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稀鎂科技
REMT

稀鎂科技集團控股有限公司

RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(於百慕達註冊成立之有限公司)

(股份代號：00601)

**有關截至二零一九年十二月三十一日止年度
全年業績的補充公告**

茲提述稀鎂科技集團控股有限公司(「本公司」)連同附屬公司統稱「本集團」日期為二零二零年三月三十一日的公告(「二零一九年業績公告」)，內容有關本集團截至二零一九年十二月三十一日止年度的未經審核年度業績(「二零一九年年度業績」)。除另有界定者外，本公告所用詞彙與二零一九年業績公告所界定者具有相同涵義。

核數師對二零一九年度業績的同意

董事會欣然宣布，本集團的核數師國衛會計師事務所有限公司已按照香港會計師公會發布的《香港審計準則》完成對二零一九年的年度業績的審計，包括載於二零一九年業績公告的本集團綜合財務狀況表、綜合其他全面收益表的財務數字及其相關附註。

除下列二零一九年業績公告所載本公司之綜合財務報表附註10「應收貿易賬款及應收票據」所披露之匯兌差額產生之預期信貸虧損撥備撥回之金額有變動外，二零一九年業績公告內所載之二零一九年年度業績整體維持不變：

應收貿易賬款及應收票據

應收貿易賬款的預期信貸虧損撥備的變動：

	二零一九年 千港元 (經審核)	二零一九年 千港元 (未經審核)
於年初(經重列)	3,544	3,544
預期信貸虧損撥備撥回	(1,784)	(1,972)
匯兌差額	(34)	154
於年末	<u>1,726</u>	<u>1,726</u>

除以上所述，本集團於二零一九年十二月三十一日之信貸虧損撥備及應收貿易賬款及應收票據的金額維持不變，分別為1,726,000港元及151,471,000港元。

期末股息

董事會確認其於二零一九年業績公告所載就截至二零一九年十二月三十一日止年度向本公司股東(「股東」)派付期末股息每股0.6港仙之建議。

本公司將就有關擬即將召開的股東周年大會的建議日期及為確定股東出席股東周年大會並於會上投票資格而暫停普通股股份過戶登記的期間以及建議有關支付股息的安排，另行刊發公告。

刊發二零一九年週年報告

本公告(包括本公司二零一九年週年報告全文)已遵守香港聯合交易所有限公司證券上市規則中有關年度業績初步公告附載的資料之相關規定。

本公司之二零一九年週年報告之印刷本將於二零二零年四月二十四日寄發股東。

承董事會命
稀鎂科技集團控股有限公司
主席
沈世捷

二零二零年四月十六日

本公告日期，本公司執行董事為沈世捷先生及池靜超先生；非執行董事為孟健教授及譚偉豪博士太平紳士；獨立非執行董事為鄭炳文先生、張省本先生及關毅傑先生。



稀鎂科技
REMT

稀鎂科技集團控股有限公司

Rare Earth Magnesium Technology Group Holdings Limited

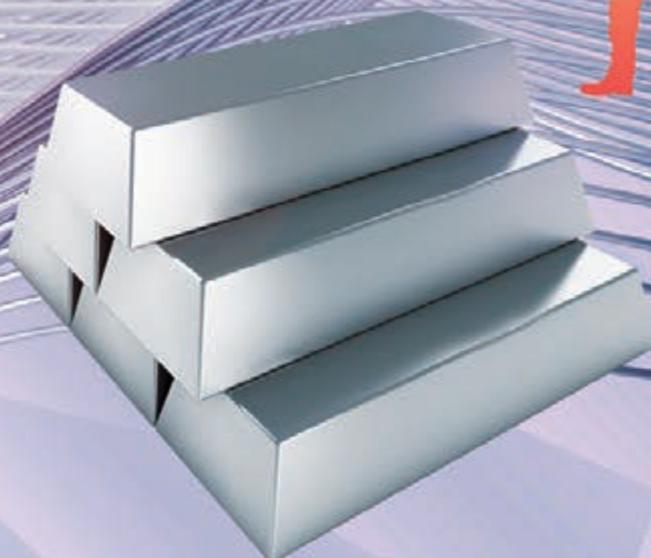
(於百慕達註冊成立之有限公司)

(Incorporated in Bermuda with limited liability)

(股票代號 Stock Code: 00601)

2019 週年報告 ANNUAL REPORT

改變我們的生活
Making our life better

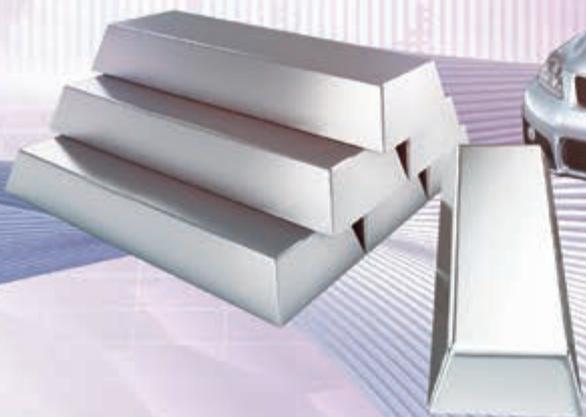




關於稀鎂科技 ABOUT REMT GROUP

稀鎂科技集團控股有限公司是1993年於香港聯交所主板上市的公司（股票代號：00601.HK）。2018年成功轉型之後，集團專注發展以稀土技術應用為核心，研發、產銷稀土鎂合金新材料的高新技術企業。中國科學院長春應用化學研究所以及國際金融公司(IFC)是集團優秀的合作夥伴，集團擁有22項鎂合金專利技術，其生產的系列產品將受益於不斷拓展的應用領域的市場需求。

Rare Earth Magnesium Technology Group Holdings Limited (Stock code: 00601) is listed on the Hong Kong Stock Exchange in 1993. Upon the successful transformation of business in 2018, the Group has become a leading high-tech enterprise in the development, R&D and sales of rare earth magnesium alloys new material products. We develop strong partnership with the Changchun Institute of Applied Chemistry, Chinese Academy of Sciences and IFC. The Group owns 22 patents in magnesium technology. Its series products will be benefited from the growing demand with increasing application in different fields.



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市場前景廣闊

PROMISING MARKET OUTLOOK



高新技術驅動 —

「擁有 22 項技術專利的
國家高新技術企業」

HIGH-TECH DRIVEN - A NATIONAL
LEVEL HIGH TECH ENTERPRISE
WITH 22 PATENTED TECHNOLOGY



稀土鎂合金新材料
領軍企業
THE LEADING ENTERPRISE IN
RARE EARTH MAGNESIUM ALLOYS
NEW MATERIALS



輕量化機遇
引領「鎂」好未來
LIGHTWEIGHT INNOVATION
CREATES OPPORTUNITIES FOR
REMT TO BUILD A BETTER FUTURE
WITH YOU



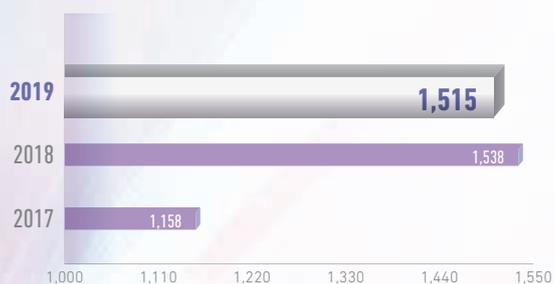
財務摘要

FINANCIAL HIGHLIGHTS

收入

REVENUE

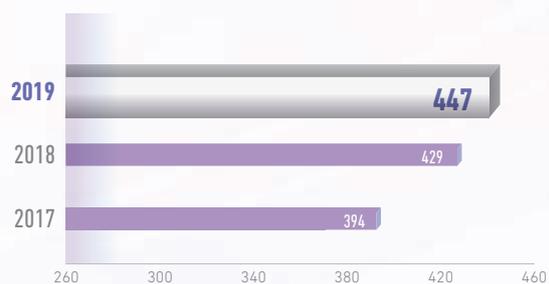
(HK millions)



息稅攤銷折舊前利潤

EBITDA

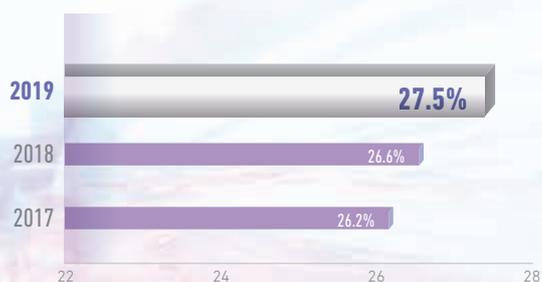
(HK millions)



毛利率

GROSS PROFIT MARGIN

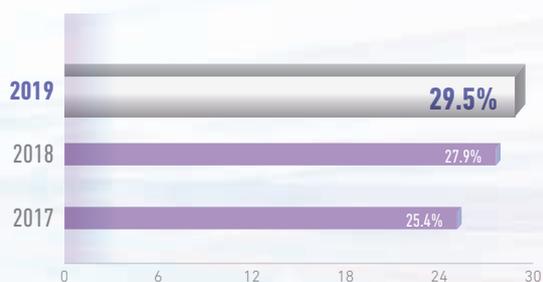
(%)



息稅攤銷折舊前利潤率

EBITDA MARGIN

(%)



權益總額

TOTAL EQUITY

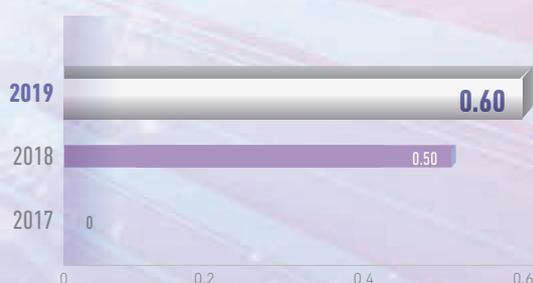
(HK millions)



建議每股末期股息

PROPOSED FINAL DIVIDEND PER SHARE

(HK cents)



		2019 二零一九年 千港元 HK\$'000	2018 二零一八年 千港元 HK\$'000	2017 二零一七年 千港元 HK\$'000
收入	Revenue	1,515,291	1,537,781	1,158,261
毛利	Gross profit	416,206	409,483	303,137
毛利率	Gross profit margin	27.5%	26.6%	26.2%
息稅攤銷折舊前利潤 (經常性)	EBITDA (recurring)	447,150	428,905	394,212
息稅攤銷折舊前 利潤率	EBITDA margin	29.5%	27.9%	25.4%
股東應佔溢利	Profit attributable to owners of the Company	209,732	217,691	162,069
純利率	Net profit margin	13.8%	14.2%	14.0%
總資產	Total assets	2,554,324	2,372,218	2,558,801
權益總額	Total Equity	1,387,887	1,271,217	1,123,244
建議每股末期股息	Proposed final dividend per share	HK\$0.60港元	HK\$0.50港元	—
派息比率	Dividend payout ratio	18.8%	15.1%	—

公司資料

CORPORATE INFORMATION

董事

執行董事：

沈世捷(主席兼行政總裁)
池靜超

非執行董事：

孟健教授
譚偉豪 太平紳士

獨立非執行董事：

鄭炳文
張省本
關毅傑

審核委員會

鄭炳文(主席)
張省本
關毅傑

薪酬委員會

鄭炳文(主席)
池碧芬
張省本

提名委員會

沈世捷(主席)
鄭炳文
關毅傑

公司秘書

樊國民

核數師

國衛會計師事務所有限公司
香港執業會計師

主要往來銀行

中國農業銀行
交通銀行股份有限公司

DIRECTORS

Executive Directors:

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Jing Chao

Non-executive Directors:

Professor Meng Jian
Tam Wai Ho, Samson JP

Independent Non-executive Directors:

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

AUDIT COMMITTEE

Kwong Ping Man (*Chairman*)
Cheung Sound Poon
Kwan Ngai Kit

REMUNERATION COMMITTEE

Kwong Ping Man (*Chairman*)
Chi Bi Fen
Cheung Sound Poon

NOMINATION COMMITTEE

Shum Sai Chit (*Chairman*)
Kwong Ping Man
Kwan Ngai Kit

COMPANY SECRETARY

Fan Kwok Man, Raymond

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications Co., Ltd.

註冊辦事處

Clarendon House
Church Street
Hamilton HM11
Bermuda

主要辦事處

香港
九龍尖沙咀
廣東道9號
港威大廈第6座
11樓1105室

百慕達主要股份過戶登記處及 轉讓登記處

Estera Management (Bermuda)
Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

香港股份過戶登記分處及 轉讓登記處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.remt.com.hk>

股份代號

00601

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suite 1105, 11th Floor
Tower 6, The Gateway
9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Estera Management (Bermuda)
Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<http://www.remt.com.hk>

STOCK CODE

00601

主席報告 CHAIRMAN'S STATEMENT



沈世捷
SHUM SAI CHIT
主席 Chairman

本人謹代表本公司董事會(「董事會」)欣然提呈稀鎂科技集團控股有限公司(「本公司」)及其附屬公司(統稱「稀鎂科技」或「本集團」或「集團」)截至二零一九年十二月三十一日止年度(「年內」)之業績以供各位股東省覽。

回顧二零一九年，全球經濟增長疲弱，關稅和貿易的不確定性、供需關係的變動使大宗商品價格受到影響，然而集團全體員工上下一心，不畏困難，奮力進取，整體運營保持穩健發展。在保證產品品質的前提下，集團繼續發揮區位和技術優勢，強化差異化競爭策略，優化產品結構，蓄力高品質發展。展望2020年，隨著鎂應用領域的拓展延伸，集團將抓住發展契機，把自身優勢轉化為發展動能，在未來發展中乘風破浪，行穩致遠。

我們一直致力於成為中國最大的鎂產品企業。集團在二零一八年成功出售電子業務後，順利實現轉型，開啟了以發展鎂產品業務為主業的新篇章，成為專注發展鎂產品業務的高科技型生產企業。目前，集團的產品主要有基礎鎂產品和稀土鎂合金產品。為了滿足未來市場對鎂產品需求的不斷增長，集團正在籌劃擴建年產能6萬噸，屆時集團將成為全球最大的稀土鎂合金產品生產企業。

「 稀土鎂合金新材料產業領軍企業，
稀鎂科技與您共創鎂好未來。 」

“ REMT is the leading enterprise in rare earth magnesium alloys new materials,
we are determined to build a better future with you. ”

—沈世捷
Shum Sai Chit

On behalf of the Board of Directors (the “Board”), I am pleased to present the annual results of Rare Earth Magnesium Technology Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “REMT Group” or the “Group”) for the year ended 31 December 2019.

In 2019, the weak global economic growth, uncertainties in tariffs and trade, as well as the changes in supply and demand affected the price of commodities. However, our employees made a concerted effort to counter these difficulties which resulting a steady overall operation and development. On the premise of ensuring product quality, the Group continued to enhance competitive strategy of product differentiation, optimize product mix, as well as focus on high-quality development by taking advantages of the geographic location and advanced technology. Looking ahead to 2020, with the expansion and extension of the application of magnesium, we will seize the opportunities to make further progress by utilizing our strengths towards the Group’s future development.

We have always been committed to becoming the largest enterprise for magnesium products in China. After successfully disposing of its electronic business in 2018, the Group has achieved to transform the business model and has started to focus on the development of new magnesium alloy materials business with an aim to becoming a high-tech manufacturer enterprise for magnesium products. Currently, the Group’s main products are basic magnesium products and rare earth magnesium alloys products. To meet the growing market demand for magnesium products, the Group plans to expand its production capacity by 60,000 tonnes per annum, we will then become the world’s largest manufacturer of rare earth magnesium alloys.

在過去一年裡，集團着力優化產品結構，提升高性能稀土鎂合金佔比，增強營收能力，聚焦高性能稀土鎂合金產品的研發，持續為客戶提供優質的產品。集團的發展符合香港「再工業化」和粵港澳大灣區高端製造科技創新的發展方向，我們將結合自身技術優勢及資源優勢，努力踐行稀土鎂合金新材料技術創新，為中國鎂工業高新技術發展探索前行。

產業政策持續利好為集團高質量發展保駕護航。近年來，中國政府大力推動新材料產業的發展，相繼出台《中國製造2025》、《有色金屬工業發展規劃(2016-2020)》等政策法規，將鎂合金新材料的開發生產列為發展重點，為產業快速有序發展提供政策指引。二零一九年十月，國家發改委修訂發佈的《產業結構調整指導目錄(2019年本)》，首次將「高性能鎂合金及其製品」列入鼓勵類項目，認可鎂合金作為輕量化結構材料的重要作用 and 未來的發展潛力。產業政策的持續利好，良好的經營環境和龐大的市場空間，為集團業務發展開闢了一條快車道。

科技實力是集團發展的不竭動力。我們的發展策略是以技術創新及研發為重點。集團依託中科院長春應用化學研究所科研平台和國家級專家帶領我們的研發團隊，通過創新驅動，不斷優化工藝、節能降耗，使集團產品品質更優，性能更穩定，同時降低生產成本，提升產品的競爭力。我們目前擁有22項高性能鎂合金生產工藝和裝備方法技術專利，增強了集團的競爭優勢和發展動力。

22 項專利
Patents



我們重視技術創新，勇於突破。新疆生產基地在二零一八年被認定為國家級「高新技術企業」，我們採用豎罐還原工藝創新技術，促進煉鎂工藝優化升級，朝着機械化、自動化和人性化生產的方向發展，標誌著集團生產工藝技術於行業領先。

高品質產品獲得廣大客戶認可。我們擁有穩定優質的客戶群，國內大型下游深加工企業、大型鎂產品企業都是集團忠實的客戶。同時我們積極拓展新客戶，為客戶提供不同產品解決方案，差異化產品廣受客戶好評。經過在市場上多年的耕耘，目前銷售網路覆蓋中國大部分省市區域。值得關注的是，二零一九年九月集團產品獲得全球最大的鋁材加工企業Alunorf公司的認證，為集團優質產品拓寬了銷售通道。

During the past year, the Group strived to optimize the products mix by increasing that of high-performance rare earth magnesium alloys which effectively enhanced the profitability. We focused on the research and development of high-performance rare earth magnesium alloys products and continued to provide our customers with products of high quality. The development of the Group is in line with the direction of "re-industrialization" in Hong Kong and high-end manufacturing-technology innovation in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA"). We will combine our technological and resources advantages to build an innovative platform for rare earth magnesium alloys new materials, and explore the high-tech development of the magnesium industry for China.

Favorable industrial policies continue to support and provide benefits to the Group's high-quality development.

In recent years, the PRC Government has made great efforts to promote the development of the new materials industry by introducing policies and regulations such as "Made in China 2025", "Development Plan for the Non-ferrous Metal Industry (2016 -2020)" and focusing on the R&D and production of magnesium alloys new materials as well as providing policy guidance for the rapid and orderly development of the industry. In October 2019, National Development and Reform Commission revised and issued the "Catalogue for Guiding Industry Restructuring (2019 Version)", which listed "high-performance magnesium alloy and its products" as an encouraging industry at the first time, recognizing the importance of magnesium alloys as lightweight structural materials and potential development for the future. With favorable policies, a good operating environment and a huge market, we are well placed on a fast track for the business development of the Group.

