十天至六十天的保固期，且保固金額為合約價值的5%。這一金額列入合約資產，直至保固期結束，因為本集團只有於合約規定的保固期後在客戶對服務質量表示滿意的條件下方有權獲得此筆最終付款。當相關權利不受條件限制(通常在保固期屆滿當日本集團就其所完成建築工程服務質量提供保證)時，合約資產會轉移至應收賬款。

於二零一八年十二月三十一日，計入合約資產的應收保固金為人民幣34,662,000元，這表明由於時間的推移以及本集團就此等合約資產所享有的權利已變為不受條件限制，年內新增人民幣16,641,000元以及有人民幣41,077,000元被轉移至應收賬款中。

作為內部信貸風險管理的一部分，本集團對與合約資產相關的客戶進行內部信貸評級。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

22. Contract Assets/Liabilities (Continued)

Details of impairment assessment of contract assets for the year ended 31 December 2018 are set out in Note 37.

Contract liabilities represent service income received in advance of RMB22,136,000 as at 31 December 2018 and recognised as revenue when the services are rendered. Upon adoption of HKFRS 15 on 1 January 2018, such receipts in advance are re-classified from receipt in advance to contract liabilities.

23. Bank Balances and Cash

Bank balances that are denominated in a currency other than the functional currency of the relevant group companies are set out below:

22. 合約資產／負債(續)

截至二零一八年十二月三十一日止年度合約資產減值評估的詳情載於附註37中。

合約負債指於二零一八年十二月三十一日預先獲得的服務收入，金額為人民幣22,136,000元，當服務提供時確認為收入。在二零一八年一月一日採用香港財務報告準則第15號之後，該等預收款從預收款被重新歸類為合約負債。

23. 銀行結餘及現金

以有關集團公司的功能貨幣以外的貨幣計值的銀行結餘載列如下：

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
United States Dollar ("US\$")	美元(「美元」)	13	43
Hong Kong Dollar ("HK\$")	港元(「港元」)	598	627

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

24. Trade and Other Payables

24. 應付賬款及其他應付款

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	應付賬款		
Sub-contracting charge	分包費用	142,054	122,881
Fuel cost	燃料成本	10,002	18,923
Repair and maintenance	維修及保養	17,914	23,667
Others	其他	5,695	3,593
		175,665	169,064
Other payables	其他應付款項		
Payable for property, plant and equipment	物業、廠房及設備應付款項	—	11,654
Payable for construction cost of investment properties	投資物業建設成本應付款項	82,715	82,448
Accrual for other taxes	應計其他稅項	61,442	40,227
Accrual for staff salaries and welfare	應計員工薪金及福利	33,150	25,848
Receipts in advance	預收款項	—	18,215
Interest payable on the Bonds (as defined in note 29)	應付債券利息 (於附註29所界定)	—	849
Others	其他	25,461	20,478
		202,768	199,719
		378,433	368,783

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

24. Trade and Other Payables (Continued)

The aged analysis of the Group's trade payables presented based on the invoice date, except for sub-contracting charge which is presented based on dates of the progress certificates, as at the end of each reporting period is as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
0-30 days	0至30天	24,214	51,147
31-60 days	31至60天	1,077	6,810
61-90 days	61至90天	16,330	19,414
91-180 days	91至180天	43,106	13,111
Over 180 days	超過180天	90,938	78,582
		175,665	169,064

25. Amounts Due to Directors of the Company

As at 31 December 2018, the balance represented advance from and emolument payable to certain Directors of approximately RMB3,130,000 (2017: RMB2,804,000) and an amount due to Mr. Liu of approximately RMB3,803,000 (2017: RMB6,798,000). All amounts are unsecured, interest-free, repayable on demand and non-trade in nature.

26. Amounts Due to Non-Controlling Interests of a Subsidiary

All balances are non-interest bearing except for an amount of approximately RMB27,684,000 as at 31 December 2018 (2017: RMB10,365,000) which is interest bearing at 12% (2017: 12%) per annum ("p.a."). On 31 December 2018, certain non-controlling interests agreed not to demand repayment of RMB69,711,000 of the amounts due to them before January 2020 (2017: RMB68,252,000 of the amounts due to them before January 2019). All amounts are unsecured and non-trade in nature.

24. 應付賬款及其他應付款(續)

本集團於各報告期間末按發票日期呈列的應付賬款(按進度證書日期呈列的分包費用除外)的賬齡分析如下:

25. 應付本公司董事款項

於二零一八年十二月三十一日,結餘指來自及應付若干董事的墊款及酬金約人民幣3,130,000元(二零一七年:人民幣2,804,000元)及應付劉先生的款項約人民幣3,803,000元(二零一七年:人民幣6,798,000元)。所有該等款項均為無抵押、免息、須應要求償還及非貿易性質。

26. 應付一間附屬公司非控股權益款項

所有結餘為不計息款項,除截至二零一八年十二月三十一日的款項約人民幣27,684,000元(二零一七年:人民幣10,365,000元)按每年(「每年」)12%(二零一七年:12%)計息以外。於二零一八年十二月三十一日,若干非控股權益同意於二零二零年一月之前不會要求償還應付彼等款項人民幣69,711,000元(二零一七年:於二零一九年一月之前應付彼等款項人民幣68,252,000元)。所有該等款項均為無抵押及非貿易性質。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

27. Bank Borrowings

27. 銀行借貸

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Secured bank borrowings	有擔保銀行借貸		
Payment schedule according to contractual repayment terms (note)	按合約還款期分類之付款時間表(附註)		
Amount due for settlement within one year	一年內到期結清的款項	324,670	371,192

Note:

The effective interest rates of the secured bank borrowings are set out in the following table:

附註：

下表載列有擔保銀行借貸的實際利率：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Fixed interest at 4.57% p.a. to 9.98% p.a. (2017: 3.81% p.a. to 7.40% p.a.)	每年4.57%至9.98%固定利息 (二零一七年：每年3.81%至7.40%)	241,670	288,192
Floating interest at Loan Prime Rate of China ("LPR") plus 0.92% p.a. to 1.34% p.a. (2017: LPR plus 0.92% p.a. to 1.36% p.a.)	浮息(按中國最優惠貸款利率(「最優惠貸款利率」)加每年0.92%至1.34%) (二零一七年：最優惠貸款利率加每年0.92%至1.36%)	83,000	83,000
		324,670	371,192

As at 31 December 2018 and 2017, the Group's bank borrowings were supported by the corporate guarantees given by Xiangyu PRC (defined in Note 39) and the Company. The Group's bank borrowings to the extent of RMB294,670,000 (2017: RMB257,000,000) were secured by certain assets of the Group (see Note 33), a property owned by a company in which Mr. Liu has beneficial interest and personal guarantees provided by Mr. Liu and Ms. Zhou respectively (see Note 35(ii)).

於二零一八年及二零一七年十二月三十一日，本集團銀行借貸以翔宇中國(定義見附註39)及本公司作出的公司擔保作支持。本集團銀行借貸人民幣294,670,000元(二零一七年：人民幣257,000,000元)以本集團若干資產(見附註33)及由劉先生於當中擁有實益權益的一間公司所擁有的一項物業以及由劉先生及周女士分別提供的個人擔保(見附註35(ii))作抵押。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

28. Other Borrowings

28. 其他借貸

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Unsecured other borrowings	其他無擔保借貸		
Without fixed repayment term and classified as current liabilities	無固定償還期限及分類為流動負債	54,526	64,527
Classified as non-current liabilities	分類為非流動負債	34,255	34,836
		88,781	99,363

Included in the Group's other borrowings, approximately RMB31,720,000 (2017: RMB70,536,000) carried fixed interest rates ranged from 10% to 12% per annum (2017: 7.2% to 12%). Other than that, the remaining other borrowings of the Group are interest-free. All of the Group's other borrowings are unsecured, without fixed repayment term and were borrowed from independent third parties. On 31 December 2018, certain counterparties agreed not to demand repayment before January 2020 (2017: January 2019) and accordingly, RMB34,255,000 (2017: RMB34,836,000) due to these parties are classified as non-current.

計入本集團其他借貸約人民幣31,720,000元(二零一七年：人民幣70,536,000元)按固定年利率10%至12%(二零一七年：7.2%至12%)計息。除此之外，本集團剩餘的其他借貸不計利息。所有本集團其他借貸均為無抵押，並無固定還款期及自獨立第三方借取。於二零一八年十二月三十一日，若干對手方同意不會於二零二零年一月(二零一七年：二零一九年一月)之前要求償還借貸，因此，應付該等訂約方的人民幣34,255,000元(二零一七年：人民幣34,836,000元)被歸類為非流動借貸。

29. Bonds Payable

The Company issued unsecured convertible bonds (the "Bonds") to CITIC at a total nominal value of HK\$243,000,000 (equivalent to RMB191,970,000) on 8 November 2013, carrying an interest rate of 3% per annum with the maturity date of 7 November 2016 (the "Original Maturity Date"). The Bondholder, being CITIC, had an option to either convert the Bonds into the Company's ordinary shares at a conversion price of HK\$2.7 per share, subject to anti-dilutive adjustments, at any time after six months from the date of issue and up to the Original Maturity Date, or to require the Company to redeem them at 133.792% of the nominal value of the Bonds, which amounted to approximately HK\$325,115,000 (equivalent to approximately RMB290,818,000 based on spot exchange rate on 7 November 2016) (the "Original Redemption Amount"), upon maturity. The Company had no right to early redeem the Bonds.

29. 應付債券

本公司於二零一三年十一月八日向CITIC發行總面值243,000,000港元(等於人民幣191,970,000元)的無抵押可換股債券(「債券」)，利息為每年3%，於二零一六年十一月七日(「原到期日」)到期。債券持有人(即CITIC)可於發行日期後六個月至原到期日的任何時間選擇以兌換價每股2.7港元(可就反攤薄事件作出調整)將債券兌換成本公司的普通股，或於到期後要求本公司按債券的面值的133.792%贖回，約等於325,115,000港元(根據二零一六年十一月七日的即期匯率相當於約人民幣290,818,000元)(「原贖金」)。本公司無權提早贖回該等債券。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. Bonds Payable (Continued)

At the time when the Bonds were issued, the Bonds were analysed by the management of the Group to contain two components, the host debt component and the conversion option. The Bonds are denominated in HK\$, which is a currency other than the Company's functional currency. Therefore, the conversion option in the Bonds does not result in an exchange of a fixed number of the Company's own equity instruments for a fixed amount of cash, denominated in HK\$. Accordingly, the conversion option was accounted for separately as a derivative liability, which was not closely related to the host debt component. The fair values of the debt component and the derivative component were determined at the date of issue. Subsequent to initial recognition, the debt component was carried at amortised cost while the derivative component was measured at fair value, with changes in fair value recognised in profit or loss. The effective interest rate of the debt component was 16.9%.