Science and technology are the driving force of the development of our Group. Our development strategy focuses on technological innovation and research & development. The Group relies on the scientific research platform of the Changchun Institute of Applied Chemistry of Chinese Academy of Sciences and national experts to lead our R&D Team. Driven by innovation, continuous process optimization and savings in energy consumption, the Group is able to provide better quality products with more stable performance which enhance the competitiveness of our products. Currently, the Group owns 22 patents for the production process and preparation method of high-performance magnesium alloys which enhance the competitive advantage and development momentum of the Group.

We put emphasis on technological innovation and we have the courage to make breakthroughs. Our Xinjiang production base has been recognised as a national-level "High and Advanced Technology Enterprise" in 2018. To enhance the optimization and upgrading of magnesium production smelting technology, the Group adopts the innovative vertical retorts smelting technology and moves towards the direction of mechanization, automation and humanization production, thus placing our advanced production technology in a leading position in the industry.

Our high-quality products are well received by our customers. We have a large number of stable and high-quality customers most of whom are large-scale domestic processing enterprises from downstream and magnesium products enterprises; the widely acclaimed differentiated products of the Group are well received by our customers. We are also proactive in expanding our customer base by providing them with bespoke product solutions. After years of efforts, our sales network has covered the majority of the provinces and cities in China. It is worth mentioning that in September 2019, our products have been accredited by Alunorf, the world's largest aluminum processing enterprise, which enables the Group to broaden the sales channel for its high quality magnesium products.

主席報告(續)

CHAIRMAN'S STATEMENT (CONTINUED)

繼續發揮優勢，與您一起共創「鎂」好未來。集團高性能稀土鎂合金產品多為專利產品，我們擁有自主定價權。集團採取差異化產品競爭策略，效果明顯，於年內取得理想的銷售成果。未來集團將繼續逐步提高高附加值的稀土鎂合金產銷佔比，進一步發揮集團的專利技術及高科技優勢，穩固集團作為稀土鎂合金細分行業的領先地位。

鎂合金具有密度低，比強度比剛度高，耐高溫耐腐蝕等諸多優良特性，是「21世紀最具開發應用的綠色輕質金屬材料」，同時也是汽車輕量化的理想材料。目前鎂合金在汽車整體應用增速明顯，鎂產業具備快速發展的條件，集團業務的發展亦將受益於整個產業的發展。除了在交通運輸領域的應用，鎂合金也被廣泛應用到3C電子領域、航空航天和醫療領域。二零二零年將是5G技術應用元年，龐大的市場為鎂合金產業提供契機，集團業務的發展必將受益。

同心協力謀發展，與股東分享成果。本集團之董事會考慮到集團現金流穩健，財務狀況良好，息稅折舊攤銷前利潤較同期上升4.3%，建議於二零一九年十二月三十一日止年度向本公司股東宣派每股期末股息0.6港仙。未來我們將會根據公司發展的需求，兼顧股東的投資回報，與股東共同分享企業發展成果。

本人謹代表本集團對各股東、董事會成員、客戶、銀行及合作夥伴和全體同仁一直以來對本集團的大力支持致以衷心的感謝，對集團全體員工的卓越工作表現致以誠摯的謝意。未來路漫漫，愛拼才會贏。不論未來全球經濟如何變化，我們將不負韶華、開拓進取，矢志不渝為中國鎂合金新材料產業的發展貢獻自己的一份力量，為股東創造更高價值回報而努力。

承董事會命

沈世捷

主席

香港二零二零年四月十六日

We will continue to build on our strengths and we are determined to build a better future with you. Most of the Group's high-performance rare earth magnesium alloys are patented products and therefore we have independent pricing power. The Group adopts competitive strategy of product differentiation and achieved desirable performance during the year under review. The Group will gradually increase the proportion of production and sales of high value-added rare earth magnesium alloys in the future, further leveraging on the Group's patented technology and high-tech advantages, and hence solidifying our leading position in the rare earth magnesium alloys segmented market.

Magnesium alloys is the "most developed and widely used lightweight eco-friendly strategic new material of the 21st century". This new material has many excellent characteristics such as low density, high specific strength and stiffness, high temperature resistance, good corrosion resistance, etc. It is an ideal material for lightweight automobiles. The business of the Group will benefit from the development of the automobile industry as there has been a significant increase in the overall growth rate of magnesium alloys in automobile application and the condition for the rapid growth of magnesium industry. In addition to the transportation sector, magnesium alloys is also widely used in 3C electronics, aerospace and medical fields. Entering 2020, there will be an explosive growth of the 5G technology applications and such huge market will definitely provide an opportunity for the magnesium alloy industry as well as the business of the Group.

We worked together with one heart one aim for the development of the Group and reward shareholders with our achievements. Based on the Group's solid cash flow and sound financial position, as well as the EBITDA increased 4.3% YOY, the Board recommends the payment of a final dividend of HK0.6 cents per share to shareholders of the Company for the year ended 31 December 2019. In future, taking into consideration of the Company's development and the return on investment, we will endeavor to share the achievement with our shareholders.

On behalf of the Group, I wish to thank our shareholders, members of the Board, customers, bankers, and business partners for their invaluable support. I would also like to express my sincere thanks to all the staff for their dedication and hard work. The road ahead of us is long and despite the changing economy and challenges, we are prepared to work harder. We will seize the precious time to making continual efforts for the future development of magnesium alloys new material industry in China in order to create greater value for our shareholders.

By order of the Board
Shum Sai Chit
Chairman

Hong Kong, 16 April 2020

業務表現

回顧2019年，中美貿易摩擦及周邊因素的影響導致生產型企業受拖累，增速放緩。儘管面對有關挑戰，本集團依然砥礪前行，通過全體員工共同努力，謀求企業的穩健發展，緊緊抓住鎂合金應用獲國家認可，被列入國家鼓勵類產業目錄的機遇。本集團透過專注發展鎂產品業務，重視技術創新，積極優化產品結構，提高高性能鎂合金收入佔比，努力為股東創造更高回報。

EBITDA (經常性)

EBITDA (recurring)

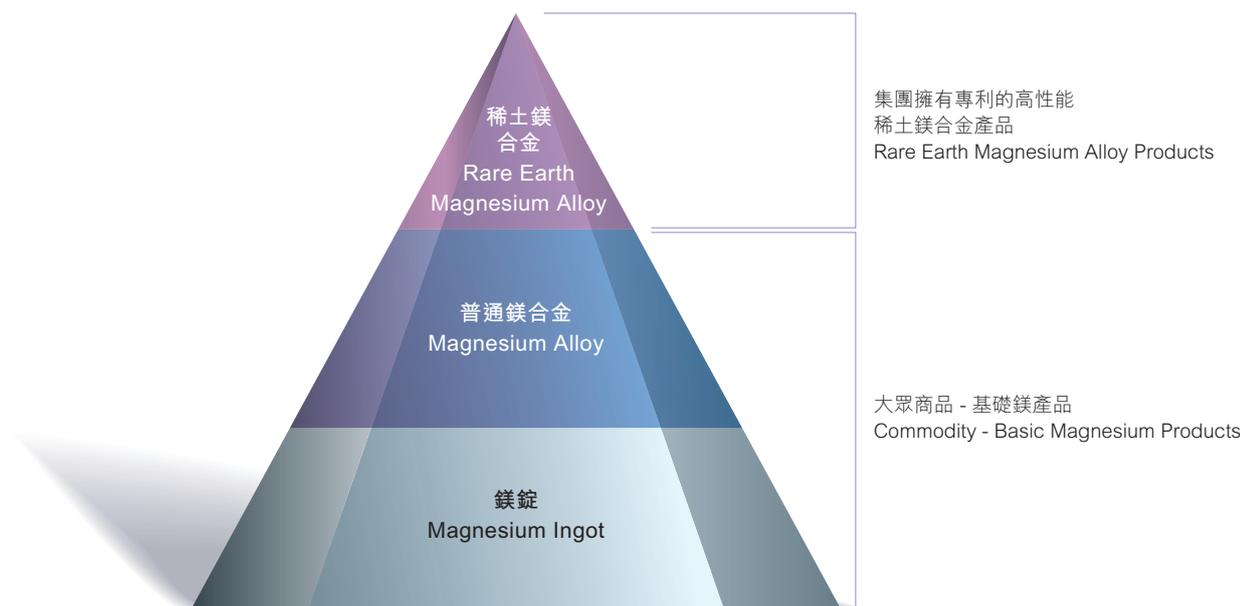
▲4.3%



回顧期內，本集團收入1,515,291,000港元(2018年：1,537,781,000港元)，減少1.5%；整體毛利率上升0.9%至27.5%，股東應佔溢利為209,732,000港元(2018年：217,691,000港元)，同比減少3.7%。

收入及溢利減少主要是由於人民幣兌港幣匯率貶值4.2%對綜合報表會計結算帶來影響；總銷量由2018年的61,463噸輕微下降至回顧期內的60,559噸，但仍然保持高毛利稀土鎂合金產品的核心競爭力，帶動毛利率增長。再者，本年度的行政費用因本公司授出購股權而須於本年度入賬的一次性股權結算費用約19,415,000港元而增加，導致本公司擁有人應佔溢利減少。剔除股權結算費用後，本年度之息稅攤銷折舊前利潤(經常性)提升18,245,000港元或4.3%至447,150,000港元(2018年：428,905,000港元)，反映我們的核心盈利有所增長以及健康穩健的經營現金流。

差異化競爭策略效果顯著，核心競爭力突顯



鎂錠和普通鎂合金屬於大眾產品，價格隨行就市，易受外來環境的影響導致波動，然而集團發揮自身優勢，通過專利技術和成熟的生產工藝，為客戶提供不同產品解決方案，提供高中低端各種類型鎂產品的多樣選擇，滿足客戶對鎂合金新材料的不同需求。

集團充份利用擁有的從中間合金到應用合金生產方法與製備工藝專利技術，專注研發高端鎂合金產品。採取產品差異化競爭策略，取得顯著效果，這有賴於集團高度重視研發投入以及與國內頂級的稀土鎂合金研究機構的長期戰略合作，針對關鍵技術、產品創新進行攻關。未來集團繼續鞏固及深化專業團隊的技術實力優勢，促進科研成果產業化，通過不斷創新，聚焦發展目標，致力差異化競爭，增強集團產品的核心競爭力，持續為集團創造盈利貢獻。

BUSINESS REVIEW

In 2019, the economic growth has been dragged down due to the US-China trade tensions and other factors which affected the manufacturers' business. Amid such challenges, the Group still forged ahead and sought for steady development with the great effort by all the staff. The Group has seized the opportunity of high-performance magnesium alloys being listed as the encouraged industry by the PRC government. We strive to create higher return for our shareholders by focusing on the development of magnesium product business and the technological innovation, proactively optimising the product mix and increasing the proportion of revenue of high-performance magnesium alloy.

During the Year, the revenue of the Group was HK\$1,515,291,000 (2018: HK\$1,537,781,000), representing a year-on-year decline of 1.5%; the overall gross profit margin increased 0.9% to 27.5%, profit attributable to shareholders was HK\$209,732,000 (2018: HK\$217,691,000), representing a decrease of 3.7% year on year.

The declines in revenue and profit were due to the impact of devaluation of RMB currency to HK dollar exchange rate by about 4.2% on the accounting settlement of consolidated statements; total sales volume slightly declined to 60,559 tonnes during the Period under Review from 61,463 tonnes in 2018. Nevertheless, the Group has still maintained the core competitiveness of high gross margin rare earth magnesium alloy products, driving up the growth of gross margin. Profit attributable to owners of the Company has decreased mainly due to the increase in administrative cost arising from the one-off cost of equity-settled share-based payments of approximately HK\$19,415,000 for the offering of share option during the Year. After excluding such cost, the EBITDA (recurring) of the Year has increased by HK\$18,245,000 or 4.3% to HK\$447,150,000 (2018: 428,905,000), which reflected the growth of core profits and strong cashflow of the Group.

Core Competitiveness Driven by Effective Product Differentiation Strategy

Commodities such as magnesium ingots and basic magnesium alloys, the prices of which fluctuate along with market conditions, are easily affected by the external environment. However, the Group takes advantages of its patented technologies and mature production process to provide customers a variety of magnesium products from low end to high end, so as to cope with customers' different needs for magnesium alloy new materials.

The Group focuses on the development of high-end magnesium alloys products by leveraging on the patented technologies and production processes from intermediate alloys to applied alloys. Relying on more R&D investment and the long-term strategic partnership with the top R&D institutions specializing in rare earth magnesium alloy in China, the Group has achieved remarkable results by using differentiation competitive strategy and made breakthroughs in key technology and products innovation. In the future, the Group will continue to consolidate and deepen the technical strength of the professional team, accelerate the industrialization of the scientific payoffs, focus on the goals and differentiation competition by continuous innovation to enhance the core competitiveness of the Group and hence making contribution to the Group's profitability.

穩定優質客戶群，優化財務結構

集團產品處於產業鏈上游，產品受到廣大客戶的信賴，這是由於我們可靠的產品品質、提供多樣化的產品選擇以及為客戶提供產品解決方案的完善運營模式。目前集團的銷售區域分佈於中國大陸及境外。

經過多年拓展優質新客戶，本集團積累及維護了穩定優質的客戶群。回顧期內，本集團亦與國內眾多優秀大中型鋁材加工企業及大中型鎂產品鍛鑄造加工企業達成合作。同時，集團加強客戶的風險控制管理，賬款回收時間明顯縮短，由平均55天減少到年內的44天賬期。

應收賬款週轉天數

Trade receivables turnover day

▼ 11 days



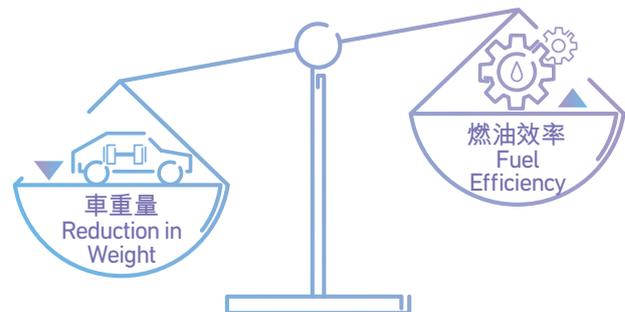
創新豎罐技術，生產效能進一步提升

本集團位於新疆的生產基地，獲認定為國家級「高新技術企業」，重視技術創新，採用先進的豎罐還原工藝創新技術，促進了煉鎂工藝優化升級，朝著機械化、自動化和人性化生產方法的方向發展。充分利用先進的生產工藝流程，本集團能夠有效提升節能環保，大大節省了人力資源，進一步降低生產成本，提升生產效能。公司將以豎罐工藝技術推廣應用為契機，充分利用哈密地區資源優勢，加快產業優化步伐，不斷透過技術革新與創新驅動，積聚企業高品質發展新動能，提升企業核心競爭力，矢志引領鎂工業高新技術發展。

鎂合金應用前景廣闊，助力實現汽車輕量化

鎂合金具有品質輕(比鋼輕75%，比鋁輕33%，是目前最輕的工程結構材料)、比强度高、比剛度強、減震降噪能力強、電磁屏蔽性能優異、抗輻射、環保等特點，這些工業特性使其在交通運輸、3C電子、航空航天及醫療等領域的應用逐漸擴大。鎂合金性價比高，上游原料資源儲量豐富，隨著其他金屬資源的日益枯竭，鎂產品有望成為輕金屬結構材料的替代品。

全球各個國家都在提倡低碳，節能減排。越來越嚴格的尾氣排放標準對汽車生產提出更高的要求，汽車輕量化是實現汽車節能減排的重要方向。根據測試資料，整車減重100kg每百公里將節油0.7L，整車重量每下降10%，燃油效率可以提高6-10%，新能源汽車每減重10%，續航能力提升5-8%。在目前汽車的研發生產中，確定合理整車重量成為汽車選材的關鍵指標。鎂合金作為新型輕質金屬材料，具有多種的優異性能，減重效果比鋼和鋁合金更明顯，因此鎂合金的應用將成為解決汽車輕量化的最佳選擇。



隨著鎂合金發展瓶頸的不斷突破，相關技術難關的不斷攻克，鎂合金汽車零部件應用的不斷增加，鎂合金在汽車中的用量明顯提升。據了解，一些發達國家的汽車市場已經在新型汽車中大量採用鎂合金零部件，部分車型單車用鎂量已高達40kg。目前中國單車平均用鎂量僅為5kg，存在龐大的提升空間，因此鎂在汽車輕量化的應用有望推動市場需求呈井噴式的增長。

High-quality Customers Loyalty and Optimization of Financial Structure

The Group's products are placed in the upstream of the industrial chain and well recognised by a wide range of customers due to the business model of reliable quality, various selections and customized products solutions. Currently, the Group's sales network covers mainland China and overseas.

After years of efforts in seeking and building partnership with new customers, the Group was able to accumulate and retain numerous high-quality customers. During the Year, the Group has also built partnership with many large and medium-sized aluminum processing enterprises and magnesium forging and processing enterprises in China. Meanwhile, the Group has enhanced customer risk control management, significantly reduced its days of accounts receivable from an average 55 days to 44 days during the Year.

Innovative Vertical Retorts Smelting Technology to Further Improve Production Efficiency

Our production base in Xinjiang has been recognised as a national-level "High and Advanced Technology Enterprise". We highly value technological innovation, and have adopted the advanced vertical retorts smelting technology to promote the optimization and upgrading of magnesium smelting process, and move towards the direction of mechanization, automation and humanization of our production system. By making full use of the advanced manufacturing process, we are able to effectively improve energy conservation and environmental protection, thereby significantly relieving the pressure on manpower and further reducing production costs and improving production efficiency. The Group will take the opportunity of the promotion and application of vertical retorts smelting technology; leverage on advantages of resources and location in Hami region; accelerate the pace of industrial optimization; continue to accumulate new drivers of high-quality development of the Group through technological innovation; enhance the core competitiveness of enterprises, and lead the magnesium industry to high and advanced development.

Broad Prospects for Magnesium Alloys Application to Realise the Automobile Lightweight

Magnesium alloys are featured with light weight (75% lighter than steel, 33% lighter than aluminum, the lightest structural engineering material so far), higher density, higher intensity, stronger vibration damping, better noise reduction ability, excellent electromagnetic shielding performance, resistance to radiation, and environmental protection, etc. These characteristics enable its application in areas such as transportation, 3C electronics, aviation and aerospace, medical fields and so on. Magnesium alloys are cost-effective and the reserves of upstream raw materials are abundant. With the depletion of other metals resources, it is expected that magnesium products will become the best alternative to other light-metal structural materials.

Low carbon, energy conservation and emission reduction are being advocated in various countries around the world. Stringent exhaust emission regulations set higher requirements for the production of automobiles. Lightweighting in automotive industry has become an important direction in achieving energy saving and emission reduction. According to test data, 100kg reduction of the weight of an automobile can save 0.7L fuel consumption per hundred kilometers. That is, for every 10% reduction in weight, fuel efficiency can be improved by 6%-10%, and for every 10% reduction in weight on new energy vehicles, endurance can be improved by 5%-8%. In the current R&D and manufacturing of automobiles, determining reasonable weight of an automobile has become a key indicator for material selection. As an emerging lightweight metal material, magnesium alloys have high quality performance, and weight reduction ability is better than steel and aluminum alloy, which make it the best solution to reduce weight in automobile.