The Group had not paid the Original Redemption Amount and the last interest payment on the Original Maturity Date to CITIC. During the year ended 31 December 2016, the Group and CITIC entered into a framework agreement on 14 November 2016 (as amended by supplemental framework agreements, collectively the "Framework Agreement") and a standstill and amended agreement and supplemental deed to the original deed poll regarding the Bonds (the "Amendment Agreement") on 15 December 2016, pursuant to which CITIC agreed to a) extend the maturity from the Original Maturity Date to 14 March 2017 and b) reduce the principal amount of Original Redemption Amount to approximately HK\$275,415,000 (equivalent to approximately RMB246,381,000) based on spot exchange rate on 31 December 2016, subject to certain conditions as stated in the Amendment Agreement.

Furthermore, the conversion option under the Bonds was removed under the Amendment Agreement. Accordingly, no embedded derivative was recognised at 31 December 2016 and at the end of subsequent accounting periods.

29. 應付債券(續)

在發行債券時，本集團管理層分析債券以包含兩個部分，即主債務部分及換股權。債券乃以港元計值，而港元為本公司功能貨幣以外的貨幣。因此，債券的換股權不能導致以固定數量的本公司自身權益工具交換固定金額現金(以港元計值)。因此，換股權分開入賬列為衍生負債，這與主債務部分並非密切相關。債務部分及衍生工具部分的公平值於發行日期釐定。初步確認後，債務部分按攤薄成本計算，衍生工具部分則按公平值計算，公平值的變動於損益內確認。債務部分的實際利率為16.9%。

於原到期日，本集團尚未向CITIC支付原贖金及最後一筆利息。截至二零一六年十二月三十一日止年度，本集團於二零一六年十一月十四日與CITIC訂立框架協議(經補充框架協議修訂，統稱「框架協議」)，並於二零一六年十二月十五日與CITIC訂立有關債券的暫緩還款及修訂協議，以及平邊契據補充契據(「修訂協議」)。據此，CITIC同意a)將屆滿時間自原到期日延長至二零一七年三月十四日；及b)減少原贖金本金額至約275,415,000港元(根據二零一六年十二月三十一日的即期匯率相當於約人民幣246,381,000元)，惟受限於修訂協議所述若干條件。

此外，債券的轉換權根據修訂協議移除。因此，於二零一六年十二月三十一日及隨後的會計期間末，並無嵌入式衍生工具獲確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. Bonds Payable (Continued)

During the year ended 31 December 2018, the Group has settled approximately HK\$23,023,000, (equivalent to RMB19,402,000) to CITIC. The Bonds remained overdue for repayment as at 31 December 2018. On 21 March 2017, 5 June 2017, 21 September 2017, 23 January 2018 and 15 March 2019, the Company and CITIC had entered into the second amendment agreement, the third amendment agreement, the fourth amendment agreement, the fifth amendment agreement and the Sixth Amendment Agreement. As at 31 December 2018, the fifth amendment agreement was in effect pursuant to which the maturity date of the Bonds was extended such that based on the latest amendment agreement in effect, the Company needed to repay the principal amount of the Bonds of approximately HK\$278,777,000 (equivalent to approximately RMB235,126,000) together with the interest due by 21 June 2018 with interest rate at an amended rate of 13% per annum. The Company failed to repay the abovementioned amounts in full on 21 June 2018, at which date the total amount outstanding, including the accrued interest amounted to approximately HK\$293,671,000 (equivalent to approximately RMB247,630,000). On 15 March 2019, the Company and CITIC entered into the Sixth Amendment Agreement to amend the original maturity date to 20 December 2019, details of amendment are set out in Note 43. As at 31 December 2018, the total amount outstanding, including the accrued interest amounted to approximately HK\$290,248,000 (equivalent to approximately RMB254,916,000).

Details of each of the agreements are set out in the announcements of the Company dated 7 November 2016, 15 November 2016, 16 November 2016, 16 December 2016, 22 March 2017, 5 June 2017, 22 September 2017, 1 December 2017, 23 January 2018 and 15 March 2019.

29. 應付債券(續)

於截至二零一八年十二月三十一日止年度，本集團已向CITIC償還約23,023,000港元(相當於人民幣19,402,000元)。於二零一八年十二月三十一日，債券仍逾期未還。於二零一七年三月二十一日、二零一七年六月五日、二零一七年九月二十一日、二零一八年一月二十三日及二零一九年三月十五日，本公司與CITIC訂立第二份修訂協議、第三份修訂協議、第四份修訂協議、第五份修訂協議及第六份修訂協議。於二零一八年十二月三十一日，第五份修訂協議已生效，據此，債券之到期日期已延長，故根據生效的最新修訂協議，本公司最遲須於二零一八年六月二十一日償付債券本金額約278,777,000港元(相當於約人民幣235,126,000元)連同到期的利息，利率按經修訂年利率13%計。本公司未能於二零一八年六月二十一日悉數償還上述金額，於該日尚未償還的總金額(包括應計利息)約為293,671,000港元(相當於約人民幣247,630,000元)。於二零一九年三月十五日，本公司與CITIC訂立第六份修訂協議，將原到期日期改為二零一九年十二月二十日，修訂詳情載於附註43。於二零一八年十二月三十一日，未償還總金額(包括應計利息)約為290,248,000港元(相當於約人民幣254,916,000元)。

各項協議的詳情載於本公司日期為二零一六年十一月七日、二零一六年十一月十五日、二零一六年十一月十六日、二零一六年十二月十六日、二零一七年三月二十二日、二零一七年六月五日、二零一七年九月二十二日、二零一七年十二月一日、二零一八年一月二十三日及二零一九年三月十五日之公告。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. Bonds Payable (Continued)

Based on the revised agreements, interest rate are as follows:

29. 應付債券(續)

根據經修訂的各份協議，利率如下：

Period	期間	Interest rate per annum 年利率
From 15 November 2016 and up to 14 December 2016	二零一六年十一月十五日至 二零一六年十二月十四日	13%
From 15 December 2016 and up to 14 March 2017	二零一六年十二月十五日至 二零一七年三月十四日	15%
From 15 March 2017 and up to 4 June 2017	二零一七年三月十五日至 二零一七年六月四日	18%
From 5 June 2017 and up to 21 June 2017	二零一七年六月五日至 二零一七年六月二十一日	13%
From 22 June 2017 and up to 21 September 2017	二零一七年六月二十二日至 二零一七年九月二十一日	18%
From 22 September 2017 and up to 15 November 2017	二零一七年九月二十二日至 二零一七年十一月十五日	13%
From 15 November 2017 and up to 22 January 2018	二零一七年十一月十五日至 二零一八年一月二十二日	13%
From 23 January 2018 and up to 21 June 2018	二零一八年一月二十三日至 二零一八年六月二十一日	13%
From 22 June 2018 and up to 20 December 2019	二零一八年六月二十二日至 二零一九年十二月二十日	13%

Note: The above interest shall accrue on a day to day basis and be calculated on the basis of a 365-day calendar year on the Reduced Redemption Amount/revised principal amount and compounded on a monthly basis.

附註：上述減少贖金／修訂本金額的利息將按每曆年365日為基準每日累計且按月計算複利。

Under the abovementioned agreements entered into by the Company and CITIC, the Bonds are personally guaranteed by Mr. Liu and his spouse Ms. Zhou who are also the Directors of the Company, and equity interests in certain subsidiaries of the Company are pledged in favour of CITIC, a dredger and an industrial premise and a residential property owned by the Group included in property, plant and equipment and investment properties with carrying value of RMB260,378,000 as at 31 December 2018 (2017: RMB:279,186,000).

根據上述本公司與CITIC訂立之協議，該債券由劉先生及其配偶周女士(彼等亦為本公司董事)個人擔保，及本公司若干附屬公司股權以CITIC為受益人，抵押由本集團擁有之一艘挖泥船，及一處工業樓宇及一處住宅物業，並以於二零一八年十二月三十一日之賬面值人民幣260,378,000元(二零一七年：人民幣279,186,000元)列入物業、廠房及設備以及投資物業。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. Bonds Payable (Continued)

The Bonds recognised in the consolidated statement of financial position are calculated as follows:

29. 應付債券(續)

於綜合財務狀況表確認之債券計算如下：

		Bonds payable
		應付債券
		RMB'000
		人民幣千元
At 1 January 2017	於二零一七年一月一日	250,715
Interest	利息	39,312
Settlement	償付	(42,483)
Exchange realignment	匯兌調整	(16,317)
At 31 December 2017	於二零一七年十二月三十一日	231,227
Interest	利息	30,694
Settlement	償付	(19,207)
Exchange realignment	匯兌調整	12,202
At 31 December 2018	於二零一八年十二月三十一日	254,916

The bonds as the end of the reporting periods are represented by:

於報告期間末債券呈列如下：

		At 31 December 2018	At 31 December 2017
		於 二零一八年 十二月三十一日	於 二零一七年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest payable within one year included in other payable	計入其他應付款項之一年內應付利息	—	849
Bonds payable within one year	一年內應付債券	254,916	230,378
		254,916	231,227

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

30. Share Capital

30. 股本

		Number of shares	Amount	RMB equivalent amount
		股份數目	金額	人民幣 同等金額
		'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
Ordinary Shares of HK\$0.10 each	每股面值0.10港元的普通股			
Authorised	法定			
Balance at 1 January 2017, 31 December 2017 and 2018	於二零一七年一月一日、 二零一七年及二零一八年 十二月三十一日的結餘	10,000,000	1,000,000	N/A 不適用
Issued and fully paid	已發行及繳足			
Balance at 1 January 2017, 31 December 2017 and 1 January 2018	於二零一七年一月一日、 二零一七年十二月三十一日 及二零一八年一月一日的 結餘	1,478,064	147,806	123,483
Placing of shares (note)	配售股份(附註)	295,600	29,560	26,094
Balance at 31 December 2018	於二零一八年十二月 三十一日的結餘	1,773,664	177,366	149,577

Note: On 6 November 2018, the share placings of 295,600,000 shares of the Company at a placing price of HK\$0.12 were completed. The net proceeds from the placing was approximately HK\$35.5 million (equivalent to approximately RMB31.3 million), part of which was used to repay the Bonds as set out in Note 29. These new shares rank pari passu in all respect with the existing shares.

附註：於二零一八年十一月六日，本公司完成按配售價每股股份0.12港元配售295,600,000股股份。配售的所得款項淨額約為35,500,000港元(相當於約人民幣31,300,000元)，其中部分用於償還附註29中所列債券。此等新股在各方面與現有股份享有同等權益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

31. Operating Leases

The Group as lessee

(i) Minimum lease payments paid

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元 (Restated) (經重列)
Minimum lease payments paid under operating leases during the year:	年內根據經營租賃支付的最低租賃款項：		
Office premises	辦公室物業	797	743
Transportation vessels	運輸船舶	589	556
		1,386	1,299

(ii) Minimum lease payment commitments

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases for office premises which fall due as follows:

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年內	404	414
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	—	326
		404	740

31. 經營租賃

本集團作為承租人

(i) 已付最低租賃款項

(ii) 最低租賃款項承擔

於各報告期末，本集團承諾就到期的有關辦公室物業的不可註銷經營租賃作出下列未來最低租賃付款：

The leases for office premises are generally negotiated for a term between one to ten years.