With continuous breakthroughs of the development of magnesium alloys and, many technological difficulties being solved, automotive parts that can be produced by magnesium alloys continue to rise and the proportion of magnesium alloys used in automobiles have significantly increased. It is known that the automotive market in some developed countries have already adopted a large amount of magnesium-alloy auto parts to manufacture new-type cars; in some instances, as much as 40kg per car. At present, the average amount of magnesium used per car is only 5kg in China, which reflects the huge space for future exponential growth of the magnesium in the application of automobiles weight reduction.

展望

鎂合金已成為世界研究最新熱點，被譽為21世紀最具開發應用的綠色材料和戰略性新材料，鎂是地殼及海洋最為豐富的金屬元素，開發應用鎂合金在中國具有戰略意義，中國鎂資源豐富，可持續發展力強，是資源保障最強的金屬，也是中國為數不多與世界發展同步的金屬品種。鎂合金被認為是繼鋼鐵、鋁合金之後的第三大金屬結構材料，鎂合金產品在交通運輸、3C電子及航空航太醫療等領域應用所表現出的優異性能，在「綠色經濟」不斷深化的今天將迎來了一個倍受關注、大力發展、廣泛應用的新時代。隨著汽車輕量化趨勢以及5G技術快速發展，為拓展鎂合金應用提供更加龐大的市場空間。

集團將充分把握鎂合金產業發展的機遇，注重技術創新，加大研發力度，強化差異化競爭策略，築牢高性能鎂合金新材料的領先地位。今年年初，集團獲得港美股資訊平台智通財經與同花順財經共同頒發的「最佳中小市值公司」獎項，更加激勵管理團隊不負韶華，加快產業優化升級，推進鎂合金產能規模和配套設施建設，不斷為客戶提供更優質的服務，提高規模經濟效益，進一步增強集團的綜合競爭力和營收能力，為創造「鎂」好生活而不懈努力！

2020年年初，中國各地區相繼爆發新冠病毒肺炎疫情，中國政府已採取史上最嚴的疫情防控措施堵截疫情蔓延，多個省市啟動重大突發公共衛生事件一級回應，各地加大防控疫情力度，包括延長春節假期及推遲復工等，造成經濟社會活動暫時「停擺」。由於員工於假期後因交通受阻未能按時返廠返崗及物流受阻等因素，對生產和銷售產生短暫影響。隨著疫情防控形勢積極向好，中國政府相繼出台相關政策措施，強調要切實維護正常經濟社會秩序，在加強疫情防控的同時，努力保持生產生活平穩有序，本集團響應中國政府號召，在做好各項防疫防控措施、保障員工健康與安全的前提下，於2020年2月中旬後有序復工復產，維護正常生產經營秩序，集團全體員工齊心協力，同心同德，積極做好各項穩定工作，及時為客戶調整應變預案，共同克服疫情帶來的挑戰，盡可能減少本次疫情對公司經營造成的影響。



鎂合金被譽為21世紀最具開發

應用的綠色材料和戰略性新材料。

" Magnesium alloys has been the latest topic for research globally and is known as the "most developed and widely used lightweight eco-friendly strategic new material of the 21st century". "

OUTLOOK

Magnesium alloys has been the latest topic for research globally and is known as the “most developed and widely used lightweight eco-friendly strategic new material of the 21st century”. Magnesium is the most abundant metal element on the earth and in the ocean. There are abundant magnesium resources in China with strong ability in sustainable development and resource protection. Magnesium is also one of the few metals in China that can keep up with the pace of development with the rest of the world. Magnesium alloys are regarded as the top three metal contractual material named after steel and aluminum alloys. It can be widely used in the fields of transportation, 3C electronics, aviation and aerospace, medical, etc. Its outstanding performance will attract attention, vigorous development and wide application in the “ green economy” age. With the rapid development of 5G and lightweight of automobile, there will be greater market demands for the application of magnesium alloys.

The Group will fully seize the opportunity for the development of the magnesium alloy industry, focus on technological innovation and R&D, strengthen its differentiation competitive strategy, and build a strong position as the leader of the high performance rare earth magnesium alloy new materials segment. In early 2020, the Group was awarded as “The Best Small and Medium Sized Company” jointly issued by Zhitong Caijing, a financial news platform for Hong Kong and US stock market, and Straight Flush (“同花順財經” in Chinese). This accolade motivated our management team to accelerate the industrial upgrading and optimization, and improve the scale of magnesium alloy production capacity and the construction of projects. We will continue to provide our customers with better services and further enhance our comprehensive competitiveness and profitability to build a better future for all.

In early 2020, there was an outbreak of Coronavirus Disease in various regions of China. The Chinese Government had taken the most stringent epidemic preventive measures ever to contain the spread of the virus. Many provinces and cities initiated the first-level response to a major public health emergency and imposed tighter regulation on traffic control, which included extending the Chinese New Year holiday and postponing the time for workers to return to work. These measures resulted in a temporarily shut down in both economic and social activities. Production and sales are temporarily affected due to factors such as the failure of workers to return to work on time and the suspended transportation which disrupted the freight and logistics of products. With the improvement in epidemic prevention and control measures, the Chinese Government has successively introduced relevant policies and measures with emphasis on the need to effectively maintain the normal economic and social order. In response to the call of the Government and under premise of various epidemic prevention and control measures to ensure health and safety of our employees, the Group has been able to gradually resume work and maintain normal operation and production in mid-February 2020. All employees of the Group worked together to carry out a variety of stabilization tasks and adjust contingency plan for customers in a timely manner to minimize the impact of the outbreak of Coronavirus Disease on the operation.

財務業務摘要

FINANCIAL AND BUSINESS SUMMARY

		二零一九年 2019 千港元 HK\$'000 (經審核) (Audited)	二零一八年 2018 千港元 HK\$'000 (經審核) (Audited)	二零一七年 2017 千港元 HK\$'000 (經審核) (Audited)
損益表 Statement of profit or loss				
收入	Revenue	1,515,291	1,537,781	1,158,261
毛利	Gross profit	416,206	409,483	303,137
毛利率	Gross profit margin	27.5%	26.6%	26.2%
息稅攤銷折舊前利潤 (經常性)	EBITDA (recurring)	447,150	428,905	394,212
息稅攤銷折舊前利潤率	EBITDA margin	29.5%	27.9%	25.4%
股東應佔溢利	Profit attributable to owners of the Company	209,732	217,691	162,069
純利率	Net profit margin	13.8%	14.2%	14.0%
資產負債表 Balance sheet				
資產總額	Total asset	2,554,324	2,372,218	2,558,801
權益總額	Total equity	1,387,887	1,271,217	1,123,244
銀行現金	Cash at banks	271,690	156,008	206,835
指標 Indicators				
借貸比率	Gearing ratio	34.2%	30.6%	30.5%
利息覆蓋比率	EBITDA/Interest	6.20	5.87	17.62
股本收益率	Return on equity	15.1%	17.1%	14.4%
建議每股末期股息	Proposed final dividend per share	HK\$0.60 cents 港仙	HK\$0.50 cents 港仙	—
派息比率*	Dividend payment ratio*	18.8%	15.1%	—

* 按於2019年12月31日之已發行普通股6,574,390,058股計算

* Based on the issued ordinary shares of 6,574,390,058 shares as at 31 December 2019

其他營運費用分析

銷售及分銷支出

銷售及分銷支出約為15,615,000港元(2018年:15,328,000港元)主要包括營銷費用及銷售人員工資,銷售及分銷支出和收入比率約1.0%(2018年:1.0%)。

行政支出

行政支出主要包括員工薪酬、折舊及攤銷、審核及專業費用、研究及開發等費用。本年度之行政支出約為77,551,000港元(2018年:57,098,000港元),同比增加約20,453,000港元或36%,行政支出增加主要由於本公司授出購股權而須於本年度入賬的股權結算以股份為基準之付款約19,415,000港元所致。

OTHER OPERATING EXPENSES ANALYSIS

Selling and distribution expenses

Selling and distribution expenses were approximately HK\$15,615,000 (2018: HK\$15,328,000), which mainly comprised of marketing expenses and sales staff wages. Selling and distribution expenses to income ratio was approximately 1.0% (2018: 1.0%).

Administrative expenses

Administrative expenses mainly comprised of expenses such as staff remuneration, depreciation and amortization, audit and professional fees and research and development. The administrative expenses for the year was approximately HK\$77,551,000 (2018: HK\$57,098,000), representing a year-on-year increase of approximately HK\$20,453,000 or 36%. The increase in administrative expenses was mainly due to equity-settled share-based payments of approximately HK\$19,415,000 included in the year resulting from the Options granted by the Company.

財務費用

財務費用約為72,064,000港元(2018年：73,058,000港元)，同比減少約994,000港元或1.4%。其中，約51,536,000港元(2018年：47,021,000港元)為向控股股東Ming Xin Developments Limited發行的可換股債券之會計利息，由於可換股債券包含換股權，其會計利息於本公司之未經審核綜合財務報表須以公允值入賬。該可換股債券每年應付利息實際按4%計算，即16,800,000港元(2018年：16,800,000元)。

於2020年1月15日，本公司與Ming Xin Developments Limited協議可換股債券之若干條款須作出修訂，修訂如下：

(一)到期日由2020年11月30日延長至2023年1月31日。

(二)年利率自2020年12月1日起直至2023年1月31日止由4%減至3%。

該修訂建議已於2020年3月11日召開之股東特別大會獲得通過。詳情請見本公司於2020年1月15日及2020年2月18日於香港聯交所網站上載之公告及通函。

流動性及財務資源

集團息稅攤銷折舊前利潤為447,150,000港元(2018年：428,905,000港元)，同比增加4.3%，利息覆蓋率增加至6.20倍，集團營運盈利足以覆蓋借貸利息。這是由於集團擁有嚴格的現金流內控管理措施，嚴格把控借貸款項，基本營運利潤可以覆蓋基本開支，因此集團借貸比率／資產負債率處於合理水平，為34.2%。回顧期末銀行現金為271,690,000港元，同比增長74.2%。於2019年12月31日止年度向本公司股東宣派期末股息0.60港仙(2018年：0.50港仙)，派息比率由15.1%提升至18.8%。集團始終堅持誠信經營的原則，重視股東利益，注重對股東的回報。

外匯及財資政策

本集團的大多數業務交易、資產及負債均以港元、美元或人民幣計值。本集團的慣常財資政策為管理重大的貨幣風險敞口並將有可能對本集團造成重大影響的貨幣風險降至最低。於回顧期內，本集團並無進行任何利率或貨幣投機活動。

僱員關係

於2019年12月31日，本集團聘有722名僱員(2018年：686名)。除薪酬外，本集團亦為僱員提供年假、醫療保險及公積金等其他附帶福利。

主要風險及不明朗因素

本集團的財務狀況、營運業績及業務前景可能受到與本集團業務直接或間接相關的許多風險及不明朗因素的影響。以下為本集團知悉的主要風險及不明朗因素。除下文所列者外，或會存在本集團並未知悉或目前可能不重要但日後可能變得重要的其他風險及不明朗因素。

Finance costs

Finance cost was approximately HK\$72,064,000 (2018: HK\$73,058,000), representing a year-on-year decrease of approximately HK\$994,000 or 1.4%. Of which approximately HK\$51,536,000 (2018: HK\$47,021,000) was the accounting interest of the Convertible Bonds issued to Controlling Shareholder Ming Xin Developments Limited. As Convertible Bonds comprise conversion rights, its accounting interest will be consolidated into the unaudited Consolidated Financial Statement of the Company at fair value. The effective interest of Convertible Bonds payable pay annum was 4%, i.e. HK\$16,800,000 (2018: HK\$16,800,000).

On 15 January 2020, the Company and Ming Xin Developments Limited agreed on the amendment of certain conditions of the Convertible Bonds as follows:

- (1) Maturity Date extended from 30 November 2020 to 31 January 2023.
- (2) Interest Rate per annum from 1 December 2020 up to 31 January 2023 reduced from 4% to 3%.

The proposed amendments were passed at the Extraordinary General Meeting convened on 11 March 2020. For details, please refer to the announcement and circular of the Company published on HKEx website on 15 January 2020 and 18 February 2020.

Liquidity and Financial Resources

The EBITDA of the Group was HK\$447,150,000 (2018: HK\$428,905,000), representing a year-on-year increase of 4.3%. The interest coverage increased to 6.20 times, and the Group has sufficient operating profit to cover interest on borrowings. As the Group has strict cash flow internal management measures to control borrowings, basic operating profits can cover basic expenses. Therefore, the Group's borrowing rate/gearing ratio is maintained at a reasonable level of 34.2%. At the end of the Period under Review, cash in bank was HK\$271,690,000, representing a year-on-year growth of 74.2%. A final dividend of HK0.60 cents will be declared to the shareholders of the Company for the year ended 31 December 2019 (2018: HK0.50 cents). The dividend payout ratio increased from 15.1% to 18.8%. The Group always adheres to the principle of honesty, emphasizes the importance of shareholder interests, and values the returns to shareholders.

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars or Renminbi. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. During the Period under Review, the Group did not engage in any interest rate or currencies speculations.

EMPLOYEES RELATIONS

As at 31 December 2019, the Group has 722 employees (2018: 686 employees). In addition to remuneration, the Group also provides annual leave, medical insurance, provident fund and other fringe benefits for its staff.

KEY RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

市場風險

市場風險乃因市場需求、產品價格、匯率及利率等的變動，而使盈利能力受損或影響達成業務目標的能力的風險。本集團管理層對該等風險持續密切監控，以確保能及時有效採取適當措施以應對。

匯率風險

本集團主要在中國內地及香港經營業務，故此承受多種外匯風險，主要涉及人民幣、港元及美元。外匯風險源於未來商業交易、已確認資產及負債，以及外國經營的投資淨額。本集團管理層預期該等業務的外幣風險淨額並不大。因此，本集團現時並無對沖外匯風險。

本集團擬定期審視持有除港元以外之貨幣之流動資產及負債以評估外匯風險並於必要時考慮使用對沖工具。

利率風險

對於利息敏感型產品及投資，本集團以動態基準分析其利率風險，並考慮適當時透過各種手段以低成本方式管理該風險。

信貸風險

本集團一直以來十分重視我們客戶的信貸風險。本集團管理層已授權相關工作小組，負責釐定信貸限額，信貸審批及其他監控程序，以確保採取跟進措施收回逾期債務，而本集團可根據每一客戶先前的交易記錄和信貸往績，定期評估及追蹤所有客戶的賬戶。

流動資金風險

流動資金風險即是本集團由於未能取得充足資金或變現資產，在責任到期時未能履約的可能性。管理流動資金風險時，本集團監察現金流量，並維持充足之現金及現金等價物水平，以確保能為本集團營運提供資金及降低現金流量波動之影響。

營運風險

營運風險指因內部程序、人員或制度不足或缺失，或因外部事件導致之損失風險。管理營運風險之責任基本上由集團及附屬公司的職能部門負責監控和落實。本集團之主要功能是對營運程序、權限及匯報框架作出指引。管理層將會定期評估主要之營運風險及業務發展所帶來的影響，制定相應措施，完善內控制度，以及時有效應對和規避風險。

Market risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market demand, product prices, foreign exchange rates, and interest rates. The management of our Group keeps continually monitoring these exposures closely to ensure appropriate measures are implemented on a timely and effective manner against such risks.

Exchange rate risk

The Group mainly operates in the Mainland China and Hong Kong and is exposed to foreign exchange risk arising from primarily with respect to Renminbi, Hong Kong Dollars and United States Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's management does not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge the foreign exchange risks.

The Group has planned to periodically reviews liquid assets and liabilities held in currencies other than Hong Kong Dollars to evaluate its foreign exchange risk exposure and consider the usage of hedging instruments when necessary.

Interest rate risk

For interest-sensitive products and investments, our Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Credit risk

The Group has always been aware of the credit risk exposure of our customers. In order to minimise the credit risk, management of the Group has authorised a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The procedures required that all clients were regularly assessed so that the Group could keep track of their transaction records and credit history.

Liquidity risk

Liquidity risk arises if the Group is unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the impact from the fluctuation in cash flow.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with functional departments of the Group and its subsidiaries. Key function of the Group is to guide their standard operating procedures, limits of authority and reporting framework. Our management will assess key operational exposures and effect raised in business development regularly, implement relevant measures and improve the internal control so that risk can be responded and mitigated on a timely and effective manner.

投資風險

投資風險乃界定為因各項外在因素轉變導致任何某項投資相對其預期回報期延長或投資回報低於預期或投資項目發生虧損的可能性。本集團深明持續開拓業務類型和區域，對集團業務發展的重要性，並落實在年度重點工作任務中。項目投資的主要考慮因素為平衡各類投資之風險及回報，因而風險評估乃投資決策過程中的重要一環。本集團已設立適當的投資項目評估和盡職調查程序，並會於批准投資前進行詳細分析。本集團之投資項目進度會定期更新，並向董事局匯報。

人力供應及留聘人才之風險

人力資源管理風險主要指由於本集團業務發展迅速，對人才需求迫切，也面對行業對人才的激烈競爭以及人員的流動性，本集團可能面臨或存在着未能有效引進及挽留具備適當及所需技能、經驗及才能之主要人員及人才以配合業務發展的風險，這些主要人員及人才均是達致我們業務目標所需之因素。本集團將會定期對薪酬體系和激勵機制進行全面分析，優化薪酬結構以確保員工薪酬處於市場合理水平，並具有競爭力。同時，開拓招聘渠道，不斷充實高級管理層後備人才，並加強對員工的系統化培訓，提供員工升職機會及拓寬事業前途，弘揚良好的企業文化。

環境政策及表現

環境政策及表現主要指中國政府對環保法規政策的重視程度和愈加嚴格的規管要求，本集團之附屬公司及新並購企業由於建成投運已久，可能或將會存在與國家陸續出台的環境與責任要求有某種不足或差距的情況。本集團密切關注環保政策及外在因素的變動對集團業務發展所帶來的影響，本集團以對環境負責和履行社會責任，致力於改善及保持其經營場所所在地環境及社區之長期可持續性，盡力遵守有關環保之法律及法規，並採取有效措施達致資源有效利用、能源節約及廢物減少。本集團日常營運已採納綠色倡議及措施。該等倡議包括資源回收、節約能源措施及節約用水等行動。

遵守法律及規則

本集團的業務主要由本公司於中國內地的附屬公司進行，而本公司於香港聯交所上市。因此，本集團營運須遵守中國內地及香港的有關法律及法規。截至二零一九年十二月三十一日止年度及直至本報告日期，盡我們所知，本集團就中國內地及香港的有關法律及法規，沒有發現重大違反。

Investment risk

Investment risk can be defined as the likelihood of extension of its return period relative to the expected return or occurrence of losses on any particular investment attributable to changes of external factors. The Group is well aware of the importance of exploring various business opportunities and territories on a continual basis, and implemented this as the key task of the year. Key concern of projects investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper investment assessment and due diligence procedures have been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of our Group would be submitted to the Board.

MANPOWER AND RETENTION RISK

Manpower risk means huge demand for talents because of the Group's rapid business development while at the same time facing severe competition over specialists from the industry and turnover of manpower. Our Group may face the risk of not being able to recruit and retain key personnel and talents with appropriate and required skills, experience and competence to cope with the expansion of business which would meet with our business objectives. Our Group will periodically conduct a thorough analysis over its remuneration system, as well as incentive mechanism and optimize the compensation structure so as to ensure remuneration packages can align reasonably with market standard and maintain its competitiveness. Meanwhile, recruitment channels are broadened and the talent pool of senior management are strengthened, so as to further enhance the promotion opportunities and career path of employees. Systematic staff training are also being further enhanced to increase the overall effectiveness of training and the dissemination of corporate cultures and values.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental policies and performance mainly means that the PRC Government is paying increasing attention to environmental rules and policies and is imposing more stringent regulatory requirements. The Group's subsidiaries and newly acquired enterprises have been operating for a long while which might lag behind in certain environmental and duty requirements promulgated by the PRC Government. The Group monitors impact on business development closely raised from movements of environmental policy and external factors. Acting in an environmentally responsible manner and performing social responsibilities, the Group is committed to improving and maintaining the long term sustainability of the communities in which it operates. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in daily operation of the Group. Such initiatives include recycling of resources, energy saving measures and water saving practices.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China while the Company is listed on the Hong Kong Stock Exchange. The Group's operations accordingly shall comply with relevant laws and regulations in Mainland China and Hong Kong. During the year ended 31 December 2019 and up to the date of this report, to the best of our knowledge, the Group has no material non-compliance with the relevant laws and regulations in Mainland China and Hong Kong.

與員工及主要持份者之關係

於二零一九年十二月三十一日，本集團所僱用之員工數目約為722名。本集團根據員工之表現、工作經驗和現時市場情況訂定彼等之薪酬。員工福利包括年假、醫療保險及公積金等。本集團並無發生任何導致正常業務運作受影響之勞資糾紛或僱員關係之重大改變。董事認為本集團與僱員關係良好。

本集團明白與商業夥伴、股東、投資者及銀行保持良好關係，是我們達成長遠目標的要素。為了與我們的持份者維持密切的關係，本集團已制定相應的投資者關係計劃，並不定期為不同持份者舉辦合適的參與活動，包括股東週年／特別大會、現場考察、研討會和路演等等。故此，高級管理層會在適當情況下與我們的持份者進行良好溝通、適時交流想法及共享集團發展最新動向。期內，本集團與商業夥伴或銀行之間並沒有重大的糾紛。

項目概覽

白雲石礦

本集團之白雲石礦，位於中國吉林省白山市。該礦場以露天開採方式操作，不涉及也不需要額外勘探工程，開發活動僅涉及露天開採時的簡易基建工程，並沒有涉及任何地下勘探以及結構工程。已開採之白雲石為本集團生產金屬鎂產品之原材料。礦場的位置鄰近本集團生產基地，原料的運輸成本亦相對很低。

本集團之白雲石礦乃按中國資源／儲量分類。截至二零一九年十二月三十一日的估計資源量和儲量，按已開採量逐年核減，得出剩餘資源量及儲量。本集團與以往披露估算假設相比並無重大變更。該資源量及儲量由本集團之內部地質專家審核。截至二零一九年十二月三十一日止年度，本集團完成出產白雲石109,601噸。與二零一八年十二月三十一日相比，白雲石礦於本年度的資源量及礦石儲量並無重大變動。

二零一九年度之開採活動開支主要用於直接工資、材料、能源、運輸及折舊攤銷費用等，並已計入銷售成本於二零一九年度之綜合損益及其他全面收益表內扣除。

截至二零一九年十二月三十一日止年度，白雲石礦因開採活動產生之支出約為4,221,000港元，而勘探及開發活動之支出則為零港元。

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

The number of employees of the Group was approximately 722 as at 31 December 2019. The remuneration of employees was determined by the Group with reference to their performance, work experience and current market conditions. Employee benefits include annual leave, medical insurance and provident fund scheme. There has been no labour dispute or significant change in the relationship with the employees that affect the normal operations of the Group. The Directors believe that the Group maintains admirable relations with its employees.

Our Group understands that it is important to maintain good relationship with business partners, shareholders, investors and banks to achieve its long-term goals. To keep up with our key stakeholders closely, the Group has formulated corresponding scheme about investor relationship, and also holds tailored activities from time to time, such as annual/extraordinary general meetings, on-site visits, seminars and road-shows. Accordingly, our senior management has kept good communication, promptly exchanged ideas and shared business latest update about development of the Group with our stakeholders when appropriate. During the year, there was no material dispute between our Group and its business partners or banks.

PROJECT OVERVIEW

Dolomite Mine

The Group's dolomite mine is situated in Baishan City, Jilin Province, the PRC. The mine is operated by openpit method, and therefore no additional exploration works are involved or required. Only simple infrastructure works for open-pit mining are involved in the development activities, and no underground exploration or structural works are involved. The dolomite mined is raw material for producing magnesium products of the Group. The transportation cost for raw material is relatively low due to the close proximity of the mine to the production base of the Group.

The dolomite mine of the Group was reported under the Chinese resource/reserve categories. As at 31 December 2019, the anticipated resource and reserve volumes were determined based on the yearly reduction of quantity mined to calculate the remaining resource and reserve volumes. There is no material change in the assumptions of estimation by the Group as compared with those previously disclosed. The resource and reserve volumes was reviewed by the Group's internal geological experts. For the year ended 31 December 2019, the Group completed a dolomite output of 109,601 tonnes. As compared with the state as at 31 December 2018, there was no material change in the resource estimate and ore reserve of the dolomite mine.

During 2019, the expenditures incurred in mining activities were mainly for direct wages, materials, energy, transportation, depreciation and amortisation, etc. Such expenditures have been included in cost of sales and charged to the consolidated statement of profit or loss and other comprehensive income for 2019.

The expenditure incurred in mining activities of dolomite for the year ended 31 December 2019 were approximately HK\$4,221,000 while the expenditure incurred in exploration and development activities was HK\$Nil.

本公司認同良好的企業管治對於本集團長遠發展之重要性，並致力按本集團所需識別、制定、實施及加強企業管治常規。誠如下文所述，本公司已經成立相關委員會／小組委員會並採納若干內部政策，以改善內部監控及加強本集團業務運作之透明度，務求保障其持分者之利益。

企業管治常規

截至二零一九年十二月三十一日止年度，除已於「主席及行政總裁」部分披露及以下偏離情況外，本公司一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載的企業管治守則（「守則」）：

根據守則條文第A.6.7條，獨立非執行董事及其他非執行董事亦須出席股東大會，並公正地了解股東意見。

- 非執行董事孟健教授、非執行董事譚偉豪博士太平紳士及獨立非執行董事關毅傑先生因須處理其他事務而未能出席於二零一九年六月二十六日舉行的股東大會。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載有關董事進行證券交易之標準守則（「標準守則」），本集團有關本公司董事（「董事」）進行證券交易之行為守則條款並不遜於標準守則所規定之標準。經向全體董事作出具體查詢後，全體董事確認已於截至二零一九年十二月三十一日止年度遵守標準守則規定之標準。

The Company recognises the importance of good corporate governance to the long-term development of the Group and has devoted considerable efforts in identifying, formulating, implementing and enhancing corporate governance practices in accordance with the needs of the Group. As mentioned below, the Company has established the relevant committees/sub-committee and adopted certain internal policies to improve internal controls and enhance transparency of business operation of the Group with a view to protect the interests of its stakeholders.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2019, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations as disclosed in "Chairman and Chief Executive Officer" section and as follows:

Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

- Professor Meng Jian (being a non-executive Director), Dr. Tam Wai Ho JP (being a non-executive Director) and Mr. Kwan Ngai Kit (being an independent non-Director) were unable to attend the general meetings held on 26 June 2019 as he was obliged to be away for other matters.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company (the "Directors") on terms no less exactly than required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2019.

董事會

董事會現時由下列七名董事組成：

執行董事

沈世捷(主席兼行政總裁)
池靜超

非執行董事

孟健教授
譚偉豪 太平紳士

獨立非執行董事

鄭炳文
張省本
關毅傑

董事會職能

董事會負責制定本集團之整體策略及政策、檢討及監察本集團之財務表現，包括編製及審批財務報表及監管管理層之日常營運工作，考慮本集團在會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及彼等所接受之培訓課程及預算是否充足。本集團之日常業務運作及行政事宜交由管理層處理。

董事會會議及常規

董事會定期舉行會議，董事會會議每年最少召開四次，大約每季一次。召開董事會定期會議之通告及議程均於會議前至少十四天發出予所有董事，以便所有董事均能騰空出席及加添議程項目。董事會定期會議之會議文件至少於會議舉行前三天發送予全體董事，以供彼等細閱。董事會會議記錄之初稿均於會後之合理時段內發送至全體董事審閱及提供意見，方始作實。會議記錄已充份及詳細地記載董事於會上所考慮之事項及達致之決定。

THE BOARD

Currently, the Board comprises the following seven Directors:

Executive Directors

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Jing Chao

Non-executive Directors

Professor Meng Jian
Tam Wai Ho, Samson JP

Independent Non-executive Directors

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

Functions of the Board

The Board is responsible for formulating the overall strategies and policies of the Group, reviewing and monitoring its financial performance, including preparing and approving financial statements and overseeing operational matters of the management, considering the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget. Daily business operations and administrative functions of the Group are delegated to the management.

Board meetings and practices

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Notices and agenda of regular board meetings are served to all Directors at least fourteen days before the meetings to ensure that all Directors are given the opportunity to attend and to include matters in the agenda. Discussion materials of regular board meetings are sent to all Directors for their study at least three days prior to the meetings. Draft minutes of board meetings are circulated to all Directors for review and comments within a reasonable time after the meetings prior to confirmation. Minutes are recorded in sufficient detail of the matters considered by the Board and decisions reached.

董事會(續)

董事會會議及常規(續)

於截至二零一九年十二月三十一日止之財政年度內，本公司共舉行過四次董事會會議，各董事於董事會會議、委員會會議及股東大會之個別之出席率如下：

THE BOARD (continued)

Board meetings and practices (continued)

During the year ended 31 December 2019, four board meetings were held by the Company, and the individual attendance rate of each Director at meetings of the Board, its committees and General Meetings is as follows:

		所出席/舉行之會議 Attended/held					
		董事會會議	審核委員會會議	提名委員會會議	薪酬委員會會議	執行管理委員會	股東大會
		Board meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Executive Management Committee Meetings	Members General Meetings
執行董事	Executive Directors						
沈世捷	Shum Sai Chit	4/4	-	1/1	-	-	1/1
池碧芬	Chi Bi Fen	2/2	-	-	1/1	-	0/1
池靜超	Chi Jing Chao	2/2			-		-
非執行董事	Non-executive Directors						
孟健教授	Professor Meng Jian	4/4	-	-	-	-	0/1
譚偉豪 太平紳士	Tam Wai Ho, Samson JP	2/4	-	-	-	-	0/1
獨立非執行董事	Independent Non-executive Directors						
鄭炳文	Kwong Ping Man	4/4	4/4	1/1	1/1	-	1/1
張省本	Cheung Sound Poon	3/4	3/4	-	1/1	-	1/1
關毅傑	Kwan Ngai Kit	3/4	3/4	1/1	-	-	0/1

按上市規則第3.10(1)及(2)，以及3.10A條之規定，本公司已委任足夠數目之獨立非執行董事，而獨立非執行董事中亦至少有一名具備適當會計或有關財務管理專長。董事會已收到各獨立非執行董事根據上市規則第3.13條就其獨立性而個別作出之年度確認函。

董事會成員之間並無存在包括財務、業務、家屬或其他重大/相關的關係。

Pursuant to Rules 3.10(1) and (2), and 3.10A of the Listing Rules, sufficient number of Independent Non-executive Directors have been appointed and at least one of the remaining Independent Non-executive Directors has appropriate accounting or related financial management expertise. The Board has received annual confirmation of independence from each of its Independent Non-executive Directors as required under Rule 3.13 of the Listing Rules.

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

董事會(續)

董事之持續專業發展

本公司不時向董事提供有關上市規則、公司條例及其他適用監管規定之最新變動情況。除鼓勵董事參與持續專業發展之課程，以更新及提升彼等之知識及技能外，本公司亦為董事安排與行業有關之內部研討會，以及向彼等提供有關董事責任之閱讀材料。所有董事已向本公司提供彼等於截至二零一九年十二月三十一日止十二個月內已接受之培訓紀錄。

董事於截至二零一九年十二月三十一日止十二個月曾參與之培訓概述如下：

THE BOARD (continued)

Directors' Continuous Professional Development

The Company updates the Directors of the latest changes in the Listing Rules, Companies Ordinance and other applicable regulatory requirements from time to time. Apart from encouraging the Directors to participate in continuous professional development ("CPD") courses to refresh and enhance their knowledge and skills, the Company also arranged an industry-related in-house seminar for the Directors and provided them with reading materials relating to the directors' duties. All Directors have provided the Company with their records of training they received during the year ended 31 December 2019.

A summary of the trainings participated by the Directors during the year ended 31 December 2019 is as follows:

董事	Directors	持續專業發展培訓種類 ^{附註} Types of continuous professional development training ^{Notes}
執行董事	Executive Directors	
沈世捷	Shum Sai Chit	B
池靜超	Chi Jing Chao	B
非執行董事	Non-executive Directors	
孟健教授	Professor Meng Jian	B
譚偉豪 太平紳士	Tam Wai Ho, Samson JP	B
獨立非執行董事	Independent Non-executive Directors	
鄭炳文	Kwong Ping Man	A 及 B A and B
張省本	Cheung Sound Poon	A 及 B A and B
關毅傑	Kwan Ngai Kit	A 及 B A and B

附註：

A: 出席講座或培訓課程

B: 閱讀報章、刊物及有關本公司業務或董事職責及責任、上市規則及其他適用監管規定最新發展等方面的最新資料

Notes:

A: Attending seminar(s) or training session(s)

B: Reading newspaper, journals and updates relating to the Company's business or directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements, etc.

董事會(續)

企業管治職能

董事會負責按其「企業管治職能之職權範圍」履行本公司下列企業管治職務：

- (a) 制定及檢討本公司的企業管治政策及常規，並提出合適建議；
- (b) 檢討及監察董事及高級管理人員的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的政策及常規；
- (d) 制定、檢討及監察適用於僱員及董事的操守準則；及
- (e) 檢討本公司遵守該守則的情況及在《企業管治報告》內的披露。

於回顧年內，董事會已履行以下企業管治職務：

- 審批載於本公司二零一八年週年報告內之企業管治報告的內容；
- 採納「董事會成員多元化政策」；及
- 檢討本集團之舉報政策，以確保員工就財務匯報及內部監控等方面可能發生之不正當行為提出關注之安排足夠。

THE BOARD (continued)

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties of the Company in accordance with the “Terms of Reference of Corporate Governance Function” adopted by it:

- (a) to develop and review the Company’s policies and practices on corporate governance and make appropriate recommendations;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct applicable to employees and Directors; and
- (e) to review the Company’s compliance with the Code and disclosure in the Corporate Governance Report.

During the year under review, the Board has performed the following corporate governance duties:

- Reviewed and approved the contents of the Corporate Governance Report included in the 2018 annual report of the Company;
- Adopted the “Board Diversity Policy”; and
- Reviewed the Whistle-blowing Policy of the Group to ensure the arrangements for employees to raise concerns about possible improprieties in financial reporting and internal control, etc. were adequate.

主席及行政總裁

緊接池碧芬女士退任行政總裁後，主席兼執行董事沈世捷先生獲委任為本公司之行政總裁。

沈世捷先生管理本公司多年並熟悉本集團營運的各個環節。董事會認為沈世捷先生可勝任行政總裁一職。

於沈先生被任命為行政總裁後，本公司並無區分主席及行政總裁，而沈先生同時擔任此兩項職務，因此與上市規則附錄十四所載之「企業管治守則」守則文第A.2.1條有所偏離。根據該守則條文，主席與行政總裁的角色應予區分，不應由一人同時兼任。沈先生自2015年起一直致力負責公司的整體管理工作，而現時之安排可以提高本公司的企業決策及執行效率，有助本公司於現階段更高效地發展。董事會將不時審閱現有架構，並於董事會認為適當時作出必要安排。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Subsequent to the retirement of Ms. Chi Bi Fen as Chief Executive Officer, Mr. Shum Sai Chi, the chairman and an executive Director, has been appointed as the Chief Executive Officer of the Company.

Mr. Shum Sai Chit has numerous years of experience in the management of the Company and is familiar with all aspects of the Group's operations and the Board considers that Mr. Shum Sai Chit is well qualified to take up the role of the Chief Executive Officer.

Following the appointment of Mr. Shum as Chief Executive Officer, the Company does not have a separate chairman and Chief Executive Officer and Mr. Shum holds both positions, in which there is deviation to code provision A.2.1 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules, which provides (among other matters) that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Shum Sai Chit had been in charge of the overall management of the Company since 2015 and the Company considered that such arrangement would promote the efficient formulation and implementation of the Company's strategies which would enable the Group to further develop its businesses effectively at this stage. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

非執行董事

非執行董事及獨立非執行董事之委任均為有指定任期，並須根據本公司之公司細則(「公司細則」)輪值退任及重選。

董事會轄下之委員會

目前，本公司已成立四個委員會，分別為審核委員會、薪酬委員會、提名委員會及執行管理委員會。各委員會已獲董事會轉授特定權力以協助董事會履行其職務及監控本集團特定範疇之事務。各委員會之角色及職能概述如下：

審核委員會

審核委員會於一九九九年成立。本公司已根據該守則之守則條文第C.3.3條採納審核委員會之職權範圍。審核委員會由三名獨立非執行董事組成，即鄭炳文先生(審核委員會主席)、張省本先生及關毅傑先生。

審核委員會之主要職責為提供獨立及專業之財務匯報意見、評估本集團內部監控之成效(包括本公司在會計及財務匯報職能方面之資源、員工資歷及經驗，以及彼等所接受之培訓課程及預算是否足夠)及外部與內部審核是否充足。

審核委員會主席於每次會議後，均會向董事會匯報該委員會討論過之重要事項，以供董事會知悉及／或作考慮。

審核委員會於截至二零一九年十二月三十一日止之年度共舉行過四次會議，其於期內完成之主要工作概述如下：

- 審閱截至二零一八年十二月三十一日止年度之末期業績及截至二零一九年六月三十日止六個月之中期業績，以確保該等財務報表內所採納之會計準則及常規，以及所作出之披露均為恰當、準確及公平；
- 審閱內部監控程序及風險管理事宜；

NON-EXECUTIVE DIRECTORS

The terms of appointment of the Non-executive Directors and the Independent Non-executive Directors are fixed for a specific term, and shall be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company (the "Bye-laws").

BOARD COMMITTEES

Currently, the Company has set up four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Management Committee respectively. Each committee is delegated with specific authorities by the Board in assisting the Board to discharge its duties and to administer particular aspects of the Group's activities. The roles and functions of each committee are summarized below:

Audit Committee

The Audit Committee was established in 1999. The Company has adopted Terms of Reference of the Audit Committee in compliance with code provision C.3.3 of the Code. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Kwong Ping Man (chairman of the Audit Committee), Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit.

The principal responsibilities of the Audit Committee is to provide an independent and professional advice on financial reporting, to evaluate the effectiveness of internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget) and the sufficiency of external and internal audits of the Group.

After each Audit Committee meeting, the chairman of the Audit Committee will report to the Board of the significant issues discussed by the Committee for the Board's information and/or consideration.