辦公室物業租賃期通常商定為一至十年。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

31. Operating Leases (Continued)

The Group as lessor

Rental income from chartered vessels, shopping mall and factories earned during the year were RMB2,547,000, RMB7,782,000 and RMB1,994,000 respectively (2017: RMB5,094,000, RMB6,540,000 and nil respectively). The chartered vessels have committed tenants for the next one to two years.

31. 經營租賃(續)

本集團作為出租人

年內自所包租船舶、商場及工廠賺取的租金收入分別為人民幣2,547,000元、人民幣7,782,000元及人民幣1,994,000元(二零一七年：分別為人民幣5,094,000元、人民幣6,540,000元及人民幣零元)。所包租船舶具有承租往後一至二年的租戶。

32. Capital Commitments

32. 資本承擔

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Capital commitments contracted but not provided for relating to the following:	已訂約但並未就有關以下各項計提撥備的資本承擔：		
Acquisition of property, plant and equipment (note (ii))	收購物業、廠房及設備(附註(ii))	60,122	65,702
Investment in conducting capital financing business (note (i))	投資進行資金金融業務(附註(i))	7,122	7,122

Notes:

- (i) Pursuant to the investment agreement to set up a subsidiary which principally conducts capital finance business, the proposed registered capital of US\$20 million will be contributed in proportion to the respective equity holdings of the Company and two other investors of US\$16 million, US\$2 million and US\$2 million respectively. As at 31 December 2018 and 2017, capital of US\$14.9 million was injected by the Group whilst the other two investors are still in progress in obtaining approval from regulators for capital injection.
- (ii) During the year ended 31 December 2016, the Group started to construct a hotel in Yancheng, the PRC and is expected to be completed at the end of 2019.

附註：

- (i) 根據設立主要進行資本金融業務附屬公司的投資協議，建議註冊資本20,000,000美元將由本公司及另外兩名投資者按各自的股權分別出資16,000,000美元、2,000,000美元及2,000,000美元。於二零一八年及二零一七年十二月三十一日，本公司已注入14,900,000美元，而另外兩名投資者仍在就注資取得監管部門的批准。
- (ii) 截至二零一六年十二月三十一日止年度，本集團開始在中國鹽城興建一家酒店，該工程預計於二零一九年年底完成。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. Pledge of Assets

At the end of the reporting period, the following assets of the Group were pledged to secure bank borrowings, bonds payable and credit facilities granted to the Group during the year:

33. 資產抵押

於報告期末，本集團已將以下資產作為年內授予本集團的銀行借貸、應付債券及信貸額的抵押：

		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Dredgers included in property, plant and equipment	挖泥船(列入物業、廠房及設備)	602,418	943,613
Properties included in property, plant and equipment	樓宇(列入物業、廠房及設備)	36,719	39,006
Prepaid land lease payments	預付土地租約款	89,679	83,186
Investment properties	投資物業	26,463	—
		755,279	1,065,805

34. Retirement Benefit Plans

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government in the PRC. The Group is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to make the specified contributions according to the state rules.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2017: HK\$30,000). Contributions to the scheme vest immediately.

34. 退休福利計劃

本集團中國附屬公司的僱員，是由中國地方政府經營的國家管理退休福利計劃的成員。本集團須按薪金開支的特定比例向退休福利計劃供款，為福利提供資金。本集團對該計劃的唯一責任是根據國家法規作出有關特定供款。

根據強制性公積金計劃條例(香港法例第485章)，本集團為香港僱傭條例轄下的僱員營運強制性公積金計劃(「強積金計劃」)。強積金計劃為一項由獨立信託人管理的界定供款退休計劃。根據強積金計劃，僱主及其僱員各自按僱員相關收入的5%向強積金計劃供款，惟每月的相關收入上限為30,000港元(二零一七年：30,000港元)。計劃供款為即時歸屬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

35. Related Party Disclosures

(i) Related party transactions

During the year, the Group paid rentals of RMB40,000 (2017: RMB96,000) to certain companies controlled by Mr. Liu in respect of office premises.

In addition, the Group received other advances from, and made repayments to, Mr. Liu during the year ended 31 December 2018 and 2017. As at 31 December 2018, the amount due to Mr. Liu was RMB3,803,000 (2017: RMB6,798,000).

(ii) Pledge of assets and guarantees in support of the Group's borrowings

As at 31 December 2018 and 2017, other than pledge of assets of the Group, the Group's bank borrowings and bonds payable were also supported by:

- (a) corporate guarantee given by Xiangyu PRC;
- (b) personal guarantees provided by Mr. Liu and Ms. Zhou; and
- (c) two properties owned by certain non-controlling shareholders of the Company's subsidiary.

Bank borrowing of the Group of RMB85 million (2017: RMB88 million) was supported by a property owned by a company in which Mr. Liu has beneficial interest.

(iii) Related party balances

Details of the balances due to Directors are set out in Note 25 to the consolidated financial statements.

(iv) Compensation of key management personnel

The emoluments of Directors who are also identified as members of key management of the Group during the reporting period are set out in Note 14 to the consolidated financial statements.

35. 關連方披露

(i) 關連方交易

年內，本集團就辦公室物業向由劉先生控制之若干公司支付租金人民幣40,000元(二零一七年：人民幣96,000元)。

此外，截至二零一八年及二零一七年十二月三十一日止年度，本集團接獲來自劉先生之其他墊款且已向劉先生作出償還。於二零一八年十二月三十一日，應付劉先生款項為人民幣3,803,000元(二零一七年：人民幣6,798,000元)。

(ii) 為支持本集團借貸作出的資產抵押及擔保

於二零一八年及二零一七年十二月三十一日，除本集團已抵押資產以外，本集團銀行借貸及應付債券亦由下列各項支持：

- (a) 翔宇中國作出的公司擔保；
- (b) 劉先生及周女士提供的個人擔保；及
- (c) 本公司附屬公司若干非控股股東擁有的兩項物業。

本集團人民幣85,000,000元的銀行借貸(二零一七年：人民幣88,000,000元)由劉先生擁有實質權益的公司所擁有的物業支持。

(iii) 關連方結餘

應付董事結餘詳情載於綜合財務報表附註25。

(iv) 主要管理層成員薪酬

於報告期間，同時身為本集團主要管理層成員的董事酬金載於綜合財務報表附註14。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

36. Capital Risk Management

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. Having considered the factors and circumstance set out in Note 2 to the consolidated financial statements, the Directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for next twelve months from the end of reporting period.

The capital structure of the Group consists of amounts due to directors of the Company, amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings and bonds payable as disclosed in Notes 26, 27, 28 and 29 to the consolidated financial statements respectively and equity attributable to shareholders of the Company, comprising paid up capital/share capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost and the risks associated with each class of the capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

36. 資本風險管理

本集團管理其資本使集團下的公司得以持續經營，同時通過優化債務與股本平衡為股東帶來最大回報。經考慮載列於綜合財務報表附註2的因素及情況，董事信納本集團將擁有充足的流動資金以應付其自報告期末起計未來十二個月的現金流量需要。

本集團的資本結構包括分別於綜合財務報表附註26、27、28及29披露的應付本公司董事款項、應付一間附屬公司非控股權益款項、銀行借貸、其他借貸及應付債券，以及本公司股東應佔權益，包括實繳資本/股本及儲備。

董事定期檢討資本結構。作為檢討的一部分，董事考慮資本的成本及每一類資本附帶的風險。根據董事的建議，本集團將透過支付股息、發行新股及發行新債或贖回現行債務平衡本集團的整體資本結構。

37. Financial Instruments

(a) Categories of financial instruments

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial assets	金融資產		
Financial assets at amortised cost	按攤銷成本計量的金融資產	1,211,566	—
Loan and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	—	1,380,424
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,063,766	1,148,559

37. 金融工具

(a) 金融工具類別

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, contract assets, bank balances and cash, trade and other payables, amounts due to directors of the Company, amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings and bonds payable. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market, credit and liquidity risks. The policy on how to mitigate these risks is set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has foreign currency transactions, which expose the Group to foreign currency risk. The Company will consider the use of foreign currency forward contracts to mitigate the risk when the need arise.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and liabilities that are considered significant by the management are as follows:

37. 金融工具(續)

(b) 財務風險管理目標及政策

本集團的主要金融工具包括應收賬款及其他應收款、合約資產、銀行結餘及現金、應付賬款及其他應付款、應付本公司董事款項、應付一間附屬公司非控股權益款項、銀行借貸、其他借貸及應付債券。該等金融工具的詳情於各項相關附註中披露。與該等金融工具相關的風險包括市場、信貸及流動資金風險。有關如何減低該等風險的政策載於下文。管理層管理及監察該等風險，以確保及時及有效地採取適當措施。

市場風險

(i) 貨幣風險

本集團存在外幣交易，導致本集團須承受外幣風險。本公司將於有需要時考慮動用外幣遠期合約來降低風險。

於報告期末，管理層認為屬重大的以外幣計值的貨幣資產及負債賬面金額如下：

		Assets 資產		Liabilities 負債	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
US\$	美元	8	43	—	—
HK\$	港元	790	627	260,942	284,647

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies and all other variable were held constant 5% (2017: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. On this basis, there will be a decrease in post-tax loss or an increase in post-tax profit where the functional currency of the relevant group entities weaken against US\$ by 5% or strengthen against HK\$ by 5%, and vice versa.

		Decrease (increase) in post-tax profit 稅後溢利減少(增加)	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
US\$	美元	—	2
HK\$	港元	(13,008)	(14,201)

In the opinion of the Directors, the sensitivity analysis above is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

董事認為上述敏感度分析並不能代表內在貨幣風險，原因是年末風險並不能反映全年風險。

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

下表詳述所有其他可變數據維持不變的情況下，本集團對有關集團實體的功能貨幣兌相關外幣上升及下降5% (二零一七年：5%) 的敏感度。5% (二零一七年：5%) 為管理層就外幣匯率的合理可能變動作出的評估。敏感度分析只包括以外幣計值的未償付貨幣項目，並於年末就外幣匯率變動5%調整其換算。在上述基準下，當有關集團實體的功能貨幣兌美元貶值5%或兌港元上升5%，稅後虧損將減少或稅後溢利將增加，反之亦然。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances for the year ended 31 December 2017 and 2016 and a variable-rate bank borrowing carrying prevailing interest rates at LPR (see Note 27) for the year ended 31 December 2018 and 2017. In addition, the Group was also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, other borrowings, bonds payable, amounts due to non-controlling interests of a subsidiary, certain trade receivables and pledged bank deposits as at 31 December 2018 and 2017.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In the opinion of the Directors, the reasonably possible change in interest rates for bank balances and the variable-rate bank borrowing is insignificant. No sensitivity analysis is presented.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

截至二零一七年及二零一六年十二月三十一日止年度，本集團主要承受有關浮動利率銀行結餘的現金流量利率風險及截至二零一八年及二零一七年十二月三十一日止年度附帶現行貨款基礎利率的浮動利率銀行借貸(見附註27)。此外，於二零一八年及二零一七年十二月三十一日，本集團亦承受有關固定利率銀行借貸、其他借貸、應付債券、應付一間附屬公司非控股權益款項、若干應收賬款及已抵押銀行存款的公平值利率風險。

本集團現時並無利率對沖政策。然而，管理層監察利率風險，並將於需要時考慮對沖重大利率風險。

董事認為，銀行結餘及浮動利率銀行借貸利率可能出現的合理變動不大。並無編製敏感度分析。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31 December 2018, the Group's credit risk is primarily attributable to trade receivables and contract assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. In view of the history of business dealings with the customers and the collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these customers. Management makes periodic assessment on the recoverability of the trade receivables and contract assets based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there is any dispute with the debtors. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2017: incurred loss model) on trade receivables and contract assets individually or based on provision matrix. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit rating assigned by internal credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (31 December 2017: 100%) of the total trade receivables and contract assets as at 31 December 2018.

The Group has concentration of credit risk as 15% (31 December 2017: 16%) and 48% (31 December 2017: 51%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The largest customer is categorised as a credit-impaired customer, and the remaining four customers of the five largest customers are categorised as doubtful customers.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估

於二零一八年十二月三十一日，本集團的信貸風險主要來自應收賬款及合約資產。管理層訂有信貸政策，并持續監控信貸風險。所有申請信貸的金額超出特定額度的客戶均須接受信貸評估。鑒於過往與該等客戶的業務往來及應收該等客戶款項的良好收款記錄，管理層認為本集團尚未收回的應收該等客戶款項結餘本質上並無重大信貸風險。管理層根據債務人的過往付款記錄、逾期時長、財務實力及是否與債務人存有任何糾紛，定期評估應收賬款及合約資產的可收回性。此外，本集團在採用國際財務報告準則第9號後根據預期信貸虧損模型(二零一七年：已發生虧損模型)，按個別基準或基於撥備矩陣對應收賬款及合約資產執行減值評估。就此而言，管理層認為本集團的信貸風險已大幅降低。

由於對手方乃獲得內部信貸評級機構高信貸評級的銀行/金融機構，故銀行結餘的信貸風險有限。

於二零一八年十二月三十一日，本集團按地區劃分的信貸風險主要集中於中國，佔應收賬款及合約資產總額的100%(二零一七年十二月三十一日：100%)。

由於應收賬款總額的15%(二零一七年十二月三十一日：16%)及48%(二零一七年十二月三十一日：51%)分別為來自本集團最大的客戶及五大客戶，故本集團面對集中信貸風險。

最大客戶可歸類為信貸減值客戶，而五大客戶中其餘四個客戶則可歸類為可疑客戶。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Credit risk and impairment assessment (Continued)

信貸風險及減值評估(續)

The Group's internal credit risk grading assessment comprises the following categories:

本集團的內部信貸風險評級包括以下類別：

Internal credit rating 內部信貸評級	Description 說明	Trade receivables/ contract assets 應收賬款/合約資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方違約的風險較低，且並無任何逾期款項	Lifetime ECL – not credit-impaired 全期預期信貸虧損— 未發生信貸減值
Watch list 關注	Debtor frequently repays after due dates but usually settle after due date 債務人頻繁在到期日後還款，但通常會在到期日後還款	Lifetime ECL – not credit-impaired 全期預期信貸虧損— 未發生信貸減值
Doubtful 可疑	There have been significant increases in credit risk since initial recognition through information developed internally or external resources 根據內部資料或外部資源認定信貸風險自初始確認以來大幅增加	Lifetime ECL – not credit-impaired 全期預期信貸虧損— 未發生信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 有證據顯示資產已發生信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損— 發生信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人出現重大財務困難，且本集團切實認為無法收回款項	Amount is written off 撇銷款項

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

下表載列於二零一八年十二月三十一日本集團面臨應收賬款信貸風險及預期信貸虧損的相關資料：

2018	二零一八年	Expected loss rate 預期虧損率 %	Gross carrying amount 賬面金額總值 RMB'000 人民幣千元	Loss allowance 虧損撥備 RMB'000 人民幣千元	Net carrying amount 賬面金額淨值 RMB'000 人民幣千元
Types of customers	客戶類型				
Credit impaired customers	信貸減值客戶				
Past due for more than 365 days but less than 2 years	逾期超過365天但不到2年	28%	73,050	20,100	52,950
Past due for more than 2 years	逾期超過2年	40%	210,494	83,430	127,064
Past due for more than 3 years	逾期超過3年	100%	245,820	245,820	—
			529,364	349,350	180,014
Low risk customers	低風險客戶				
Neither past due nor impaired	既未逾期亦未減值	0.5%–1%	63,315	397	62,918
Past due for less than 30 days	逾期不到30天	0.5%–1%	19,543	122	19,421
Past due for more than 30 days but less than 90 days	逾期超過30天但不到90天	0.5%–1%	48,019	301	47,718
Past due for more than 90 days but less than 180 days	逾期超過90天但不到180天	0.5%–1%	44,152	277	43,875
Past due for more than 180 days but less than 365 days	逾期超過180天但不到365天	0.5%–1%	63,689	399	63,290
Past due for more than 1 year	逾期超過1年	0.5%–1%	634	4	630
			239,352	1,500	237,852

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Credit risk and impairment assessment (Continued)

信貸風險及減值評估(續)

		Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		預期虧損率	賬面金額總值	虧損撥備	賬面金額淨值
		%	RMB'000	RMB'000	RMB'000
		%	人民幣千元	人民幣千元	人民幣千元
2018	二零一八年				
Doubtful customers	可疑客戶				
Neither past due nor impaired	既未逾期亦未減值	5.2%	12,024	621	11,403
Past due for less than 30 days	逾期不到30天	5.4%	8,981	486	8,495
Past due for more than 30 days but less than 90 days	逾期超過30天但不到90天	14.0%	63,241	8,837	54,404
Past due for more than 90 days but less than 180 days	逾期超過90天但不到180天	20.5%	133,580	27,406	106,174
Past due for more than 180 days but less than 365 days	逾期超過180天但不到365天	21.6%	98,341	21,198	77,143
Past due for more than 1 year	逾期超過1年	26.2%	68,946	18,073	50,873
Past due for more than 2 years	逾期超過2年	39.0%	127,672	49,741	77,931
Past due for more than 3 years	逾期超過3年	49.2%	455,113	223,711	231,402
			967,898	350,073	617,825

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets as at 31 December 2018:

		Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		預期虧損率	賬面金額總值	虧損撥備	賬面金額淨值
		%	RMB'000	RMB'000	RMB'000
2018	二零一八年	%	人民幣千元	人民幣千元	人民幣千元
Watch list customers	關注客戶				
Neither past due nor impaired	既未逾期亦未減值	7.6%	37,536	2,873	34,663

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit — impaired, the Group determines the expected credit losses on these items by using a provision matrix.

In making the assessment on expected loss rates, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

下表載列於二零一八年十二月三十一日本集團面臨合約資產信貸風險及預期信貸虧損的相關資料：

針對應收賬款及合約資產，本集團已應用香港財務報告準則第9號內的簡化方法以全期預期信貸虧損計量虧損撥備。除未償還結餘較大或已發生信貸減值的債務人外，本集團會使用撥備矩陣釐定該等項目的預期信貸虧損。

在進行預期虧損率評估時，本集團會考慮合理且可支持的定量及定性資料，包括無需付出不必要的成本或努力而可得的歷史經驗及前瞻性資料。所慮及的前瞻性資料包括從經濟專家報告、財務分析師、政府機構、相關智囊團及其他類似組織處獲知的本集團債務人所經營行業的未來前景，以及與本集團核心業務相關的實際或預測經濟資料的各種外部來源。歸類工作經管理層定期檢討，以確保指定債務人相關資料乃屬最新資料。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Credit risk and impairment assessment (Continued)

Other receivables

No allowance for impairment was made for other receivables since the directors consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

Bank balances and cash

The credit risk on bank balances and cash are limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no other significant concentration of credit risk.

Summary

Movement in the loss allowance account in respect of trade receivables and contract assets in lifetime ECL during the year is as follows:

信貸風險及減值評估(續)

其他應收款項

董事在評估對手方財務背景及可信性後認為其違約的可能性極小，故並未就其他應收款項作出任何減值撥備。

銀行結餘及現金

由於絕大多數對手方為獲國際信貸評級機構高信貸評級的銀行，故銀行結餘及現金的信貸風險有限。本集團並未面對其他重大集中信貸風險。

概況

本年度，發生全期預期信貸虧損的應收賬款及合約資產的虧損撥備賬的變動如下：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January under HKFRS 9/ HKAS 39	根據香港財務報告準則 第9號/香港會計準則第39 號於一月一日結餘	437,777	437,777
Impairment loss recognised under HKAS 39	根據香港會計準則第39號確認 的減值虧損	—	—
Impairment loss recognised under HKFRS 9	根據香港財務報告準則第9號 確認的減值虧損	—	—
— Trade receivables	— 應收賬款	263,146	—
— Contract assets	— 合約資產	2,873	—
Reversal of provision during the year	年內準備撥回	(19,964)	—
Balance at 31 December	於十二月三十一日的結餘	683,832	437,777

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash reserves to meet its liquidity requirements in the short and longer term. Having considered the factors and circumstances set out in Note 2 to the consolidated financial statements, the Directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve months from the end of the reporting period.