The Audit Committee has held four meetings in the year ended 31 December 2019. The major tasks accomplished by it during the year are summarized below:

- Reviewed the final results for the period ended 31 December 2018 and the interim results for the six months ended 30 June 2019, and confirmed that the accounting principles and practices adopted as well as the disclosures made in such financial statements were appropriate, accurate and fair;
- Reviewed the internal control procedures and risk management matters;

董事會轄下之委員會(續)

審核委員會(續)

- 與核數師磋商截至二零一九年十二月三十一日止年度之審核範圍；及
- 檢討本公司在會計及財務匯報職能方面之資源、員工資歷及經驗，以及彼等所接受之培訓課程及預算是否足夠。

審核委員會已審閱本集團截至二零一九年十二月三十一日止之全年業績。

薪酬委員會

薪酬委員會於一九九六年成立。本公司已根據該守則之守則條文第B.1.2條採納薪酬委員會之職權範圍。薪酬委員會成員包括執行董事池靜超先生及兩名獨立非執行董事，即鄭炳文先生(薪酬委員會主席)及張省本先生。

薪酬委員會專責就本公司董事及高層管理人員之薪酬政策及架構向董事會提出建議。其每年最少舉行一次會議以檢討及釐定執行董事及高層管理人員之薪酬及福利，以及向董事會建議非執行董事之酬金。在釐定及批准本公司董事及高層管理人員之薪酬時，薪酬委員會將考慮各方面因素包括市場競爭力、個人表現及本公司與其業務單位之盈利能力等。

薪酬委員會於截至二零一九年十二月三十一日止之年度內舉行過一次會議，以檢討本公司董事及高層管理人員之薪酬待遇等事宜。

BOARD COMMITTEES (continued)

Audit Committee (continued)

- Discussed with the auditors on the scope of audit for the year ended 31 December 2019; and
- Reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2019.

Remuneration Committee

The Remuneration Committee was established in 1996. The Company has adopted Terms of Reference of the Remuneration Committee in compliance with code provision B.1.2 of the Code. The Remuneration Committee comprises an Executive Director, namely Mr. Chi Jing Chao and two Independent Non-executive Directors, namely Mr. Kwong Ping Man (chairman of the Remuneration Committee) and Mr. Cheung Sound Poon.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure in relation to remuneration of the Directors and senior management of the Company. It schedules to meet at least once a year to review and determine the remuneration packages of the Executive Directors and senior management and to make recommendation to the Board of the remuneration of Non-executive Director. In determining and approving the remuneration of Directors and senior management of the Company, the Remuneration Committee will take into consideration of various factors such as market competitiveness, individual performance and profitability of the Company and its business units.

The Remuneration Committee has held one meeting in the year ended 31 December 2019 to review the existing remuneration policies of the Directors and senior management of the Company, etc.

董事會轄下之委員會(續)

提名委員會

提名委員會於二零一二年成立，本公司已參考該守則之守則條文第A.5.2條採納提名委員會之職權範圍。提名委員會成員包括執行董事沈世捷先生(提名委員會主席)及兩名獨立非執行董事，即鄭炳文先生及關毅傑先生。

提名委員會負責檢討董事會之架構、人數及組成，物色具備合適資格可出任董事之人士並就董事之委任或續任向董事會作出建議，評估獨立非執行董事之獨立性，以及監察本公司董事會成員多元化政策之執行等事宜。

提名委員會於截至二零一九年十二月三十一日止之年度內舉行過一次會議，連同以書面決議方式，檢討及處理以下主要事項：

- 檢討各董事之資歷及經驗，以及彼等於本集團之角色及職能，以確保現時之董事會架構符合本集團的業務發展所需；及
- 檢討現行之董事會成員多元化之程度。

執行管理委員會

執行管理委員會於二零零五年成立，訂有書面職權範圍並獲董事會授權以日常管理委員會形式運作。目前，執行管理委員會由兩名執行董事組成，即沈世捷先生(執行管理委員會主席)及池靜超先生。

BOARD COMMITTEES (continued)

Nomination Committee

The Nomination Committee was established in 2012. The Company has adopted Terms of Reference of the Nomination Committee with reference to code provision A.5.2 of the Code. The Nomination Committee comprises an Executive Director, namely Mr. Shum Sai Chit (chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Kwong Ping Man and Mr. Kwan Ngai Kit.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors and making recommendations to the Board on the appointment or reappointment of Directors, assessing the independence of the Independent Non-executive Directors and monitoring the implementation of the Board Diversity Policy of the Company.

The Nomination Committee has held one meeting in the year ended 31 December 2019, together with by means of written resolutions, to review and deal with the following major issues:

- Reviewed the qualifications and experiences of individual Directors as well as their roles and responsibilities in the Group to ensure the existing Board structure is fit for the business growth of the Group; and
- Reviewed the degree of diversity of the existing Board.

Executive management Committee

The Executive Management Committee was established in 2005 with written terms of reference to operate as a general management committee under the authority of the Board. Currently, the Executive Management Committee comprises two Executive Directors, namely Mr. Shum Sai Chit (chairman of the Executive Management Committee) and Mr. Chi Jing Chao.

董事會成員多元化政策概要

本公司已採納董事會成員多元化政策。本公司認同及相信董事會成員多元化所帶來的好處。所有董事會成員之委任均以能者居之及用人唯才為原則，並將考慮候選人之若干客觀標準如：性別、年齡、文化及教育背景、種族、專業資格、領域經驗、技能、知識及服務年資等。最終決定將按獲選者之長處及可為董事會帶來之貢獻作依歸。

核數師酬金

於截至二零一九年十二月三十一日止年度，本公司就審核服務及非審核服務而已支付／應支付予其外聘核數師之酬金總額如下：

服務類別	Types of services	千港元 HK\$'000
審核服務	Audit services	1,639
總計	Total	1,639

董事編製財務報表之責任

董事確認彼等有責任編製可真實及公平地反映本集團事務狀況及業績之財務報表。截至二零一九年十二月三十一日止年度，本集團錄得綜合純利約209,732,000港元。

本公司核數師就其對財務報表之報告責任聲明載於本週年報告第57至第64頁之「獨立核數師報告」內。

BOARD DIVERSITY POLICY SUMMARY

The Company has adopted the Board Diversity Policy. The Company recognises and embraces the benefits of diversity of its Board members. All Board appointments will be based on meritocracy and competence, and the candidates will be considered against certain objective criteria such as gender, age, cultural and educational background, ethnicity, professional qualifications, areas of experience, skills, knowledge and length of services, etc. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board.

AUDITORS' REMUNERATION

For the year ended 31 December 2019, the total remunerations paid/payable by the Company to its external auditors in respect of the audit services and non-audit services are as follows:

DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of the Group's affairs and results. The Group recorded a consolidated net profit of approximately HK\$209,732,000 for the year ended 31 December 2019.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 57 to 64 of this annual report.

公司秘書

自二零一五年八月二十日起，樊國民先生獲委任為公司秘書。樊先生持有香港中文大學頒授之工商管理學士學位，並主修保險財務與精算學，彼亦為香港會計師公會會員，具備逾十年審計、會計、財務管理及企業融資經驗。

根據上市規則第3.29條，樊先生於截至二零一九年十二月三十一日止年度內已參與不少於15小時的相關專業培訓。

股東權利

股東召開股東特別大會

根據公司細則第58條，於提出開會要求當日持有有權在本公司股東大會投票之本公司實繳股本不少於10%之股東，有權隨時向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會以處理書面要求內指定之任何事務，而該等會議須於有關要求發出至本公司之註冊辦事處後兩個月內舉行。如董事會未能於接獲有關要求後二十一日內召開會議，發出要求者本身可按照百慕達公司法1981（「公司法」）第74(3)條之規定召開會議。

COMPANY SECRETARY

Since 20 August 2015, Mr. Fan Kwok Man, Raymond has been appointed as the Company Secretary. Mr. Fan holds a Bachelor of Business Administration in Insurance, Financial and Actuarial Analysis from the Chinese University of Hong Kong and he is member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in auditing, accounting, financial management and corporate finance.

According to Rule 3.29 of the Listing Rules, Mr. Fan has taken no less than 15 hours of relevant professional training during the year ended 31 December 2019.

SHAREHOLDERS' RIGHTS

Convention of Special General meeting

Pursuant to Bye-law 58 of the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition to the Company's registered office. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (the "Companies Act").

股東權利(續)

於股東大會上提呈議案

根據公司法第79及80條之規定，登記股東有權於股東大會上提呈議案倘若彼等：

- (a) 於提出要求當日佔本公司總投票權不少於5%；或
- (b) 為不少於100位的登記股東。

有關股東須簽妥載有該動議的書面要求，連同不多於1,000字關於該動議所述事宜之陳述送交本公司註冊辦事處。本公司於接獲有效之書面要求後，將採取適當行動並作出所需安排，有關股東須根據公司法第79及80條支付進行該等行動及安排所產生之開支。

股東查詢

董事會歡迎股東就本集團之管理及企業管治提出意見、查詢及關注事項。股東可隨時透過電郵(info@remt.com.hk)、傳真((852) 2802 2697)或郵遞方式發送彼等之書面查詢及／或關注事項至本公司之主要辦事處跟進。

有關股權查詢方面，股東可聯絡本公司之香港股份過戶登記分處及轉讓登記處卓佳秘書商務有限公司，地址為香港皇后大道東183號合和中心22樓。

憲章文件

本公司之組織章程大綱及公司細則已於二零一八年六月十三日在本公司及香港聯合交易所有限公司(「聯交所」)網頁更新，該憲章文件於年內並無其他更改。

SHAREHOLDERS' RIGHTS (continued)

Putting Forward Proposals at General meetings by Shareholders

Pursuant to Sections 79 and 80 of the Companies Act, registered Shareholders are entitled to put forward a proposal at a general meeting if they:

- (a) represent not less than 5% of the total voting rights of the Company at the date of the deposit of the requisition; or
- (b) are not less than 100 registered Shareholders.

The written requisition stating the resolution(s) should be duly signed by the registered Shareholder(s) concerned, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with must be deposited at the Company's registered office. The Company would take appropriate actions and make necessary arrangements. The Shareholder(s) concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

Enquiries from Shareholders

The Board welcomes views, enquires and concerns in relation to the management and corporate governance of the Group from Shareholders. Shareholders may at any time send their enquires and/or concerns to the Board in writing by email (info@remt.com.hk), by fax ((852) 2802 2697) or by mail to the principal place of business of the Company for follow up.

For shareholding enquiries, Shareholders may contact the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CONSTITUTIONAL DOCUMENT

The Memorandum of Association and Bye-laws of the Company was updated on the websites of the Company and The Stock Exchange of Hong Kong ("Stock Exchange") on 13 June 2018 and there is no other change in such constitutional document during the year.

風險管理及內部監控

董事會全權負責維持本集團之風險管理及內部監控。內部監控系統是為管理及減低未能履行經營目標之風險，並對重大錯誤陳述或損失提供合理保證。

董事會已就本集團之內部監控系統之有效性進行年度檢討，檢討範圍涵蓋風險管理功能、財務、營運及合規之監控、本公司在會計及財務匯報職能方面的資源、員工資歷及經驗，以及彼等所接受之培訓課程及預算是否充足等。董事會認為本集團之內部監控系統有效而足夠。

本公司已制訂內幕消息政策以就處理內幕消息提供指引。本公司定期提醒董事及僱員務須遵守本公司就內幕消息所採納的所有政策，包括就買賣本公司證券而遵守上市規則附錄 10 所載之標準守則。

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for risk management and internal control of the Group. The system of internal control is designed to manage and mitigate the risk of failure to achieve business objectives with reasonable assurance against material misstatement or loss.

The Board has conducted annual review of the effectiveness of the internal control system of the Group which covers the review of risk management functions, financial, operational and compliance controls, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget, etc.. The Board considered the internal control system of the Group effective and adequate.

The Company have formulated an inside information policy providing guideline on handling inside information. The Company regularly reminds the directors and employees about compliance with all policies adopted by the Company regarding inside information including the Model Code set out in Appendix 10 of the Listing Rules in relation to dealings in securities of the Company.

投資者關係

本集團致力加強與投資者之關係，增加本集團於投資界的透明度。

本公司透過以下方式向投資者發放有關本集團之最新發展動向及消息，以及促進本公司與股東之間的互相溝通：

- (a) 定期向股東寄發本公司之中期報告、週年報告及股東通函等企業通訊文件，並上載該等文件至本公司及聯交所網頁；
- (b) 透過本公司及聯交所網頁刊發公佈；
- (c) 在本公司網頁提供有關本公司企業及產品之資訊；
- (d) 舉辦股東大會以便股東與本公司管理層可直接交換意見；及
- (e) 鼓勵投資者透過本公司之網頁與本公司不時進行通訊。

在本公司於二零一九年六月二十六日舉行之上屆股東週年大會上，所有關於採納財務報表、重選董事、續聘核數師及授予發行及購回股份之一般授權等決議案均獲得通過。本公司將訂於二零二零年六月三十日舉行今屆股東週年大會。

INVESTOR RELATIONS

The Group is committed to enhance investor relationship by increasing its transparency to the investment community.

The following measures have been taken by the Company to keep investors informed of the latest developments and news of the Group and to facilitate a two-way communication between the Company and its Shareholders:

- (a) Mailing corporate communication documents such as interim reports, annual reports and circulars to the Shareholders periodically and uploading the same on the websites of the Company and the Stock Exchange;
- (b) Publishing announcements through the websites of the Company and the Stock Exchange;
- (c) Making available of the Company's corporate and products information on its website;
- (d) Organizing general meetings to facilitate direct exchange of views between the Shareholders and the management of the Company; and
- (e) Encouraging investors to communicate with the Company through the Company's website from time to time.

At the Company's last AGM held on 26 June 2019, all the resolutions relating to the adoption of financial statements, re-election of Directors, reappointment of auditors and grant of general mandates to issue and repurchase shares have been duly passed. The forthcoming AGM of the Company is scheduled to be held on 30 June 2020.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

執行董事

沈世捷先生，六十二歲，本集團主席兼行政總裁。沈先生曾為可新有限公司董事總經理。可新有限公司主要從事紡織品製造和貿易業務。沈先生於一九八四年加入福建省紡織品進出口公司，出任經理，負責紡織品的進出口業務。沈先生畢業於消費品價格及統計專業。沈先生現時亦為世紀陽光集團控股有限公司(股份代號：509)之執行董事。

池靜超先生，37歲，於二零一九年六月二十七日獲委任為本公司執行董事。於獲委任前，彼為世紀陽光集團控股有限公司(股份代號：509)的企業事務總監，負責整體企業事務。池先生擁有逾10年企業事務工作經驗。池先生畢業於財務與行政管理專業。池先生於二零零四年八月加入世紀陽光集團控股有限公司。池先生為本公司控股股東池文富先生的侄子。彼現時為世紀陽光集團控股有限公司執行董事。

非執行董事

孟健教授，六十三歲，現任中國科學院長春應用化學研究所稀土資源利用國家重點實驗室教授；中國稀土學會固體科學與新材料專業委員會副主任；中國稀土學會及中國有色金屬學會理事。孟教授為中國稀土行業協會及中國鎂協專家。孟教授長期從事稀土鎂合金新材料開發研究，對中國稀土鎂合金的開發與應用有突出的貢獻。孟教授於吉林大學半導體專業畢業，持有中國科學院化學部碩士學位，並於日本豐橋技術科學大學深造，獲工程博士學位。孟教授現時亦為世紀陽光集團控股有限公司(股份代號：509)之稀土鎂合金專案顧問。

EXECUTIVE DIRECTORS

Mr. SHUM Sai Chit, age 62, Chairman and Chief Executive Officer of the Group. Prior to joining the Group, Mr. Shum was the Managing Director of Go Modern Limited which was principally engaged in manufacturing of textile products and trading activities. In 1984, Mr. Shum joined Fujian Textiles Import and Export Corporation as a Manager to oversee importing and exporting of textile products. Mr. Shum is a graduate of Consumer Product Pricing and Statistics. Mr. Shum is currently an executive director of Century Sunshine Group Holdings Limited (stock code: 509).

Mr. CHI Jing Chao, aged 37, was appointed as an executive director of the Company on 27 June 2019. Prior to his appointment, he was the chief corporate affairs officer of Century Sunshine Group Holdings Limited (stock code: 509). He was responsible for the overall corporate activities. Mr. Chi has more than 10 years of experience in corporate affairs. Mr. Chi is a graduate of Financial and Administrative Management. Mr. Chi has joined Century Sunshine Group Holdings Limited since August 2004. Mr. Chi is the nephew of Mr. Chi Wen Fu, the substantial shareholders of the Company. He is currently an executive director of Century Sunshine Group Holdings Limited.

NON-EXECUTIVE DIRECTORS

Professor MENG Jian, age 63, is a professor of State Key Laboratory for Rare Earth Resource Utilisation, Changchun Institute of Applied Chemistry of Chinese Academy of Science. He is a deputy officer of Professional Committee of Solid Science and New Materials of Chinese Society of Rare Earth. He is also a director of Chinese Society of Rare Earth and Nonferrous Metals Society of China. He is an expert of the Association of China Rare Earth Industry and China Magnesium Association. Professor Meng has been engaging in research and development of rare earth magnesium alloys and new materials. He has contributed to the development and application of rare earth magnesium alloys in China. Professor Meng majored in semiconducting from Jilin University, and holds a master's degree from the chemistry department of Chinese Academy of Science. He holds a degree of doctor of Engineering from Toyohashi University of Technology, Japan. Professor Meng is currently a consultant of Century Sunshine Group Holdings Limited (stock code: 509) for rare earth magnesium alloys projects.

譚偉豪博士太平紳士，五十六歲，於一九八六年畢業於香港中文大學，獲理學士學位，後於香港理工大學進修，獲哲學博士學位。譚博士於一九九二年獲香港工業總會頒贈「香港青年工業家獎」，並於一九九七年獲選為香港「十大傑出青年」。譚博士為二零零八年至二零一二年度香港立法會議員(資訊科技界)。譚博士現為香港天使投資脈絡主席、香港產學研合作促進會會長、香港英諾天使基金合夥人、香港工業總會珠三角工業協會副主席等。

獨立非執行董事

鄭炳文先生，五十五歲，現為澳栢企業服務有限公司之董事。該公司從事企業諮詢服務。鄭先生於多間公司擔任財務總監接近7年。鄭先生於會計、財務及行政方面有逾15年經驗。鄭先生亦取得香港理工大學頒授之專業會計學碩士學位。鄭先生為澳洲執業會計師公會會員及香港會計師公會資深會員，亦為香港公司秘書公會會士。鄭先生現時為唐宮(中國)控股有限公司(股份代號：1181)、龍皇集團控股有限公司(股份代號：8493)及御佳控股有限公司(股份代號：3789)之獨立非執行董事。

張省本先生，五十九歲，現任郭崔會計師行高級核數經理。張先生曾任Gary W.K. Yam & Co. (CPA)之高級核數師。張先生擁有逾35年會計及核數經驗。張先生現時為世紀陽光集團控股有限公司(股份代號：509)之獨立非執行董事兼審核委員會成員。

Dr. TAM Wai Ho, Samson JP, aged 56, graduated from The Chinese University of Hong Kong in 1986 with a Bachelor degree of Science (Hons), and later was awarded the degree of Doctor of Philosophy from The Hong Kong Polytechnic University. In 1992, Dr Tam was awarded the "Young Industrialist Award of Hong Kong" and was named one of the "Ten Outstanding Young Persons" in 1997. He was an elected member of Legislative Council of Hong Kong (Information Technology, 2008-2012) and is now Chairman of Hong Kong Business Angel Network, Chairman of Hong Kong Industry-University-Research Collaboration Association, Partner of Inno Angel Funds, Vice Chairman of the PRD Council, Federation of Hong Kong Industries.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWONG Ping Man, age 55, is a director of O'Park Corporate Services Limited which provides corporate advisory services. Mr. Kwong had served as the chief financial officer of various companies for almost seven years. Mr. Kwong has over 15 years of experience in accounting, finance and administration. He obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a member of the Australian Society of Certified Practising Accountants, fellow member of the Hong Kong Institute of Certified Public Accountants, and associate member of the Hong Kong Institute of Company Secretaries. Mr. Kwong is currently an independent non-executive director of Tang Palace (China) Holdings Limited (Stock Code: 1181), Dragon King Group Holdings Limited (Stock Code: 8493) and Royal Deluxe Holdings Limited (Stock Code: 3789).