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of the reporting date.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險

本集團的政策為定期監察目前及預期的流動資金需求，從而確保本集團維持足夠現金儲備以應付其短期及較長的流動資金需求。經考慮綜合財務報表附註2所載因素及情況後，董事信納本集團將擁有足夠流動資金以滿足自報告期末起計未來十二個月的現金流量需求。

下表詳列本集團金融負債的合約到期日。該表乃根據本集團須付款的最早日期按照金融負債的未貼現現金流量編製。

該表包括利息及本金現金流量。在利息流量為浮動利率的前提下，未貼現數額乃由報告期末的現行利率得出。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Liquidity risk (Continued)

Liquidity and interest risk tables

流動資金風險(續)

流動資金及利率風險表

		Weighted average effective interest rate	On demand/ less than 3 months	3 months to 1 year	1 year to 2 years	Total undiscounted cash flows	Carrying amount
		加權平均 實際利率	按要求/ 少於三個月	三個月 至一年	一年至兩年	未貼現現金 流量總額	賬面 金額
		%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		%	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2018	於二零一八年 十二月三十一日						
<i>Non-derivative financial liabilities</i>	<i>非衍生金融負債</i>						
Trade payables	應付賬款	—	175,665	—	—	175,665	175,665
Other payables	其他應付款項	—	141,326	—	—	141,326	141,326
Amounts due to directors	應付董事款項	—	6,933	—	—	6,933	6,933
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非 控股權益款項						
— non-interest bearing	— 不計息	—	1,764	—	42,027	43,791	43,791
— interest bearing at fixed rates	— 按固定利率計息	12	—	—	31,007	31,007	27,684
Bank borrowings	銀行借貸						
— interests bearing at fixed rates	— 按固定利率計息	5.54	13,169	234,477	—	247,646	241,670
— interests bearing at floating rate	— 按浮動利率計息	5.60	10,025	74,196	—	84,221	83,000
Other borrowings	其他借貸						
— non-interest bearing	— 不計息	—	54,526	—	2,535	57,061	57,061
— interest bearing at fixed rates	— 按固定利率計息	12	—	—	35,526	35,526	31,720
Bonds payable	應付債券	12.85	—	286,508	—	286,508	254,916
			403,408	595,181	111,095	1,109,684	1,063,766

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Liquidity risk (Continued)

Liquidity and interest risk tables

流動資金風險(續)

流動資金及利率風險表

		Weighted average effective interest rate	On demand/ less than 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total undiscounted cash flows 未貼現 現金流量 總額	Carrying amount 賬面值
		加權平均 實際利率 %	按要求/少 於三個月 RMB'000 人民幣千元	三個月至一 年 RMB'000 人民幣千元	一年至兩年 RMB'000 人民幣千元	兩年以上 RMB'000 人民幣千元	人民幣千元	人民幣千元
At 31 December 2017	於二零一七年 十二月三十一日							
<i>Non-derivative financial liabilities</i>	<i>非衍生金融負債</i>							
Trade payables	應付賬款	—	169,064	—	—	—	169,064	169,064
Other payables (excluding current portion of bonds)	其他應付款項 (不包括債券的即期部分)	—	198,870	—	—	—	198,870	198,870
Amounts due to directors	應付董事款項	—	9,602	—	—	—	9,602	9,602
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司 非控股權益款項							
— non-interest bearing	— 不計息	—	1,838	—	57,887	—	59,725	59,725
— interest bearing at fixed rates	— 按固定利率計息	12	—	—	11,609	—	11,609	10,365
Bank borrowings	銀行借貸							
— interests bearing at fixed rates	— 按固定利率計息	5.25	29,377	195,053	70,794	—	295,224	288,192
— interests bearing at floating rate	— 按浮動利率計息	5.65	10,030	27,246	27,279	21,976	86,531	83,000
Other borrowings	其他借貸							
— non-interest bearing	— 不計息	—	4,527	—	—	—	4,527	4,527
— interest bearing at fixed rates	— 按固定利率計息	12	60,000	—	39,016	—	99,016	94,836
Bonds payable	應付債券	15.7	—	251,330	—	—	251,330	230,378
			483,308	473,629	206,585	21,976	1,185,498	1,148,559

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. Financial Instruments (Continued)

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised costs in the consolidated financial statements approximate their fair values.

37. 金融工具(續)

(c) 公平值

金融資產及金融負債的公平值乃根據公認定價模式按照已貼現現金流量分析，使用現時可觀察市場交易價格或利率作為輸入數據而釐定。

董事認為按攤銷成本計量於綜合財務報表計量的金融資產及金融負債的賬面金額與其公平值相若。

38. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

38. 因融資活動而產生負債的對賬

下表詳列本集團因融資活動而產生的負債變動，包括現金及非現金變動。因融資活動所產生負債為現金流量曾(或日後現金流量將)於現金流量表分類為融資活動所得現金流量的該等負債。

		Bank borrowings	Other borrowings	Bonds payable	Amounts due to directors	Amounts due to non-controlling interest of a subsidiary	Non-controlling interest	Total
		銀行借貸	其他借貸	應付債券	董事款項	應付一間附屬公司非控股權益款項	非控股權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	485,215	100,922	250,715	28,480	70,087	160,136	1,095,555
Financing cash flows	融資現金流量	(137,192)	(7,186)	(42,483)	(18,878)	(1,969)	(4,456)	(212,164)
Interest expenses	利息支出	23,169	5,627	39,312	—	1,972	—	70,080
Results shared by non-controlling interests	非控股權益應佔業績	—	—	—	—	—	1,164	1,164
Foreign exchange translation	匯兌換算	—	—	(16,317)	—	—	—	(16,317)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

38. 因融資活動而產生負債的對賬 (續)

		Bank borrowings	Other borrowings	Bonds payable	Amounts due to directors	Amounts due to non-controlling interest of a subsidiary	Non-controlling interest	Total
		銀行借貸	其他借貸	應付債券	應付董事款項	應付一間附屬公司非控股權益款項	非控股權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	371,192	99,363	231,227	9,602	70,090	156,844	938,318
Financing cash flows	融資現金流量	(61,069)	(14,600)	(19,207)	(2,669)	(1,838)	(5,793)	(105,176)
Interest expenses	利息支出	14,547	4,018	30,694	—	3,223	—	52,482
Results shared by non-controlling interest	非控股權益應佔業績	—	—	—	—	—	4,851	4,851
Foreign exchange translation	匯兌換算	—	—	12,202	—	—	—	12,202
At 31 December 2018	於二零一八年十二月三十一日	324,670	88,781	254,916	6,933	71,475	155,902	902,677

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

39. 主要附屬公司詳情

本公司於報告期末的主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/ establishment 營運國家及註冊成立/ 成立的日期	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足普通股股本/ 註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2018 二零一八年	2017 二零一七年		
Jiangsu Jiaolong Salvage Harbour Engineering Company Limited* ("Jiangsu Jiaolong") 江蘇蛟龍打撈航務工程有限公司(「江蘇蛟龍」)	PRC 22 July 1977 中國 一九七七年七月二十二日	RMB72,754,776 人民幣72,754,776元	51%	51%	Provision of marine hoisting, installation and other engineering services 提供海上吊裝安裝、打撈及其他工程服務	Limited liability 有限責任
Jiangsu Xingyu Environment Protection Company Limited* 江蘇興宇疏浚環保有限公司	PRC 20 March 2016 中國 二零一六年三月二十日	RMB10,000,000 人民幣10,000,000元	100%	100%	Provision of dredging services 提供疏浚服務	Limited liability 有限責任
Jiangsu Xiangyu Environment Protection Equipment Company Limited* 江蘇翔宇環保設備有限公司	PRC 18 August 2013 中國 二零一三年八月十八日	US\$75,000,000 75,000,000美元	100%	100%	Manufacturing of dredging machines 製造挖泥機	Wholly-owned foreign enterprise 外商獨資企業
Jiangsu Xingyu Holdings Group Limited* ("PRC Operational Entity") (notes ii) 江蘇興宇控股集團有限公司(「中國經營實體」)(附註ii)	PRC 13 July 2007 中國 二零零七年七月十三日	RMB39,315,800 人民幣39,315,800元	notes ii 附註ii	notes ii 附註ii	Provision of dredging services 提供疏浚服務	Limited liability 有限責任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

39. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/establishment 營運國家及註冊成立/成立的日期	Issued and fully paid ordinary share capital/registered capital 已發行及繳足普通股股本/註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2018 二零一八年	2017 二零一七年		
Jiangsu Xiangyu Port Constructing Project Administration Company Limited* ("Xiangyu PRC") (notes ii) 江蘇翔宇港建工程管理有限公司(「翔宇中國」) (附註ii)	PRC 11 June 2010	US\$80,000,000 80,000,000美元	100%	100%	Provision of management services 提供管理服務	Wholly-owned foreign enterprise 外商獨資企業
Jiangsu Xiangyu Water Management Company Limited* 江蘇翔宇水務有限公司	PRC 3 August 2011	US\$73,000,000 73,000,000美元	100%	100%	Provision of dredging and water management services 提供疏浚及水務管理服務	Wholly-owned foreign enterprise 外商獨資企業
Power Wealth Engineering Limited 力富工程有限公司	Hong Kong 3 July 2002	HK\$100,000 100,000港元	100%	100%	Investment holding and provision of dredging consultation services 投資控股及提供疏浚諮詢服務	Limited liability 有限責任
Jiangsu Fengyu Property Development Company Limited* 江蘇豐宇置業有限公司	PRC 4 December 2013	RMB66,000,000 人民幣66,000,000元	100%	100%	Property development and investment 物業發展及投資	Limited liability 有限責任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

39. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/ establishment 營運國家及註冊 成立/ 成立的日期	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足普通股 股本/ 註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的 應佔股權		Principal activities 主要業務	Form of company 公司形式
			2018 二零一八年	2017 二零一七年		
Yancheng Juranzhijia Home Building Material Commercial Management Limited*	PRC 15 June 2016	RMB1,000,000	100%	100%	Property management	Limited liability
鹽城居然之家家居建材商業管理有限公司	中國 二零一六年 六月十五日	人民幣1,000,000元			物業管理	有限責任
Jiangsu Xingyu Commerce Company Limited*	PRC 16 April 2015	RMB10,000,000	100%	100%	Inactive	Limited liability
江蘇興宇商務有限公司	中國 二零一五年 四月十六日	人民幣10,000,000元			未有經營業務	有限責任
Huaian Shi Xiangyu Technology Microfinance Limited*	PRC 11 September 2016	US\$20,000,000	80%	80%	Lending and venture capital financing business in the technology sector	Limited liability
淮安市翔宇科技小額貸款有限公司	中國 二零一六年 九月十一日	20,000,000美元			科技行業借貸及創業 資金融資業務	有限責任
Jiangsu Xiangyu Environmental Protection Industry Development Limited*	PRC 27 August 2016	US\$50,000,000	100%	100%	Inactive	Limited liability
江蘇翔宇環保產業發展有限公司	中國 二零一六年 八月二十七日	50,000,000美元			未有經營業務	有限責任
Jiangsu Lifu Infrastructure Construction Company Limited*	PRC 25 June 2012	US\$49,980,000	100%	100%	Inactive	Limited liability
江蘇力富基礎設施建設有限公司	中國 二零一二年 六月二十五日	49,980,000美元			未有經營業務	有限責任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

* for identification only

Notes:

- (i) None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.
- (ii) **Consolidated structured entity**

PRC laws and regulations prohibit or restrict foreign investors from owning more than 50% equity interest in any enterprise which owns vessels for conducting dredging business.

On 19 April 2011, Xiangyu PRC, the PRC Operational Entity and its respective equity participants, being Mr. Liu and Ms. Zhou entered into a series of agreements (the "Contractual Arrangements"). The PRC Operational Entity is engaged in the provision of dredging services of the Group.

Key provisions of the Contractual Arrangements are as follows:

Option Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into an exclusive option agreement ("Option Agreement") whereby Mr. Liu and Ms. Zhou have irrevocably granted Xiangyu PRC an option to acquire, directly or through one or more nominees, the entire equity interest held by Mr. Liu and Ms. Zhou in PRC Operational Entity at a price ("Acquisition Cost") equivalent to the fair market value of such equity interest or, where applicable, the amount as permitted by the applicable PRC laws. The Acquisition Cost, when received, will be contributed by Mr. Liu and Ms. Zhou to Xiangyu PRC as capital surplus. Subject to the compliance with the PRC laws, Xiangyu PRC may exercise the option at any time, in respect of all or part of the equity interest of PRC Operational Entity and in any manner at its sole discretion.