Mr. CHEUNG Sound Poon, age 59, is currently a senior audit manager at Chui & Kwok (CPA). He was an audit senior at Gary W. K. Yam & Co. (CPA). Mr. Cheung has over 35 years of experience in accounting and auditing. He is currently an independent non-executive director of audit committee of Century Sunshine Group Holdings Limited (stock code: 509).

董事及高級管理人員簡介(續)

DIRECTORS AND SENIOR MANAGEMENT PROFILES (CONTINUED)

關毅傑先生，四十歲，現為現代牙科集團有限公司(股份代號：3600)的財務總監及公司秘書。關先生於審計方面積逾10年經驗。彼曾為安永會計師事務所審計部門的高級經理。彼為香港會計師公會會員及特許公認會計師公會資深會員。關先生持有香港中文大學的工商管理碩士學位及香港理工大學會計學學士學位。關先生現時為亞洲實業集團(控股)有限公司(股份代號：1737)、禮建德集團控股有限公司(股份代號：8455)及樂遊科技控股有限公司(股份代號：1089)之獨立非執行董事。

高級管理人員

崔子奎先生，四十七歲，專責本集團金屬鎂業務運營管理及業務企劃，崔先生擁有工商管理專業文憑，從事金屬鎂行業有逾20年豐富經驗。於二零一五年加入本集團。

白海生先生，五十一歲，負責本集團金屬鎂產品研發和營銷策略管理，白先生畢業於太原工業大學材料系熱加工專業，於金屬鎂行業擁有20年以上豐富經驗。於二零一六年加入本集團。

魯天元先生，五十五歲，專責本集團企業事務管理，魯先生畢業於漢語言文學專業，經濟師。彼於企業事務管理方面擁有逾15年相關經驗，加入本集團前，曾於某鐵合金大型企業工作逾25年。於二零一五年加入本集團。

Mr. KWAN Ngai Kit, aged 40, is currently the chief financial officer and the company secretary of Modern Dental Group Limited (Stock Code: 3600). Mr. Kwan has over 10 years' experience in auditing. He was a senior manager in assurance department of Ernst & Young. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwan holds a MBA degree from The Chinese University of Hong Kong and a Bachelor's degree in Accountancy from The Hong Kong Polytechnic University. Mr. Kwan is currently an independent non-executive director of A & S Group (Holdings) Limited (Stock Code: 1737), Lai Group Holding Company Limited (Stock Code: 8455) and Leyou Technologies Holdings Limited (Stock Code: 1089).

SENIOR MANAGEMENT

Mr. CUI Zikui, age 47, is responsible for the operation management and business planning of the Group's magnesium business. Mr. Cui has a diploma in business management. He has over 20 years of experience in the magnesium industry. He joined the Group in 2015.

Mr. BAI Hai Sheng, age 51, is responsible for the research and development and marketing strategy management of the Group's magnesium products. Mr. Bai is a graduate of Heat Treatment of the Material Studies in the Taiyuan University of Technology. He has over 20 years of experience in the magnesium industry. He joined the Group in 2016.

Mr. LU Tianyuan, age 55, is responsible for the corporate affairs management of the Group. Mr. Lu is a graduate of Chinese Language and Literature and is an economist. He has over 15 years of relevant experience in corporate affairs management. Prior to joining the Group, he has worked in a large alloy enterprise for over 25 years. He joined the Group in 2015.

董事會呈報截至二零一九年十二月三十一日止年度之報告及經審核財務報表。

主要業務及業務回顧

本公司為投資控股公司，其主要附屬公司、合資公司及聯營公司之業務分別載列於財務報表附註1、19及20。

根據香港公司條例附表5規定，就該等業務之進一步討論及分析(包括本集團面對之主要風險及不確定性之描述及本集團業務可能之未來發展跡象)載於本年報第14頁至第29頁之「管理層討論及分析」。該討論構成本「董事會報告」之一部分。

環境政策及表現

本集團確認環境保護對本集團之長期發展至關重要。為將對環境影響降至最低，本集團將持續不時審閱及改進管理常規之實效。「環境、社會及管治報告」將於二零二零年六月或之前發佈。詳情請參閱本公司網站。

業績及分配

本集團截至二零一九年十二月三十一日止年度之溢利，及本集團於該日之財務狀況載列於第65頁至第174頁之財務報表。

本公司於回顧年度內並無派發中期股息。董事會建議向股東派發截至二零一九年十二月三十一日止年度之每股末期股息0.60港仙。本集團於二零一九年十二月三十一日止之保留溢利約為683,688,000港元。

The Board presents their report and the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries, joint ventures and an associate are set out in notes 1, 19 and 20 to the financial statements, respectively.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 14 to 29 of this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time. "Environmental, Social and Governance Report" will be published on or before June 2020. For details, please refer to the Company's website.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2019 and the Group's financial position at that date are set out in the financial statements on pages 65 to 174.

No interim dividend was paid by the Company during the year under review. The Board recommends the payment of final dividend to Shareholders for the year ended 31 December 2019 of HK\$0.60 cents per share. The retained earnings of the Group as at 31 December 2019 was approximately HK\$683,688,000.

主要客戶及供應商

截至二零一九年十二月三十一日止年度：

- (i) 本集團之最大客戶及前五大客戶分別佔本集團總收入之7.2%及19.1%。
- (ii) 本集團之最大供應商及前五大供應商分別佔本集團總採購額之15.7%及51.8% (並不包括資本性質之採購項目)。

據董事會所了解，本公司之董事、其聯繫人士及任何擁有本公司股本超過5%之股東並無持有前五大客戶及前五大供應商之任何權益。

財務資料摘要

摘錄自經審核之財務報表，有關過去五個財政年度公佈之業績及資產、負債、及非控制性權益的摘要載列於第175頁。該摘要並不構成經審核財務報表的一部分。

股本

本公司股本於年內概無變動。

可供分派儲備

於二零一九年十二月三十一日，本公司可供分派儲備(根據一九八一年百慕達公司法(經修訂)(「公司法」)計算)為1,074,492,000港元。根據公司法，本公司的實繳盈餘亦可供分派予股東。如會導致本公司無法償還到期負債或其資產的可變現價值因此低於其負債，則不會以實繳盈餘派付股息或作出分派。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019:

- (i) The Group's largest customer and the five largest customers accounted for 7.2% and 19.1% respectively of the Group's total revenue.
- (ii) The Group's largest supplier and the five largest suppliers accounted for 15.7% and 51.8% respectively of the Group's total purchases (not including purchases of items which are of capital in nature).

According to the understanding of the Board, none of the Directors, their associates or any Shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or the five largest suppliers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities, and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 175. This summary does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) ("Companies Act") amounted to HK\$1,074,492,000. Under the Companies Act, the Company's contributed surplus is also available for distribution to the Shareholders. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

董事及董事服務合約

於本年內及截至本報告日期止，本公司之董事如下：

執行董事：

沈世捷(主席兼行政總裁)
池靜超

非執行董事：

孟健教授
譚偉豪 太平紳士

獨立非執行董事：

鄺炳文
張省本
關毅傑

根據公司細則第86(2)條，池靜超先生之任期將直至本公司應屆股東週年大會為止，並符合資格於股東週年大會上膺選連任。

根據公司細則第87條，沈世捷先生及關毅傑先生將於股東週年大會上退任，惟彼均符合資格並願意膺選連任。

獲建議於股東週年大會上膺選連任之董事概無與本集團訂立本集團不可於一年內毋須賠償(法定賠償除外)而終止之服務合約。

獨立非執行董事之獨立性

本公司已經收到其獨立非執行董事，即鄺炳文先生、張省本先生及關毅傑先生根據上市規則第3.13條就確認彼等之獨立性而個別發出的年度確認函。

因此，本公司認為各獨立非執行董事均為獨立人士。

董事擁有之證券權益

於二零一九年十二月三十一日，根據本公司按證券及期貨條例第352條而存置之登記冊所記載，或根據上市規則附錄10所載之標準守則向本公司及聯交所申報，各董事及彼等之聯繫人士於本公司及其聯繫公司(定義見證券及期貨條例(「證券及期貨條例」)第XV部)擁有之股份及相關股份之權益如下：

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were as follows:

Executive Directors:

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Jing Chao

Non-executive Directors:

Professor Meng Jian
Tam Wai Ho, Samson JP

Independent Non-executive Directors:

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

Pursuant to Bye-Law 86(2) of the Bye-Laws, Mr. Chi Jing Chao will hold office until the forthcoming AGM of the Company and, being eligible, offer themselves for re-election at the AGM.

Pursuant to Bye-law 87 of the Bye-laws, Mr. Shum Sai Chit and Mr. Kwan Ngai Kit will retire by rotation and, being eligible, offer himself for re-election at the AGM.

None of the Directors being proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its Independent Non-executive Directors, namely Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit, an annual confirmation confirming their independence pursuant to Rule 3.13 of the Listing Rules.

Accordingly, the Company considers all the Independent Non-executive Directors are independent.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2019, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained 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 set out in Appendix 10 to the Listing Rules, were as follows:

於本公司股份、相關股份及債券之
權益

Interests in the Shares, underlying shares and debenture of the Company

董事	擁有權益或視為擁有權益之普通股數目 Number of ordinary shares interested or deemed to be interested					總額	佔本公司 已發行股本 之權益 概約百分比 Approximate percentage of interests in the issued share capital of the Company
	個人權益	家族權益	持有 購股權數目	公司權益			
Director	Personal interests	Family interests	Number of options held	Corporate interests	Total		
好倉							
Long position							
沈世捷 Shum Sai Chit	-	-	30,000,000	-	-	-	0.46%
池靜超 Chi Jing Chao	-	-	3,000,000	-	-	-	0.05%
孟健 Meng Jian	-	-	5,000,000	-	-	-	0.08%
譚偉豪太平紳士(「譚博士」) Tam Wai Ho, Samson JP ("Dr. Tam")	63,464,000 (附註1) (Note 1)	4,600,000	5,000,000	75,754,236 (附註2) (Note 2)	148,818,236		2.26%
鄭炳文 Kwong Ping Man	-	-	5,000,000	-	-	-	0.08%
張省本 Cheung Sound Poon	-	-	5,000,000	-	-	-	0.08%
關毅傑 Kwan Ngai Kit	-	4,000,000 (附註4) (Note 4)	5,000,000	-	-	-	0.08%
淡倉							
Short position							
無 Nil							

董事擁有之證券權益(續)

附註：

- 該等股份包含由譚偉豪博士太平紳士及譚偉棠先生共同持有之51,464,000股股份。
- 該75,754,236股股份以Earnmill Holdings Limited(「Earnmill」)之名義登記，Earnmill為一家由Kiteway Assets Limited(「Kiteway」)及TTNB Profits Limited(「TTNB」)平均擁有之公司，而Kiteway及TTNB則分別由譚偉豪博士太平紳士及譚偉棠先生全資擁有。
- 截至二零一九年十二月三十一日止，本公司之已發行股份總數為6,574,390,058股。
- 4,000,000股本公司股份乃根據所持購股權可向關毅傑先生之配偶呂文清女士發行之相關股份數目。

DIRECTORS' INTERESTS IN SECURITIES (continued)

Notes:

- Such shares included the 51,464,000 shares which are jointly owned by Dr. Tam Wai Ho, Samson JP and Mr. Tam Wai Tong, Thomas.
- The 75,754,236 shares are registered in the name of Earnmill Holdings Limited ("Earnmill"), a company which is owned by Kiteway Assets Limited ("Kiteway") and TTNB Profits Limited ("TTNB") in equal shares. Kiteway and TTNB in turn are wholly owned by Dr. Tam Wai Ho, Samson JP and Mr. Tam Wai Tong, Thomas respectively.
- The total number of issued shares of the Company as at 31 December 2019 was 6,574,390,058 shares.
- 4,000,000 shares in the Company are the number of the underlying shares which may be issued to Ms. Lee Man Ching, the spouse of Mr. Kwan Ngai Kit, under the options held.

於相聯法團股份之權益(好倉)

Interests in the shares of associated corporations (long position)

董事姓名 Names of Directors	相聯法團名稱 Name of associated corporation	擁有權益或視為擁有權益之普通股數目(好倉) Number of ordinary shares interested or deemed to be interested (long position)			佔相聯法團已發行之股本之百分比 % of issued share capital of associated corporation
		個人權益 Personal interests	所持購股權數目 Number of options held	總額 Total	
沈世捷 Shum Sai Chit	世紀陽光集團控股有限公司 (「世紀陽光」) Century Sunshine Group Holdings Limited ("Century Sunshine")	14,666,305	20,000,000	34,666,305	0.76%
池靜超 Chi Jing Chao	世紀陽光 Century Sunshine	1,633,998	8,000,000	9,633,988	0.21%
張省本 Cheung Sound Poon	世紀陽光 Century Sunshine	—	5,000,000	5,000,000	0.11%
關毅傑 Kwan Ngai Kit	世紀陽光 Century Sunshine	—	4,000,000 (附註1) (note 1)	4,000,000	0.09%

董事擁有之證券權益(續)

於相聯法團股份之權益(好倉)(續)

附註：

- (1) 4,000,000股世紀陽光股份乃可向關毅傑先生之配偶呂文清女士發行之相關股份數目。

除上文所披露者外，於二零一九年十二月三十一日，各董事或彼等之聯繫人士概無在本公司或其任何聯繫公司(定義見證券及期貨條例)之股份及相關股份中擁有任何權益或淡倉。

購股權計劃

為吸引及挽留最優秀僱員以支持本集團之業務發展，並向獲選之合資格參與者提供額外激勵或獎勵，本公司於二零一七年十二月四日採納購股權計劃(「該計劃」)。合資格參與者主要包括為本集團作出貢獻之本集團及任何主要股東之僱員或董事及本集團顧問或諮詢人士、分銷商、承包商、供應商、服務供應商、代理、客戶及業務夥伴。除非另行註銷或修訂，該計劃之有效期為自其成立日期起計10年。該計劃之剩餘年期約為8年(於二零二七年十二月四日屆滿)。

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interests in the shares of associated corporations (long position) (continued)

Notes:

- (1) 4,000,000 shares in Century Sunshine are the number of underlying shares which may be issued to Ms. Lee Man Ching, the spouse of Mr. Kwan Ngai Kit, under the options held.

Save as disclosed above, at 31 December 2019, none of the Directors or their associates had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations as defined in the SFO.

SHARE OPTION SCHEME

In order to attract and retain the best quality employees for the development of the Group's businesses and to provide additional incentives or rewards to selected qualifying participants, the Company adopted a share option scheme on 4 December 2017 (the "Scheme"). The qualifying participants mainly include employees and directors of the Group and any substantial shareholders, and the consultants or adviser, distributors, contractors, suppliers, service providers, agent, customer and business partner of the Group who have contribution to the Group. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years since its establishing date. The remaining life of the Scheme is approximately 8 years (expiry on 4 December 2027).

購股權計劃(續)

於二零一九年十二月三十一日，該計劃項下可認購總數411,400,000股股份之購股權(「購股權」)尚未行使。

SHARE OPTION SCHEME (Continued)

As at 31 December 2019, options to subscribe for a total of 411,400,000 Shares were outstanding under the Scheme (the "Options").

	於2019年 1月1日 持有	年內授出 之購股權 Options granted during the year	年內行使 之購股權 Options exercised during the year	年內註銷 之購股權 Options cancelled during the year	年內失效 之購股權 Options lapsed during the year	年內轉讓	於2019年 12月31日 持有	行使價 (附註)
	Held at 1 January 2019	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options lapsed during the year	Transfer during the year	Held at 31 December 2019	Exercise price (note) 港元 HK\$
(A) 僱員								
Employees	146,400,000	-	-	-	-	17,000,000	163,400,000	0.4
	40,000,000	-	-	-	-	-	40,000,000	0.5
	-	200,000,000	-	(50,000,000)	-	-	150,000,000	0.3
(B) 董事								
Directors								
沈世捷	30,000,000	-	-	-	-	-	30,000,000	0.4
Shum Sai Chit								
池碧芬*	20,000,000	-	-	-	-	(20,000,000)	-	0.4
Chi Bi Fen*								
池靜超#	-	-	-	-	-	3,000,000	3,000,000	0.4
Chi Jing Chao#								
孟健	5,000,000	-	-	-	-	-	5,000,000	0.4
Meng Jian								
譚偉豪太平紳士	5,000,000	-	-	-	-	-	5,000,000	0.4
Tam Wai Ho, Samson J P								
鄭炳文	5,000,000	-	-	-	-	-	5,000,000	0.4
Kwong Ping Man								
張省本	5,000,000	-	-	-	-	-	5,000,000	0.4
Cheung Sound Poon								
關毅傑	5,000,000	-	-	-	-	-	5,000,000	0.4
Kwan Ngai Kit								
	221,400,000	-	-	-	-	-	221,400,000	0.4
	40,000,000	-	-	-	-	-	40,000,000	0.5
	-	200,000,000	-	(50,000,000)	-	-	150,000,000	0.3
	261,000,000	200,000,000	-	(50,000,000)	-	-	411,400,000	-

董事及高級管理層之履歷詳情

本公司董事及本集團高級管理層之履歷詳情載於年報第44至第46頁。

董事購入股份或債券之權利

除已於「董事擁有之證券權益」披露外，本公司或其任何控股公司、附屬公司及同系附屬公司於本期內任何時間概無作出任何安排，致令董事可藉購入本公司或其他法人團體之股份或債券而獲益。

董事酬金

董事之酬金乃由股東於股東大會批准。其他酬金由本公司參照董事的職責，責任及表現，以及本集團的業績由董事會釐定。

獲准許之彌償條文

就董事之責任之獲准許之彌償條文(根據公司條例定義)於截至二零一九年十二月三十一日止年度內生效。

董事於交易、安排或合約之權益

於期內，概無董事或董事之有關連實體於任何本集團有關業務之重要交易、安排或合約(其中本公司之任何控股公司、附屬公司或同系附屬公司為簽約方)直接或間接地擁有重大利益。

購買、出售或贖回本公司之上市證券

截至二零一九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、出售或贖回本公司任何上市證券。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 44 to 46 of the annual report.

DEBENTURES

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

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2019, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against liability incurred by the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2019.