Pursuant to the Option Agreement, each of PRC Operational Entity, Mr. Liu and/or Ms. Zhou has given undertakings that it shall perform certain acts, or refrain from performing certain other acts unless with the prior written consent of Xiangyu PRC, including but not limited to the below matters:

- (a) that PRC Operational Entity shall not alter its constitutional documents or its registered capital;

39. 主要附屬公司詳情(續)

上表載列董事認為對本集團業績或資產有重要影響的本集團附屬公司。董事認為，如載列其他附屬公司的詳情將令篇幅過於冗長。

* 僅供識別

附註：

- (i) 於報告期末，或於年內任何時間，概無附屬公司有任何發行在外的債務證券。
- (ii) **合併結構性實體**

中國法律及規定禁止或限制外國投資者於任何擁有可進行疏浚業務的船舶的企業中持有超過50%的股權。

於二零一一年四月十九日，翔宇中國、中國經營實體及其各參股方(即劉先生及周女士)訂立一系列協議(「合約安排」)。中國經營實體從事提供本集團的疏浚業務。

該等合約安排的主要條款如下：

購股權協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項獨家購股權協議(「購股權協議」)，據此劉先生及周女士不可撤回地向翔宇中國授予一項購股權以直接或透過一名或多名提名人按相等於該股權的公平市值或適用中國法律批准的數額(如適用)的價格(「收購成本」)收購劉先生及周女士於中國經營實體持有的全部股權。收購成本於收到時將由劉先生及周女士向翔宇中國支付作為資本盈餘。翔宇中國可全權酌情於任何時間就中國經營實體的全部或部分股權以任何方式行使購股權，惟須遵守中國法律的規定。

根據購股權協議，中國經營實體、劉先生及/或周女士已各自承諾，除非獲得翔宇中國的事先書面同意，其將進行若干行為或放棄進行若干其他行為，包括但不限於下列事項：

- (a) 中國經營實體將不會改變其章程文件或其註冊資本；

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Option Agreement (Continued)

- (b) that any of PRC Operational Entity, Mr. Liu and/or Ms. Zhou shall not incur any indebtedness or guarantee (other than those incurred in the ordinary course of business and disclosed to and approved by Xiangyu PRC in advance);
- (c) that PRC Operational Entity shall not provide any loan or guarantee to any third parties;
- (d) that PRC Operational Entity shall not dispose of or create encumbrances over any part of its assets, business or revenue and that Mr. Liu and Ms. Zhou shall not dispose of or create encumbrances over the equity interest held by them in PRC Operational Entity, except the security created under the Equity Pledge Agreement (as defined in (ii) below);
- (e) that PRC Operational Entity shall not enter into any material contracts over certain amount other than those in its ordinary course of business and disclosed to and approved by Xiangyu PRC in advance;
- (f) that PRC Operational Entity shall not distribute any dividend (including any undistributed attributable profit payable to the entity's shareholders prior to the Option Agreement becoming effective) to its shareholders and that Mr. Liu and Ms. Zhou undertake that such undistributed profit shall be retained in PRC Operational Entity as its capital and/or reserved fund and shall give up and assign or transfer to Xiangyu PRC any dividend declared and distributed thereafter and payable to them by virtue of their holding of the equity interest in PRC Operational Entity;
- (g) that PRC Operational Entity shall not make investment or engage in any merger or acquisition transactions; and
- (h) that at the request of Xiangyu PRC, Mr. Liu and Ms. Zhou shall appoint such persons nominated by Xiangyu PRC to act as the Directors, supervisors and senior management members of PRC Operational Entity.

The Option Agreement became effective on 19 April 2011 and will expire on the date on which all the equity interests held by Mr. Liu and Ms. Zhou in PRC Operational Entity are transferred to Xiangyu PRC and/or its nominee(s).

39. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

購股權協議(續)

- (b) 中國經營實體、劉先生及／或周女士任何一方將不會產生任何債務或擔保(於一般業務過程中產生及已提前向翔宇中國披露且經其批准者除外)；
- (c) 中國經營實體將不會向任何第三方提供任何貸款或擔保；
- (d) 中國經營實體將不會處置其資產、業務或收益的任何部分或就此建立產權負擔，且劉先生及周女士不會處置彼等於中國經營實體持有的股權或就此建立產權負擔，惟根據權益抵押協議(定義見下文(ii))設置的抵押除外；
- (e) 中國經營實體將不會訂立超過若干金額的任何重大合約，但於其日常業務過程中訂立及提前向翔宇中國披露並獲批准的合約除外；
- (f) 中國經營實體將不會向其股東分派任何股息(包括於購股權協議生效前任何未分派的應付權益股東應佔溢利)，及劉先生及周女士承諾該等未分派溢利將由中國經營實體保留作其資本及／或儲備基金，及將放棄並向翔宇中國分派或轉讓任何其後宣派及分派的、按照其於中國經營實體持有的股權而應付彼等的股息；
- (g) 中國經營實體不應作出投資或進行任何合併或收購交易；及
- (h) 應翔宇中國的要求，劉先生及周女士將委任翔宇中國提名的該等人士作為中國經營實體的董事、監事及高級管理層成員。

購股權協議於二零一一年四月十九日開始生效，並將在劉先生及周女士於中國經營實體持有的所有股權轉讓至翔宇中國及／或其提名人當日屆滿。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Proxy Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into a proxy agreement ("Proxy Agreement") pursuant to which Mr. Liu and Ms. Zhou have unconditionally and irrevocably undertaken to authorise such person(s) as designated by Xiangyu PRC (being PRC citizens) to exercise the shareholders' rights in relation to appointment of proxy and exercise of voting rights in PRC Operational Entity under the articles of association of PRC Operational Entity and the applicable PRC laws. Such shareholders' rights include but not limited to (i) calling and attending the shareholders' meetings of PRC Operational Entity; (ii) exercising the voting rights on all matters requiring the consideration and approval of shareholders and those pursuant to articles of association of PRC Operational Entity.

Before Xiangyu PRC acquires the entire equity interests in PRC Operational Entity contemplated under the Option Agreement, Xiangyu PRC can exercise the voting rights of shareholders of PRC Operational Entity.

The term of the Proxy Agreement commenced on 19 April 2011 and will expire on 18 April 2026, and will be renewable at the election of Xiangyu PRC for successive terms of 10 years each until termination by Xiangyu PRC with a 30-day prior notice to PRC Operational Entity.

Composite Services Agreement

Xiangyu PRC and PRC Operational Entity entered into an exclusive composite services agreement ("Composite Services Agreement") pursuant to which PRC Operational Entity will exclusively engage Xiangyu PRC to provide consultation and other ancillary services in enterprise management and consultancy services, dredging project management and consultancy services.

In consideration of the provision of the aforementioned services by Xiangyu PRC, PRC Operational Entity agrees to pay to Xiangyu PRC fees on an annual basis in arrears. Fees payable to Xiangyu PRC by PRC Operational Entity will be equivalent to the total audited revenue less all the related costs, expenses, taxes and statutory reserve of PRC Operational Entity. Xiangyu PRC reserves the right to identify the items of expenses to be included as related expenses when calculating the fees payable by PRC Operational Entity and is entitled to adjust the fee payable by PRC Operational Entity anytime based on the volume of service provided.

39. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

代表委任協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項代表委任協議(「代表委任協議」)，據此劉先生及周女士已無條件並不可撤回地承諾授權翔宇中國指定的該等人士(為中國居民)根據中國經營實體組織章程細則及適用中國法律下，於中國經營實體行使有關委派委任代表及投票權的股東權利。該等股東權利包括但不限於(i)召開及參加中國經營實體的股東大會；(ii)就所有須股東考慮及批准的事項及中國經營實體組織章程細則所規定的事項行使投票權。

在翔宇中國根據購股權協議擬定的收購於中國經營實體的全部股權之前，翔宇中國可行使中國經營實體的股東投票權。

代表委任協議的年期由二零一一年四月十九日開始，及將於二零二六年四月十八日屆滿，並可應翔宇中國的要求，每次續展十年，直至翔宇中國向中國經營實體發出三十天的事先通知終止為止。

綜合服務協議

翔宇中國及中國經營實體訂立一份獨家綜合服務協議(「綜合服務協議」)，據此中國經營實體將獨家委任翔宇中國於企業管理及諮詢服務、疏浚項目管理及諮詢服務提供諮詢及其他配套服務。

考慮到翔宇中國提供的上述服務，中國經營實體同意每年向翔宇中國支付到期的費用。中國經營實體應付翔宇中國的費用將等於經審核收益總額減所有中國經營實體有關成本、開支、稅項及法定儲備。當計算中國經營實體應付的費用時，翔宇中國保留權利確認將列作有關開支的開支項目，並有權根據所提供的服務量隨時調整中國經營實體應付的費用。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Composite Services Agreement (Continued)

Pursuant to the Composite Services Agreement, PRC Operational Entity shall not without the prior written consent of Xiangyu PRC to dispose of or pledge its material assets, operation rights and/or business; alter its registered capital; alter its scope of business; declare dividends; and/or remove any of its Directors and senior management members. Pursuant to the Composite Services Agreement, Xiangyu PRC is required to pay to PRC Operational Entity a surety amount of not less than HK\$22,276,000 for the performance of its services provided to PRC Operational Entity under the Composite Services Agreement. As a security for the due payment of the consultation service fees and repayment of the surety money by PRC Operational Entity to Xiangyu PRC under the Composite Services Agreement, PRC Operational Entity has agreed to pledge its interest in the three vessels owned or (as the case may be) jointly-owned by it to Xiangyu PRC.

The term of the Composite Services Agreement commenced from 19 April 2011, and will expire on 18 April 2026, which will be renewable at the request of Xiangyu PRC for successive terms of 10 years each until termination by Xiangyu PRC with a 30-day prior written notice to PRC Operational Entity.

Equity Pledge Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into an equity pledge agreement ("Equity Pledge Agreement"), pursuant to which Mr. Liu and Ms. Zhou granted a continuing first priority security interests over their respective equity interests in PRC Operational Entity to Xiangyu PRC for guaranteeing the performance of the Composite Services Agreement, the Option Agreement and the Proxy Agreement. Mr. Liu and Ms. Zhou are responsible to record the pledge of equity into the shareholders' register on the effective date of the Equity Pledge Agreement. PRC Operational Entity, Mr. Liu and Ms. Zhou are also responsible to register the pledge of equity in the State Administration for Industry and Commerce 10 days after the effective date of the Equity Pledge Agreement.

39. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

綜合服務協議(續)

根據綜合服務協議，中國經營實體不可於未取得翔宇中國事先的書面同意前，出售或抵押其重大的資產、經營權及/或業務；更改其註冊資本；更改其業務範圍；宣派股息；及/或罷免其任何董事及高級管理層成員。根據綜合服務協議，翔宇中國須向中國經營實體支付不低於22,276,000港元作為其根據綜合服務協議向中國經營實體履行服務的保證金。作為中國經營實體根據綜合服務協議準時向翔宇中國支付諮詢服務費用及償還保證金的抵押，中國經營實體已同意向翔宇中國抵押其所擁有或(視情況而定)共同擁有的三艘船舶中的權益。

綜合服務協議的年期由二零一一年四月十九日開始，並將於二零二六年四月十八日屆滿，並可應翔宇中國的要求，每次續展十年，直至翔宇中國向中國經營實體發出三十天的事先書面通知終止為止。

權益抵押協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項權益抵押協議(「權益抵押協議」)，據此劉先生及周女士向翔宇中國授予各自所持中國經營實體股權的持續優先抵押權益，以擔保履行綜合服務協議、購股權協議及代表委任協議。劉先生與周女士負責於權益抵押協議生效日將抵押權益在股東登記冊登記。中國經營實體、劉先生及周女士亦負責於權益抵押協議生效日期後十天將抵押權益在國家工商行政管理總局登記。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Equity Pledge Agreement (Continued)

Pursuant to the Equity Pledge Agreement, without the prior written consent of Xiangyu PRC, PRC Operational Entity shall not alter its current shareholding structure and/or its nature or scope of business, Mr. Liu and Ms. Zhou shall not allow PRC Operational Entity to transfer or dispose of its assets or pledge or transfer their respective equity interests in PRC Operational Entity in favor of or to other third parties. Xiangyu PRC is entitled to receive all dividends derived from the pledged equity interests. Xiangyu PRC is entitled to demand repayment of the secured indebtedness and/or to exercise its rights to sell the pledged equity interests on occurrence of certain events of default including but not limited to non-performance or breach of any of the Composite Services Agreement, the Option Agreement and the Proxy Agreement; or failure to repay other debts when due by PRC Operational Entity, Mr. Liu or Ms. Zhou (as the case may be).

The Equity Pledge Agreement became effective from the date of its execution and shall terminate upon performance of all obligations under the Composite Services Agreement, the Option Agreement and the Proxy Agreement in full.

Vessel Pledge Agreements

PRC Operational Entity and Xiangyu PRC have entered into three vessel pledge agreements ("Vessel Pledge Agreements") dated 19 April 2011, pursuant to which PRC Operational Entity has pledged in favor of Xiangyu PRC (i) its entire interest in the dredger "Zhuayang No. 101"; (ii) its 50% interest in the dredger "Kaijin No. 1" and (iii) its 50% interest in the dredger "Kaijin No. 3" to Xiangyu PRC, as security for the due payment of the consultation service fees and repayment of the surety money (as well as related interest and expenses, etc.) then owing by PRC Operational Entity to Xiangyu PRC under the Composite Services Agreement.

Pursuant to the Vessel Pledge Agreements, without the prior written consent of Xiangyu PRC, PRC Operational Entity shall not pledge or dispose of its interests in the pledged vessels or any part thereof. Xiangyu PRC is entitled to exercise its rights to sell the pledged vessels on occurrence of certain events of default, including but not limited to the non-payment of the secured indebtedness or non-performance of the Composite Services Agreement.

39. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

權益抵押協議(續)

根據權益抵押協議，在未取得翔宇中國事先書面同意的情况下，中國經營實體不得更改其現時持股架構及/或其業務性質或範圍，而劉先生及周女士不得容許中國經營實體轉讓或出售其資產，或以其他第三方為受益人或向其抵押或轉讓彼等各自於中國經營實體的股權。翔宇中國有權收取來自自己抵押股權的所有股息。翔宇中國有權於發生下列若干違約事件時要求償還擔保債務及/或行使其權利以出售已抵押股權，包括但不限於未有履行或違反綜合服務協議、購股權協議及代表委任協議任一項；或中國經營實體、劉先生或周女士(視情況而定)未能償還其他到期債項。

權益抵押協議自其簽訂日期起生效及於全面履行綜合服務協議、購股權協議及代表委任協議項下的所有責任時終止。

船舶抵押協議

中國經營實體及翔宇中國於二零一一年四月十九日訂立三份船舶抵押協議(「船舶抵押協議」)，據此中國經營實體以翔宇中國為受益人，向翔宇中國抵押(i)其於「抓揚101」挖泥船的全部權益；(ii)其於「開進1號」挖泥船的50%權益及(iii)其於「開進3號」挖泥船的50%權益，以作為中國經營實體準時支付根據綜合服務協議當時結欠翔宇中國的到期諮詢服務費用及保證金(以及相關利息及開支等)的抵押。

根據船舶抵押協議，在未取得翔宇中國事先書面同意的情况下，中國經營實體不得抵押或出售其於已抵押船舶或其中任何部分的權益。翔宇中國有權在發生若干違約事件的情况下行使其出售已抵押船舶的權利，包括但不限於不支付有擔保債務或不履行綜合服務協議。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Vessel Pledge Agreements (Continued)

The Vessel Pledge Agreements became effective from the date of its execution and shall terminate upon payment or repayment of the consultation service fees, surety money and all other related expenses under the Composite Services Agreement.

The Group has a contractual commitment to provide financial assistance to the PRC Operational Entity. However, due to the strategic importance of it to the Group, the Directors intended to provide financing to the PRC Operational Entity to support the working capital requirements. As at 31 December 2018, the bank borrowings of the PRC Operational Entity of RMB294,670,000 (2017: RMB257,000,000) are secured by pledge of assets jointly owned by the PRC Operational Entity and the Group, corporate guarantee by the Company and personal guarantees provided by Mr. Liu and Ms. Zhou, the Directors of the Company. Unutilised secured bank facilities amounted to approximately RMB430,330,000 (2017: RMB486,000,000).

For the year ended 31 December 2018, the amount of revenue and assets subject to the Contractual Arrangements accounted for 97% (2017: 99%) and 67.3% (2017: 62.9%) of the Group's total revenue and assets respectively.

The Directors, are of the view that the terms of the Contractual Arrangements have in substance enabled Xiangyu PRC to have power over the PRC Operational Entity, rights to variable returns from its involvement with the PRC Operational Entity, and has the ability to use its power to affect its returns, despite the absence of formal legal equity interest held by the Group therein. Accordingly, PRC Operational Entity is accounted for as a consolidated structured entity as a subsidiary of the Company.

39. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

船舶抵押協議(續)

船舶抵押協議自其簽訂日期起生效，並將於支付或償還綜合服務協議項下的諮詢服務費用、保證金及所有其他有關開支後終止。

本集團擁有向中國經營實體提供財務資助的合約承擔。然而，由於其對本集團而言具有戰略重要性，故此董事計劃向中國經營實體提供融資以支持彼等的營運資金要求。於二零一八年十二月三十一日，中國經營實體的銀行借貸為人民幣294,670,000元(二零一七年：人民幣257,000,000元)，由中國經營實體與本集團共同擁有的資產、本公司提供的公司擔保以及本公司董事劉先生及周女士提供的個人擔保作抵押。未動用有擔保銀行融資額度約為人民幣430,330,000元(二零一七年：人民幣486,000,000元)。

截至二零一八年十二月三十一日止年度，受合約安排規限的收入及資產金額分別佔本集團總收益及資產的97%(二零一七年：99%)及67.3%(二零一七年：62.9%)。

董事認為，儘管本集團於合約安排中並無持有正式的法定股權，惟合約安排的條款已實質上賦予翔宇中國控制中國經營實體的權利，享有來自中國經營實體的可變回報的權利及行使其權力影響其回報的能力。因此，中國經營實體作為本集團的合併結構性實體入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

39. Particulars of Principal Subsidiaries (Continued)

The following summarised financial information in respect of PRC Operational Entity represents amounts before intragroup eliminations. PRC Operational Entity has a material subsidiary — Jiangsu Jiaolong and the summarised financial information of Jiangsu Jiaolong is set out in Note 40 and is not included in the financial information below.

39. 主要附屬公司詳情(續)

下文概述的中國經營實體財務資料為集團內部抵銷前數額。中國經營實體擁有一間重要附屬公司 — 江蘇蛟龍，而概述的江蘇蛟龍財務資料載列於附註40中，且並未納入至下列財務資料中。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current assets	流動資產	172,829	126,146
Non-current assets	非流動資產	1,582,093	1,682,106
Current liabilities	流動負債	(573,997)	(590,003)
Non-current liabilities	非流動負債	—	(171)
Equity attributable to owners of the Company	本公司所有人應佔權益	1,180,925	1,218,078
Revenue	收益	285,930	411,091
Expense	開支	(323,083)	(328,041)
(Loss)/profit for the year and total comprehensive (expense)/income for the year	年內(虧損)/溢利及年內全面(開支)/收益總額	(37,153)	83,050

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. Subsidiary with Material Non-Controlling Interests

The Group held 51% equity interest in Jiangsu Jiaolong at 31 December 2018 and 2017.

40. 擁有重大非控股權益的附屬公司

本集團於二零一八年及二零一七年十二月三十一日持有江蘇蛟龍51%的股權。

Name of subsidiary 附屬公司名稱	Place of establishment and principal place of business 註冊成立地點及 主要營業地點	Proportion of ownership interests and voting rights held by non-controlling interest 非控股權益持有的擁有權 權益及投票權比例		Profit allocated to non-controlling interest 分配至非控股權益的溢利		Accumulated non-controlling interest 累計非控股權益	
		31.12.2018 二零一八年十 二月三十一日	31.12.2017 二零一七年十 二月三十一日	31.12.2018 二零一八年十 二月三十一日 RMB'000 人民幣千元	31.12.2017 二零一七年十 二月三十一日 RMB'000 人民幣千元	31.12.2018 二零一八年十 二月三十一日 RMB'000 人民幣千元	31.12.2017 二零一七年十 二月三十一日 RMB'000 人民幣千元
Jiangsu Jiaolong 江蘇蛟龍	PRC 中國	49%	49%	4,152	1,164	155,203	156,884

Summarised financial information in respect of Jiangsu Jiaolong which has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations:

擁有重大非控股權益的江蘇蛟龍的財務資料概述如下。下文概述的財務資料為集團內部抵銷前數額：

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元 (Restated) (經重列)
Current assets	流動資產	312,923	297,336
Non-current assets	非流動資產	286,461	288,967
Current liabilities	流動負債	(158,794)	(141,798)
Non-current liabilities	非流動負債	(115,001)	(115,568)
Equity attributable to owners of the Company	本公司所有人應佔權益	170,386	172,093

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

40. 擁有重大非控股權益的附屬公司(續)

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元 (Restated) (經重列)
Non-controlling interests	非控股權益	155,203	156,844
Revenue	收益	374,129	273,952
Expense	開支	(377,477)	(281,476)
(Loss)/profit for the year and total comprehensive income for the year	年內(虧損)/溢利及年內全面收益總額	(3,348)	(7,524)
(Loss)/profit and total comprehensive income attributable to the owners of the Company	本公司所有人應佔(虧損)/溢利及全面收益總額	(1,707)	(4,232)
(Loss)/profit and total comprehensive income attributable to the non-controlling interests	非控股權益應佔(虧損)/溢利及全面收益總額	(1,641)	(3,292)
Profit and total comprehensive income for the year	年內溢利及全面收益總額	(3,348)	(7,524)
Dividend paid to non-controlling interests	支付予非控股權益的股息	(5,793)	(4,456)
Net cash inflow from operating activities	經營活動產生的現金流入淨額	55,711	13,822
Net cash outflow from investing activities	投資活動產生的現金流出淨額	(10,422)	(16,916)
Net cash (outflow) inflow from financing activities	融資活動產生的現金(流出)流入淨額	(3,597)	5,377
Net cash inflow (outflow)	現金流入(流出)淨額	35,899	(2,173)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. Share-Based Payment Transaction

Pursuant to the written resolution of the shareholders of the Company dated 24 May 2011, the share option scheme (the "Scheme") was approved and adopted. The Scheme was established for the purpose of providing incentives or rewards for the contribution of Directors and eligible persons. The Scheme will remain in force for a period of ten years from adoption of the Scheme. The Scheme will expire on 23 May 2021.

During the year ended 31 December 2018, 85,560,000 share options were granted to directors and employees of the Group. The Binominal model has been used to estimate the fair value of the options.

Movements of share options outstanding and their weighted average exercise prices are as follows:

41. 股份支付交易

根據日期為二零一一年五月二十四日的本公司股東書面決議案，購股權計劃(「計劃」)獲批准及採納。設立計劃旨在就董事及合資格人士的貢獻給予鼓勵或獎勵。計劃自其獲採納起計十年內持續有效。計劃將於二零二一年五月二十三日屆滿。

截至二零一八年十二月三十一日止年度，本集團董事及員工獲授予85,560,000份購股權。購股權公平值採用二項式模式估計。

未行使的購股權及其加權平均行使價的變動如下：

		2018 二零一八年		2017 二零一七年	
		Weighted average exercise price per share 每股加 權平均 行使價 HK\$ 港元	Number of share options 購股權 數目	Weighted average exercise price per share 每股加 權平均 行使價 HK\$ 港元	Number of share options 購股權 數目
Exercisable at beginning of the year	年初可行使	N/A 不適用	—	—	—
Granted	已授出	0.131	85,560,000	—	—
Lapsed	失效	N/A 不適用	—	—	—
		0.131	85,560,000	—	—

No share options were exercised during the year.

年內未有任何股權獲行使。

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

本集團並無法律或推定責任以現金購回或結算購股權。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. Share-Based Payment Transaction (Continued)

41. 股份支付交易(續)

Share options outstanding at the end of the reporting period have the following exercisable period and exercise price:

於報告期末未行使的購股權的行使期及行使價如下：

Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Exercisable period 行使期	2018 二零一八年	2017 二零一七年
11-10-2018 二零一八年十月十一日	0.131	11-10-2018 to 10-10-2019 二零一八年十月十一日至 二零一九年十月十日	85,560,000	—

The fair values of options granted determined were as follow:

按有關方式計算的已授出購股權的公平值如下：

11 October 2018
二零一八年十月十一日

Option value (at grant date)	購股權價值(於授出日期)	HK\$3,080,160 3,080,160港元
Fair value per option (at grant date)	每份購股權公平值(於授出日期)	HK\$0.036 0.036港元
Significant inputs into the valuation model:	定價模式的主要輸入項目：	
Exercise price at grant date	授出日期的行使價	HK\$0.131 0.131港元
Share price at grant date	授出日期的股價	HK\$0.1160 0.1160港元
Expected volatility (note)	預期波幅(附註)	81.3960%
Risk-free interest rate	無風險利率	1.8396%
Life of options	購股權年期	1 year 1年
Expected dividend yield	預期股息率	0%
Valuation model applied	所用定價模式	Binomial 二項式

Note: The expected volatility is measured at the standard deviation of the expected share price return and is based on statistical analysis of daily share prices over 2 years before the respective dates of grant.

附註：預期波幅乃按預期股價回報的標準差計算，該回報乃按於各個授出日期前兩年的每日股價的數據分析為基準計算。

The Group recognised a total expense of HK\$3,080,160 for the year ended 31 December 2018 in relation to share options granted by the Company.

本集團確認，截至二零一八年十二月三十一日止年度，與本公司授出購股權相關的總開支為3,080,160港元。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

42. Statement of Financial Position and Reserves of the Company

42. 本公司的財務狀況表及儲備

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NON-CURRENT ASSET	非流動資產		
Unlisted investments in subsidiaries	於附屬公司的非上市投資	259,214	259,214
CURRENT ASSETS	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	951,438	942,913
Bank balances and cash	銀行結餘及現金	127	159
		951,565	943,072
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	4,125	4,756
Amounts due to directors	應付董事款項	14,547	12,401
Bonds payable	應付債券	254,916	230,378
		273,588	247,535
NET CURRENT ASSETS	流動資產淨值	677,977	695,537
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	937,191	954,751
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	149,577	123,483
Reserves	儲備	787,614	831,268
TOTAL EQUITY	權益總額	937,191	954,751

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 March 2019 and are signed on its behalf by:

本公司的財務狀況表已於二零一九年三月二十八日獲董事會批准及授權刊發，並由以下人士代表簽署：

LIU KAIJIN

劉開進

DIRECTOR

董事

ZHOU SHUHUA

周淑華

DIRECTOR

董事

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

42. Statement of Financial Position and Reserves of the Company (Continued)

42. 本公司的財務狀況表及儲備(續)

Movement in the Company's reserves:

公司儲備的變動：

		Share premium	Share options reserve	Other reserves	Accumulated losses	Total
		股份溢價	購股權儲備	其他儲備	累計虧損	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	922,980	—	165,238	(229,821)	858,397
Loss for the year	年內虧損	—	—	—	(27,129)	(27,129)
Total comprehensive expense for the year	年內全面開支 總額	—	—	—	(27,129)	(27,129)
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日及 二零一八年一月一日	922,980	—	165,238	(256,950)	831,268
Loss for the year	年內虧損	—	—	—	(51,624)	(51,624)
Equity-settled share-based payments	以權益結算的股份支付	—	2,752	—	—	2,752
Total comprehensive expense for the year	年內全面開支總額	—	2,752	—	(51,624)	(48,872)
Placing of shares (note 30)	股份配售(附註30)	5,218	—	—	—	5,218
At 31 December 2018	於二零一八年 十二月三十一日	928,198	2,752	165,238	(308,574)	787,614

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

43. Event After the Reporting Period

Extension of maturity of the Bonds

On 15 March 2019, CITIC and the Company entered into the Sixth Amendment Agreement to further amend the terms and conditions of the Bonds. Under the Sixth Amendment Agreement, it has been agreed that, among other matters, the principal amount of the Bonds shall be amended to HK\$290,000,000 (equivalent to approximately RMB248,288,000) and the maturity date of the 2016 Bonds shall be amended to 20 December 2019 (the "New Maturity Date") with interest rates amended to 13% per annum.

In the event the Company prepays any sum of the outstanding principal amount of the Bonds that is not less than US\$3,000,000 (equivalent to approximately RMB20,148,000) during the period as from 6 March 2019 and up to 30 April 2019 (both dates inclusive) ("Period 1"), the annual rate of interest applicable in respect of such sum shall be adjusted downward to become an annual rate of 11.70% (the "Interest Rate Adjustment (Period 1)"). In addition to the Interest Rate Adjustment (Period 1), the CITIC may in its absolute discretion grant to the Company an additional interest waiver in the amount of US\$420,000 (equivalent to approximately RMB2,821,000).

In the event the Company prepays any sum of the outstanding principal amount of the Bonds during the period as from 1 May 2019 and up to 21 September 2019 (both dates inclusive), the annual rate of interest applicable in respect of such sum shall be adjusted downward to become an annual rate of 11.96%.

43. 報告期後事項

延長債券到期時間

於二零一九年三月十五日，CITIC與本公司訂立第六份修訂協議，以進一步修訂債券之條款及條件。根據第六份修訂協議，雙方除其他事項外亦商定，債券的本金額須修訂為290,000,000港元(相當於約人民幣248,288,000元)，以及二零一六年債券的到期日須修訂為二零一九年十二月二十日(「新到期日」)，利率須修訂為每年13%。

倘若本公司於二零一九年三月六日至二零一九年四月三十日(首尾日期包含在內)期間(「期間1」)償還尚未償還的債券本金額的任何款項且金額不少於3,000,000美元(相當於約人民幣20,148,000元)，該等款項適用的年利率須下調為每年11.70%(「利率調整(期間1)」)。除利率調整(期間1)外，CITIC可全權酌情向本公司額外授予一筆金額為420,000美元(相當於約人民幣2,821,000元)的利息豁免。

倘若本公司於二零一九年五月一日至二零一九年九月二十一日(首尾日期包含在內)期間償還尚未償還的債券本金額的任何款項，該等款項適用的年利率須下調為每年11.96%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

43. Event After the Reporting Period (Continued)

Extension of maturity of the Bonds (Continued)

The Company agrees and undertakes to make a payment in the aggregated sum of not less than US\$5,000,000 (equivalent to approximately RMB33,780,000) to CITIC in respect of the Bonds in the period commencing from 6 March 2019 through 30 June 2019 (both dates inclusive).

The total amount payable by the Company to CITIC to redeem all the outstanding Bonds on the New Maturity Date (the "New Redemption Amount"), shall be equal to the sum of: (a) the aggregate principal amount of the Bonds outstanding then; and (b) interest accrued on such principal amount of the Bonds calculated in accordance with the Original Bond Conditions from 6 March 2019 to the New Maturity Date. Assuming that there have been no previous redemption of outstanding Bonds from 6 March 2019 to the 2019 Maturity Date, the New Redemption Amount on the Maturity Date shall be HK\$319,483,000 (equivalent to approximately RMB273,553,000).

As at 31 January 2019, the Company has repaid RMB6,000,000 to CITIC.

Details are set out in the Company's announcement on 15 March 2019.

44. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

43. 報告期末後事件(續)

延長債券到期時間(續)

本公司同意並承諾，於二零一九年三月六日至二零一九年六月三十日期間(首尾日期包含在內)，向CITIC合共作出不少於5,000,000美元(相當於約人民幣33,780,000元)的付款。

本公司於新到期日應付予CITIC以贖回所有尚未償還債券的總額(「新贖金」)應等於：(a)當時尚未償還的債券本金總額；及(b)根據原債券條件計算的、二零一九年三月六日至新到期日期間的、該等債券本金總額的應計利息。假定二零一九年三月六日至二零一九年到期日期間概未針對尚未償還債券作出任何先前贖回，到期日的新贖金須為319,483,000港元(相當於約人民幣273,553,000元)。

於二零一九年一月三十一日，本公司已向CITIC償還人民幣6,000,000元。

有關詳情載列於日期為二零一九年三月十五日的本公司公告中。

44. 比較數字

比較數字經已重列，以符合當前年度的呈列方式。



中國疏浚環保控股有限公司

China Dredging Environment Protection Holdings Limited

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 871



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