主要股東

除上文披露有關若干董事之權益外，於二零一九年十二月三十一日，根據本公司按證券及期貨條例第336條而存置之主要股東名冊所記載，下列股東曾知會本公司擁有本公司已發行股本中的權益和淡倉：

SUBSTANTIAL SHAREHOLDERS

At 31 December 2019, the register of substantial shareholders kept by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following Shareholder had notified the Company of relevant interests and short positions in the issued share capital of the Company:

股東名稱 Name of Shareholder	所持普通股 股份數目 Number of ordinary shares held	佔已發行 股本之百分比 % of issued share capital
Ming Xin Developments Limited (附註 1 及 5) (note 1 and 5)	4,761,117,434 (L)	72.42
	200,000,000 (S)	3.04
New Bright Group Limited (附註 2 及 5) (note 2 and 5)	4,761,117,434 (L)	72.42
	200,000,000 (S)	3.04
世紀陽光集團控股有限公司(附註 3 及 5) Century Sunshine Group Holdings Limited (note 3 and 5)	4,761,117,434 (L)	72.42
	200,000,000 (S)	3.04
池文富(附註 4 及 5) Chi Wen Fu (note 4 and 5)	4,761,117,434 (L)	72.42
	200,000,000 (S)	3.04

附註：

- (1) 4,761,117,434股由Ming Xin Developments Limited 實益擁有。
- (2) Ming Xin Developments Limited 為 New Bright Group Limited 之全資附屬公司。故此，就證券及期貨條例而言，New Bright Group Limited 被視為擁有 Ming Xin Developments Limited 擁有權益之全部股份之權益。
- (3) New Bright Group Limited 為世紀陽光之全資附屬公司。故此，就證券及期貨條例而言，世紀陽光被視為擁有 Ming Xin Developments Limited 擁有權益之全部股份之權益。
- (4) 池文富先生在世紀陽光(Ming Xin Developments Limited 之最終控股公司)股東大會上控制三分之一或以上表決權。故此，就證券及期貨條例而言，池文富先生被視為擁有 Ming Xin Developments Limited 擁有權益之全部股份之權益。
- (5) 於二零一九年十二月十三日，世紀陽光集團控股有限公司及Ming Xin Developments Limited (作為授予人)及Mega Prime Development Limited (作為期權承授人)訂立認購期權協議，據此，該授予人同意向該期權承授人授出收購200,000,000股股份之權利及期權。

Note:

- (1) 4,761,117,434 shares are beneficially owned by Ming Xin Developments Limited;
- (2) Ming Xin Developments Limited is a wholly-owned subsidiary of New Bright Group Limited. As such, New Bright Group Limited is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (3) New Bright Group Limited is a wholly-owned subsidiary of Century Sunshine. As such, Century Sunshine is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (4) Mr. Chi Wen Fu controls more than one-third or more of the voting power at general meetings of Century Sunshine (the ultimate holding company of Ming Xin Developments Limited). As such, Mr. Chi Wen Fu is deemed to be interested in all the shares in which Ming Xin Developments Limited is interested by virtue of the SFO.
- (5) On 13 December 2019, Century Sunshine Group Holdings Limited and Ming Xin Developments Limited as grantors and Mega Prime Development Limited as optionee entered into the Call Option Agreement, pursuant to which the said grantors agreed to grant to the said optionee the right and option to acquire 200,000,000 Shares.

主要股東(續)

除上文所披露者外，於二零一九年十二月三十一日，本公司概無接獲任何人士知會於本公司股份或相關股份中擁有根據證券及期貨條例須向本公司披露之權益或淡倉。

優先購買權

公司細則或百慕達法例並無任何優先購買權之條文，規定本公司須按比例向現有股東發售新股。

關連交易

本期間及去年度並沒有任何關連交易，惟於財務報表附註41所披露者除外。

足夠公眾持股量

根據本公司以公開途徑取得的資料及據董事所知，於本報告付印前之最後實際可行日期，本公司一直維持上市規則所訂明的公眾持股量。

核數師

於二零一七年六月七日，安永會計師事務所辭任本公司核數師，而國衛會計師事務所有限公司則於二零一七年七月四日獲委任為本公司核數師，填補所產生的空缺。除上述者外，本公司於過去三年內並無更換其他核數師。國衛會計師事務所有限公司即將任滿告退，本公司將於其應屆股東週年大會上提呈一項決議案，續聘國衛會計師事務所有限公司為本公司之核數師。

承董事會命

沈世捷先生

主席

香港

二零二零年四月十六日

SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons who 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 SFO.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTION

Other than those disclosed in Note 41 to the financial statements, there was no connected transaction during the year and in prior period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules, as at the latest practical date prior to the printing of this report.

AUDITORS

On 7 June 2017, Ernst & Young resigned as auditors of the Company and HLB Hodgson Impey Cheng Limited was appointed as auditors of the Company on 4 July 2017 to fill the vacancy so arising. Save for disclosed, there has been no other change in the auditors of the Company during the past three years. HLB Hodgson Impey Cheng Limited will retire and the Company will propose a resolution at its forthcoming AGM to reappoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

By order of the Board

Mr. Shum Sai Chit

Chairman

Hong Kong

16 April 2020



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

致稀鎂科技集團控股
有限公司全體股東
(在百慕達註冊成立之有限公司)

To the Shareholders of
Rare Earth Magnesium Technology Group Holdings Limited
(Incorporated in Bermuda with limited liability)

意見

我們已審核第65至174頁的稀鎂科技集團控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報表，包括二零一九年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益，其他全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實公平地反映貴集團於二零一九年十二月三十一日的綜合財務狀況及其於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善編製。

意見的基礎

我們已根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核。我們在該等準則下承擔的責任已在本報告核數師就審計綜合財務報表承擔的責任一節作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，我們獨立於貴集團，並已履行守則中的其他道德責任。我們相信，我們所獲得的審核證據是充分、適當地為我們的審核意見提供基礎。

OPINION

We have audited the consolidated financial statements of Rare Earth Magnesium Technology Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 65 to 174, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' 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.

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期間綜合財務報表的審核最為重要的事項。這些事項在我們審核整體綜合財務報表及出具意見時處理。我們不會對這些事項提供單獨的意見。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

關鍵審核事項

應收貿易賬款減值

請參閱綜合財務報表附註3及附註22。

於二零一九年十二月三十一日，本集團的貿易應收款項總額為149,011,000港元，而貿易應收款項減值撥備為1,726,000港元。撥備就貿易應收款項的全期預期信貸虧損而作出。

管理層在評估預期信貸虧損時運用判斷。有關已知財務困難或嚴重質疑能否收回應收款項的客戶應收款項會作獨立評估其減值撥備。經計及客戶性質、其地理位置及賬齡類別，亦透過將剩餘應收款項基於共享信貸風險特徵分組，並綜合評估回收可能性估算預期信貸虧損，並應用預期信貸虧損率於各應收款項的賬面總額。預期信貸虧損率乃根據過往3年的信貸虧損釐定，並經調整以反映當前及前瞻性資料，例如影響客戶清償應收款項能力的宏觀經濟因素。

我們乃基於該等貿易應收款項的幅度及釐定該等貿易應收款項的預期信貸虧損撥備所涉及的估計及判斷而聚焦此範疇。

我們的審核如何處理該關鍵審核事項

就管理層對應收貿易賬款減值虧損撥備評估而言，我們之程序包括：

- 理解和驗證管理層執行的信貸監控程序，包括其對定期審閱逾期應收款項及評估應收款項預期信貸虧損撥備的程序；
- 透過檢查相關銷售發票，以抽樣方式測試應收賬款賬齡之準確性；
- 以抽樣方式對照銀行收據測試應收賬款於結算日後的償付情況；及
- 取得管理層對應收款項預期信貸虧損準備的評估。我們基於過往三年償付模式、與客戶的通訊及來自外部來源的證據（包括有關客戶的財務狀況的相關公開搜索結果）以及有關前瞻性資料的市場研究，證實並驗證管理層的評估，例如管理層評估中的宏觀經濟因素等信息。

基於上述各項，我們發現管理層就應收款項預期信貸虧損準備及可收回性所作的估計及判斷有可得的證據支持。

Key audit matter

Impairment of trade receivables

Refer to Note 3 and Note 22 to the consolidated financial statements.

As at 31 December 2019, the Group had gross trade receivables of HK\$149,011,000 and provision for impairment of trade receivables of HK\$1,726,000. Provision is made for lifetime expected credit losses on trade receivables.

Management applied judgement in assessing the expected credit losses. Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables. The expected credit loss rates are determined based on historical credit losses experienced from the past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

We focused on this area due to the magnitude of the trade receivables and the estimation and judgement involved in determining the expected credit losses allowance of the trade receivables.

How our audit addressed the key audit matter

Our procedures in relation to management's assessment on provision for impairment losses of trade receivables included:

- Understood and validated the credit control procedures performed by management, including its procedures on periodic review of aged receivables and assessment on expected credit losses allowance of receivables;
- Tested on a sample basis, the accuracy of ageing profile of trade receivables by checking to the underlying sales invoices;
- Tested on a sample basis, the subsequent settlement of trade receivables against bank receipts; and
- Obtained management's assessment on the expected credit losses allowance of receivables. We corroborated and validated management's assessment based on the historical settlement pattern from the past 3 years, correspondence with the customers, evidence from external sources including the relevant public search results relating to the financial circumstances of the relevant customers and market research regarding the relevant forward-looking information such as macroeconomic factors used in management's assessment.

Based upon the above, we found that the estimation and judgement made by management in respect of the expected credit losses allowance and the collectability of receivables were supportable by the available evidence.

獨立核數師報告(續)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

關鍵審核事項	我們的審核如何處理該關鍵審核事項	Key audit matter	How our audit addressed the key audit matter
物業、廠房及設備減值 請參閱綜合財務報表附註3及14。	就管理層之減值評估而言，我們之程序包括：	Impairment of property, plant and equipment Refer to note 3 and 14 to the consolidated financial statements.	Our procedures in relation to management's impairment assessment included:
於二零一九年十二月三十一日，貴集團之物業、廠房及設備約為1,524,989,000港元，主要包括租賃土地及樓宇319,200,000港元及廠房及機器790,074,000港元。我們集中於此範圍，原因是物業、廠房及設備之結餘龐大，而評估過程複雜及高度主觀，過程是基於選取恰當的比較數據及假設，例如貼現率、未來收入等。貴集團已聘請外聘估值師進行租賃土地及樓宇、廠房及機器的可收回金額之估值工作。	<ul style="list-style-type: none">• 評價獨立估值師之勝任程度、能力及客觀性；• 按我們對相關行業之認識及使用我們之估值專家，評估所用方法及主要假設之恰當程度；• 按我們對該業務及行業之認識，質詢主要假設之合理程度；及• 抽樣檢查所用輸入數據之會計法及相關性。	As of 31 December 2019, the Group had property, plant and equipment of approximately HK\$1,524,989,000, which mainly comprised leasehold land and building of HK\$319,200,000 and plant and machinery of HK\$790,074,000. We focused on this area because the balance of property, plant and equipment was significant and the assessment process is complex and highly subjective which based on the selection of appropriate comparables and assumptions such as discount rate, future revenue. The Group engaged an external valuer to perform the valuation for the recoverable amount of the leasehold land and building and plant and machinery.	<ul style="list-style-type: none">• Evaluating the independent valuer's competence, capabilities and objectivity;• Assessing the methodologies used and the appropriateness of the key assumption based on our knowledge of the relevant industry and using our valuation experts;• Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and• Checking, on a sampling basis, the accounting and relevance of the input data used.
	我們發現，該等假設有可取閱憑證之支持。		We found that the assumptions were supported by the available evidence.

其他資料

董事須對其他資料負責。其他資料包括刊載於年報內的全部資料，惟不包括綜合財務報表及我們的核數師報告(「其他資料」)。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

董事負責按照香港會計師公會頒佈的香港財務報告準則和香港公司條例的披露規定編製真實而公平列報的綜合財務報表，以及對董事認為必要的內部監控負責，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

審核委員會負責監督貴集團的財務報告程序。

OTHER INFORMATION

The directors 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 auditors' report thereon ("Other Information").

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

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

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

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

核數師就審計綜合財務報表須承擔的責任

我們的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們的意見之核數師報告。我們根據百慕達1981年公司法作出的報告，僅向全體股東報告，除此以外不可作其他用途。我們概不就本報告的內容對任何其他人士負責或承擔任何責任。合理核證屬高層次的核證，惟根據香港核數準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港核數準則進行審核的過程中，我們運用專業判斷，保持專業懷疑態度。我們亦：

- 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、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，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。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂我們的意見。我們結論乃基於截至核數師報告日期止所取得的審核憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。我們負責集團審核的方向、監督和執行。我們為審核意見承擔全部責任。
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

我們與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現溝通，該等發現包括我們在審核過程中識別的內部監控的任何重大缺失。

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

從與審核委員會溝通的事項中，我們釐定對本期綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們的報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

獨立核數師報告(續)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

出具本獨立核數師報告的審計項目董事是郭梓俊。

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

國衛會計師事務所有限公司
執業會計師

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

郭梓俊
執業證書號碼：P06901

Kwok Tsz Chun
Practising Certificate Number: P06901

香港，二零二零年四月十六日

Hong Kong, 16 April 2020

綜合損益及其他全面收入表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

		附註 Notes	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務	CONTINUING OPERATIONS			
收入	Revenue	5	1,515,291	1,537,781
銷售成本	Cost of sales		(1,099,085)	(1,128,298)
毛利	Gross profit		416,206	409,483
其他收入及其他收益， 淨額	Other income and other gains, net	5	12,152	3,527
銷售及分銷支出	Selling and distribution expenses		(15,615)	(15,328)
行政支出	Administrative expenses		(77,551)	(57,098)
財務費用	Finance costs	7	(72,064)	(73,058)
稅前溢利	PROFIT BEFORE TAX	6	263,128	267,526
所得稅支出	Income tax expense	10	(53,396)	(49,835)
持續經營業務之 年度溢利	PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		209,732	217,691
已終止經營業務	DISCONTINUED OPERATIONS			
已終止經營業務之本年 溢利	Profit for the year from discontinued operations	13	-	68,169
年度溢利	Profit for the year		209,732	285,860
其他全面虧損	OTHER COMPREHENSIVE LOSS			
後續期間重新分類 至損益的其他全面 虧損：	Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
換算海外業務之 匯兌差額	Exchange differences on translation of foreign operations		(79,605)	(106,102)
於出售附屬公司後 變現儲備	Release of reserves upon disposal of subsidiaries	13	-	(43,618)
年度其他全面 虧損，扣除所得稅	Other comprehensive loss for the year, net of income tax		(79,605)	(149,720)
年度全面收入總額	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		130,127	136,140

綜合損益及其他全面收入表(續)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

	附註 Notes	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
下列人士應佔年度溢利：	Profit for the year attributable to:		
本公司擁有人	Owners of the Company		
— 來自持續經營業務	— from continuing operation	209,732	217,691
— 來自已終止 經營業務	— from discontinued operation	—	68,081
		209,732	285,772
非控股權益	Non-controlling interests		
— 來自持續經營業務	— from continuing operation	—	—
— 來自已終止 經營業務	— from discontinued operation	—	88
		—	88
		209,732	285,860
下列人士應佔年內全面 收入總額：	Total comprehensive income for the year attributable to:		
本公司擁有人	Owners of the Company		
— 來自持續經營業務	— from continuing operation	130,127	114,970
— 來自已終止 經營業務	— from discontinued operation	—	20,771
		130,127	135,741
非控股權益	Non-controlling interests		
— 來自持續經營業務	— from continuing operation	—	—
— 來自已終止 經營業務	— from discontinued operation	—	399
		—	399
		130,127	136,140
每股盈利：	Earnings per share:		
來自持續及 已終止經營業務	From continuing and discontinued operation		
— 基本	— basic	12	3.19仙 cents
— 攤薄	— diluted		3.19仙 cents
來自持續經營業務	From continuing operation		
— 基本及攤薄	— basic and diluted	12	3.19仙 cents
			4.35仙 cents
			4.30仙 cents
			3.31仙 cents

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一九年十二月三十一日 As at 31 December 2019

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
		附註 Notes	
非流動資產	NON-CURRENT ASSETS		
物業、廠房及設備	Property, plant and equipment	14	1,524,989
預付土地租賃款項	Prepaid land lease payments	15	–
使用權資產	Right-of-use assets	16	50,928
無形資產	Intangible assets	17	34,661
採礦權	Mining rights	18	45,899
已抵押銀行存款	Pledged bank deposits	24	9,549
非流動資產總額	Total non-current assets		1,666,026
流動資產	CURRENT ASSETS		
存貨	Inventories	21	186,807
應收貿易賬款及應收票據	Trade and bills receivables	22	151,471
預付土地租賃款項	Prepaid land lease payments	15	–
預付款項、按金及 其他應收款項	Prepayments, deposits and other receivables	23	287,879
已抵押銀行存款	Pledged bank deposits	24	7,328
現金及現金等值項目	Cash and cash equivalents	24	254,813
流動資產總額	Total current assets		888,298
流動負債	CURRENT LIABILITIES		
應付貿易賬款	Trade payables	25	47,993
其他應付款項及應計費用	Other payables and accruals	26	25,211
合約負債	Contract liabilities	26	19,742
借款	Borrowings	27	315,765
可換股債券	Convertible bond	31	385,072
應付稅款	Tax payable		10,794
流動負債總額	Total current liabilities		804,577
流動資產淨值	NET CURRENT ASSETS		83,721
資產總額減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		1,749,747
			2,200,140

綜合財務狀況表(續)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

於二零一九年十二月三十一日 As at 31 December 2019

		附註 Notes	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
非流動負債	NON-CURRENT LIABILITIES			
遞延收入	Deferred revenue	30	68,283	69,772
可換股債券	Convertible bond	31	–	350,336
借款	Borrowings	27	171,677	310,921
遞延稅項負債	Deferred tax liabilities	32	8,872	14,742
應付一名股東之款項	Amount due to a shareholder	29	113,028	183,152
非流動負債總額	Total non-current liabilities		361,860	928,923
資產淨值	NET ASSETS		1,387,887	1,271,217
權益	EQUITY			
本公司擁有人應佔權益	Equity attributable to owners of the Company			
已發行股本	Issued capital	33	657,439	657,439
儲備	Reserves	35	730,448	613,778
權益總額	TOTAL EQUITY		1,387,887	1,271,217

於第 65 至第 174 頁之綜合財務報表於二零二零年四月十六日經董事會審批及授權刊印，並由下列董事代表簽署：

The consolidated financial statements on pages 65 to 174 were approved and authorised for issued by the board of directors on 16 April 2020 and are signed on its behalf by:

沈世捷先生
Mr. Shum Sai Chit
董事
Director

池靜超先生
Mr. Chi Jing Chao
董事
Director

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

		本公司股權持有人應佔 Attributable to equity holders of the Company											非控制性 權益 Non- controlling interests	總額 Total	
已發行 股本	股份 溢價賬	資本贖回 儲備	特別儲備	可換股債券 股權儲備	購股權儲備	法定儲備	合併儲備	其他儲備	匯兌 波動儲備	保留溢利	小計				
Issued capital 千港元 HK\$'000	Share premium account 千港元 HK\$'000	redemption reserve 千港元 HK\$'000	Special reserve 千港元 HK\$'000	Convertible bonds equity reserve 千港元 HK\$'000	option reserve 千港元 HK\$'000	Statutory reserve 千港元 HK\$'000	Merger reserve 千港元 HK\$'000	Other reserve 千港元 HK\$'000	Exchange reserve 千港元 HK\$'000	Retained earnings 千港元 HK\$'000	Sub-total 千港元 HK\$'000	Non- controlling interests 千港元 HK\$'000	Total 千港元 HK\$'000		
	附註(i) Note (i)	及(ii) Note (i) & (ii)	附註(i) Note (i)	附註(i) Note (i)	附註(i) Note (i)	及(ii) Note (i) & (ii)	及(iv) Note (i) & (iv)	附註(i) Note (i)	附註(i) Note (i)	附註(i) Note (i)					
於二零一八年一月一日	As at 1 January 2018	657,439	1,560,077	419	(60,819)	86,548	-	89,427	(1,500,592)	(17,058)	10,963	300,708	1,127,112	(7,836)	1,119,276
年度溢利	Profit for the year	-	-	-	-	-	-	-	-	-	285,772	285,772	88	285,860	
年度其他全面(虧損)/收入， 扣除所得稅：	Other comprehensive (loss)/income for the year, net of income tax:														
換算海外業務所產生之 匯兌差額	Exchange differences arising from translations of foreign operations	-	-	-	-	-	-	-	-	(106,413)	-	(106,413)	311	(106,102)	
於出售附屬公司後變現儲備	Release of reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	-	(43,618)	-	(43,618)	-	(43,618)	
年度全面(虧損)/收入總額	Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	-	(150,031)	285,772	135,741	399	136,140	
出售附屬公司	Disposal of subsidiaries	-	-	-	60,819	-	-	-	(5,175)	-	(55,644)	-	7,437	7,437	
股權結算股份付款之交易	Equity settled share based transactions	-	-	-	-	-	8,364	-	-	-	-	8,364	-	8,364	
轉撥至儲備	Transfer to reserve	-	-	-	-	-	15,455	-	-	-	(15,455)	-	-	-	
於二零一八年十二月三十一日 及二零一九年一月一日	As at 31 December 2018 and 1 January 2019	657,439	1,560,077	419	-	86,548	8,364	104,882	(1,500,592)	(22,233)	(139,068)	515,381	1,271,217	-	1,271,217
年度溢利	Profit for the year	-	-	-	-	-	-	-	-	-	209,732	209,732	-	209,732	
年度其他全面虧損， 扣除所得稅：	Other comprehensive loss for the year, net of income tax:														
換算海外業務所產生 之匯兌差額	Exchange differences arising from translations of foreign operations	-	-	-	-	-	-	-	-	(79,605)	-	(79,605)	-	(79,605)	
年度全面(虧損)/收入總額	Total comprehensive (loss)/income for the year	-	-	-	-	-	-	-	-	(79,605)	209,732	130,127	-	130,127	
已付股息	Dividend paid	-	-	-	-	-	-	-	-	-	(32,872)	(32,872)	-	(32,872)	
股權結算股份付款之交易	Equity settled share based transactions	-	-	-	-	-	19,415	-	-	-	-	19,415	-	19,415	
轉撥至儲備	Transfer to reserve	-	-	-	-	-	-	8,553	-	-	(8,553)	-	-	-	
於二零一九年 十二月三十一日	As at 31 December 2019	657,439	1,560,077	419	-	86,548	27,779	113,435	(1,500,592)	(22,233)	(218,673)	683,688	1,387,887	-	1,387,887

綜合權益變動表(續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

附註：

- (i) 此等儲備賬包含綜合財務狀況表中的綜合儲備 730,448,000 港元(二零一八年：613,778,000 港元)。
- (ii) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥的本公司股份面值。
- (iii) 法定儲備主要指附屬公司按中華人民共和國(「中國」)法定財務報表所列純利的10%及為若干安全生產活動提撥的資金。

根據中國成立之附屬公司之組織章程細則及相關之中國法則及法規，該等附屬公司須撥出10%之扣除所得稅後溢利(按中國國內法定財務報表記錄為準)作為法定儲備，除非該儲備結餘已達附屬公司註冊資本50%。該儲備僅可用於對銷附屬公司過往年度之虧損、擴充附屬公司之生產業務或增加附屬公司之股本。

根據中國國家安全生產監督管理總局及其他相關監管機構發佈的若干規例，本集團需按規定比例為白雲石及蛇紋石採掘活動提撥資金。該等資金可供用於維護及／或改善上述安全生產，不得向股東分派。

- (iv) 合併儲備於就合併受共同控制之實體採用合併會計法時產生。

Note:

- (i) These reserve accounts comprise the consolidated reserves of HK\$730,448,000 (2018: HK\$613,778,000) in the consolidated statement of financial position.
- (ii) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.
- (iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities.

In accordance with the articles of association of the subsidiaries established in the PRC and the relevant PRC rules and regulations, these subsidiaries are required to set aside 10% of their profit after income tax as recorded in the PRC statutory financial statements as statutory reserve, except where the reserve fund balance has reached 50% of the subsidiaries' registered capital. The reserve fund can only be used to make good the subsidiaries' previous years' losses, to expand the subsidiaries' production operations or to increase the capital of the subsidiaries.

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the Group is required to set aside funds mainly for mining of dolomite and serpentine at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

- (iv) Merger reserve was arising on the application of merger accounting method in relation to the combination with entity under common control.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

	附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
經營業務之現金流量			
CASH FLOWS FROM OPERATING ACTIVITIES			
稅前溢利：	Profit before tax:		
來自持續經營業務	From continuing operations	263,128	267,526
來自已終止經營業務	From a discontinued operation	-	68,169
調整：	Adjustments for:		
財務費用	Finance costs	7	73,473
以股權結算之購股權費用	Equity-settled share option expenses	34	8,364
應佔合資公司溢利	Share of profit of joint ventures	-	(180)
銀行利息收入	Bank interest income	5	(928)
出售物業、廠房及設備 項目之收益	Gain on disposal of items of property, plant and equipment	5	-
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	14	73,245
使用權資產之折舊	Depreciation of right-of-use assets	16	-
預付土地租賃款額之確認	Recognition of prepaid land lease payments	-	1,612
無形資產之攤銷	Amortisation of intangible assets	17	8,176
採礦權之攤銷	Amortisation of mining right	18	546
滯銷存貨撥備	Provision of slow moving inventories	-	4,056
按金及其他應收款項之 預期信貸虧損撥備	Allowance for expected credit loss on deposits and other receivables	23	-
應收貿易賬款預期信貸 虧損撥回	Reversal of allowance for expected credit loss on trade receivables	22	(249)
出售附屬公司收益	Gain on disposal of subsidiaries	-	(69,483)
營運資金變動前之經營 現金流量	Operating cash flows before changes in working capital	443,480	434,327
存貨增加	Increase in inventories	(44,558)	(55,528)
應收貿易賬款及應收票據 減少	Decrease in trade and bill receivables	65,131	31,028
預付款項、按金及其他應收 款項增加	Increase in prepayments, deposits and other receivables	(117,591)	(8,113)
長期按金減少	Decrease in long-term deposits	-	39
應收一間合資公司款項 減少	Decrease in amount due from a joint venture	-	697
應付貿易賬款增加/(減少)	Increase/(decrease) in trade payables	7,206	(29,833)
其他應付款項及其他應計 費用減少	Decrease in other payables and accruals	(5,504)	(3,001)
產品保證撥備增加	Increase in provision for product warranties	-	88

綜合現金流量表(續)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

	附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
經營業務所得之現金	Cash generated from operations	348,164	369,704
已付海外稅項	Overseas taxes paid	(58,026)	(51,099)
經營業務之現金流入淨額	Net cash flows generated from operating activities	290,138	318,605
投資業務之現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
利息收入	Interest received	1,401	928
已抵押銀行存款減少	Decrease in pledged bank deposits	6,875	7,830
購入物業、廠房及設備項目	Purchases of items of property, plant and equipment	(114,891)	(204,255)
出售附屬公司	Disposal of subsidiaries	13	(19,190)
投資業務之現金流出淨額	Net cash flows used in investing activities	(106,615)	(214,687)
融資業務之現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
財務費用	Finance costs	(20,303)	(21,583)
已付股息	Dividend paid	(32,872)	–
借款所得款項	Proceeds from borrowings	179,164	22,000
償還借款	Repayment of borrowings	(71,169)	(77,975)
股東貸款減少	Decrease in shareholder's loan	(86,924)	(61,423)
應付一名附屬公司非控制股東之款項增加	Increase in an amount due to a non-controlling shareholder of a subsidiary	–	389
融資業務之現金流出淨額	Net cash flows used in financing activities	(32,104)	(138,592)

綜合現金流量表(續)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

	附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
現金及現金等值項目之增加／ (減少)淨額	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	151,419	(34,674)
年初之現金及現金等值項目	Cash and cash equivalents at beginning of year	131,276	172,854
外幣匯率變更調整，淨額	Effect of foreign exchange rate changes, net	(27,882)	(6,904)
年終之現金及現金等值項目	CASH AND CASH EQUIVALENTS AT END OF YEAR	254,813	131,276
現金及現金等值項目結餘 分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
現金及銀行結餘	Cash and bank balances 24	254,813	131,276

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

財務報表附註

NOTES TO FINANCIAL STATEMENTS

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

1. 公司及集團資料

稀鎂科技集團控股有限公司(「本公司」)是一間於百慕達註冊成立之有限公司。本公司之主要營業地點位於香港九龍尖沙咀廣東道9號港威大廈第6座11樓1105室。

於本年度內，本集團之業務涉及製造及銷售金屬鎂相關產品。

按董事之意見，本公司之直接控股公司為於英屬處女群島註冊成立公司Ming Xin Development Limited，而最終控股公司則為於英屬處女群島註冊成立公司Alpha Sino Limited。

綜合財務報表以港元(「港元」)呈列，港元與本公司之功能貨幣相同。除另有指明外，所有價值均四捨五入至最接近之千位數(千港元)。

本公司之主要附屬公司之詳情如下：

1. CORPORATE AND GROUP INFORMATION

Rare Earth Technology Group Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Suite 1105, 11th Floor, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was involved in the manufacture and sale of magnesium products.

In the opinion of the directors, the immediate holding company of the Company is Ming Xin Development Limited, a company incorporated in the British Virgin Islands and the ultimate holding company is Alpha Sino Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

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

名稱 Name	註冊成立/ 註冊及經營地點 Place of incorporation/ registration and business	已發行普通股/ 註冊股本面值 Nominal value of issued ordinary share/registered capital	本公司應佔股權 之百分比 Percentage of equity attributable to the Company		持有表決權 比例 Proportion of voting power held	主要業務 Principal activities
			直接 Direct	間接 Indirect		
香港新材料產業投資有限公司 Hong Kong New Materials Industry Investment Holding	香港 Hong Kong	1 港元 HK\$1	-	100	100%	投資控股 Investment Holding
新疆騰翔鎂制品有限公司 (「新疆騰翔」) Xinjiang Tengxiang Magnesium Products Company Limited (「Xinjiang Tengxiang」)	中國 The PRC	人民幣171,800,000元 RMB171,800,000	-	100	100%	製造及銷售金屬鎂 相關產品 Manufacture and trading of magnesium related products

1. 公司及集團資料(續)

1. CORPORATE AND GROUP INFORMATION (continued)

名稱 Name	註冊成立/ 註冊及經營地點 Place of incorporation/ registration and business	已發行普通股/ 註冊股本面值 Nominal value of issued ordinary share/registered capital	本公司應佔股權 之百分比 Percentage of equity attributable to the Company		持有表決權 比例 Proportion of voting power held	主要業務 Principal activities
			直接 Direct	間接 Indirect		
白山市天安金屬鎂礦業有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國 The PRC	註冊及繳足股本人民幣 280,332,000元 Registered and paid up capital of RMB280,332,000	-	100	100%	製造及銷售金屬鎂 相關產品 Manufacturing and trading of magnesium- related products
中國稀鎂科技控股有限公司 China Rare Earth Magnesium Technology Holdings Limited	香港 Hong Kong	10,310 港元 HK\$10,310	-	100	100%	投資控股 Investment holdings

上表載列董事認為對本集團之本年度業績有重大影響或組成本集團資產淨值之主要部份之本公司附屬公司。董事認為，提供其他附屬公司之詳情將導致資料過於冗長。

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

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.1 編製基準

本集團之財務報表乃根據香港會計師公會頒佈之香港財務報告準則(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例的披露規定而編製。

本財務報表按歷史成本法編製。歷史成本一般是基於為換取資產而所支付代價之公平值。

公平值為市場參與者於計量日期在有序交易中出售資產所收取或轉移負債所支付之價格，而不管該價格是否可直接觀察所得或使用其他估值技術估計所得。在估計資產或負債之公平值時，本集團會考慮資產或負債之特徵，猶如市場參與者於計量日期在對資產或負債定價時會考慮之特徵。就計量及／或於本綜合財務報表披露而言，公平值均按此基準釐定，惟香港財務報告準則第2號範疇內之以股份為基準之付款交易、根據香港財務報告準則第16號(自二零一九年一月一日起)或香港會計準則第17號(應用香港財務報告準則第16號前)入賬之租賃交易，以及與公平值有類同之處但並非公平值之計量(例如香港會計準則第2號之可變現淨值或香港會計準則第36號之使用價值)除外。

此外，就財務報告而言，公平值計量按用以計量公平值之輸入數據之可觀察程度及該輸入數據對整體公平值計量之重要性，分為一、二或三級，描述如下：

- 第一級輸入數據為實體於計量日期可取得在活躍市場就完全相同之資產或負債所報之報價(未經調整)；
- 第二級輸入數據為包括在第一級之報價以外，資產或負債之可觀察輸入數據不論是直接或間接)；及

2.1 BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinances.

They have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

2.1 編製基準(續)

- 第三級輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列如下。

綜合基準

本綜合財務報表包括本公司及其附屬公司(統稱「本集團」)於截至二零一九年十二月三十一日止年度之財務報表。附屬公司為本公司能直接或間接控制之實體(包括結構性實體)。當本集團從其參與被投資者而承受或有權獲得可變回報，並有能力通過對被投資者之權力(即賦予本集團指揮被投資者相關活動之現時能力之現有權利)影響其回報，即具有控制權。

當本公司並未直接或間接擁有被投資者大多數投票權或類似權利時，本集團考慮所有相關因素及情況以評估其是否對被投資者擁有權力，包括：

- 與被投資者之其他投票權持有人之間之合約安排；
- 從其他合約安排中獲取之權利；及
- 本集團之投票權及潛在投票權。

附屬公司之財務報表乃採用與本公司相同報告期間及一致會計政策。附屬公司之業績自本集團取得控制權之日期起予以綜合，而會繼續綜合直至該等控制權終止之日期止。

損益及其他全面收入項目之各組成部分歸屬於本集團母公司擁有人及非控制股東權益，即使這會導致非控制股東權益結餘出現赤字結餘。所有集團內公司間之資產及負債、權益、收入、支出及有關本集團成員公司之間交易的現金流量，均於綜合賬目時全數對銷。

2.1 BASIS OF PREPARATION (continued)

- 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 include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

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

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

2.1 編製基準(續)

綜合基準(續)

倘事實及情況顯示所描述之三項控制權元素之一項或多項出現變動，本集團會重新評估其是否對被投資者有控制權。附屬公司所有權權益變動，但並無失去控制權，則作權益交易入賬處理。

倘本集團失去附屬公司之控制權，則不再確認(i)該附屬公司之資產(包括商譽)及負債；(ii)任何非控制性權益之賬面值；及(iii)計入權益之累計匯兌差額；並確認(i)已收代價之公平值；(ii)任何獲保留投資之公平值及(iii)損益賬中任何因此產生之盈餘或虧損。先前已於其他全面收入確認之本集團應佔部分，按假設本集團直接出售相關資產或負債所須採用之相同基準，視乎情況重新分類至損益賬或保留盈利。

2.1 BASIS OF PREPARATION (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 described. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 會計政策及披露之改變

於本年度強制生效之新訂香港財務報告準則及修訂本

本年度，本集團已首次應用下列由香港會計師公會(「香港會計師公會」)頒佈的新訂香港財務報告準則及修訂本(「新訂香港財務報告準則及修訂本」)：

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
香港財務報告準則第9號(修訂本)	提早還款特性及負補償
香港財務報告準則第16號	租賃
香港會計準則第19號(修訂本)	計劃修訂、縮減或支付
香港會計準則第28號(修訂本)	於聯營公司及合資企業的長期權益
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

除以下所述，本年度應用新訂及經修訂香港財務報告準則並不會對本集團本年度及過往年度的財務狀況及表現及／或該等綜合財務報表所載之披露產生重大影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.2 會計政策及披露之改變(續)

香港財務報告準則第16號租賃

本集團已於本年度首次應用香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號（「香港會計準則第17號」）及相關詮釋。

租賃的定義

本集團已選擇可行權宜方法，就先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號釐定安排是否包括租賃識別為租賃的合約應用香港財務報告準則第16號，而並無對先前並未識別為包括租賃的合約應用該準則。因此，本集團並無重新評估於首次應用日期前已存在的合約。

就於二零一九年一月一日或之後訂立或修訂的合約而言，本集團於評估合約是否包含租賃時根據香港財務報告準則第16號所載的規定應用租賃的定義。

作為出租人

香港財務報告準則第16號項下出租人會計處理方法大致與香港會計準則第17號相同。出租人將繼續按照與香港會計準則第17號類似的原則將租賃分類為經營租賃或融資租賃。因此，香港財務報告準則第16號對本集團作為出租人的租賃並無影響。出租人會計規定乃轉承自香港會計準則第17號，其大致上維持不變。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

2.2 會計政策及披露之改變(續)**香港財務報告準則第16號租賃(續)****租賃的定義(續)****作為承租人**

本集團已追溯應用香港財務報告準則第16號，累計影響於首次應用日期（二零一九年一月一日）確認。

於二零一九年一月一日，本集團應用香港財務報告準則第16.C8(b)(ii)號過渡安排，確認額外的租賃負債及使用權資產，金額相等於相關租賃負債（經任何預付或累計的租賃付款調整）。於首次應用日期的任何差額於期初保留溢利確認且比較資料不予重列。

於過渡時應用香港財務報告準則第16號項下的經修訂追溯方法時，本集團按逐項租賃基準就先前根據香港會計準則第17號分類為經營租賃且與各租賃合約相關的租賃應用以下可行權宜方法：

- (i) 選擇不就租期於首次應用日期起計12個月內結束的租賃確認使用權資產及租賃負債；
- (ii) 於首次應用日期計量使用權資產時撇除初始直接成本；
- (iii) 就類似經濟環境內相似類別相關資產的類似剩餘租期的租賃組合應用單一貼現率。
- (iv) 根據於首次應用日期的事實及情況於事後釐定本集團帶有續租及終止選擇權的租賃的租期；及

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES*(continued)***HKFRS 16 Leases (continued)****Definition of a lease (continued)****As a lessee**

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.
- (iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options; and

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.2 會計政策及披露之改變(續)

香港財務報告準則第16號租賃(續)

租賃的定義(續)

作為承租人(續)

- (v) 依賴通過採用香港會計準則第37號撥備、或然負債及或然資產替代減值審查評估租賃是否屬繁重。

於確認先前分類為經營租賃的租賃的租賃負債時，本集團已應用於首次應用日期相關集團實體的增量借款利率。

下表概述採納香港財務報告準則第16號對本集團綜合財務狀況表的影響：概無計入不受變動影響的項目。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

HKFRS 16 Leases (continued)

Definition of a lease (continued)

As a lessee (continued)

- (v) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position: Line items that were not affected by the changes have not been included.

於綜合財務狀況表內受採納香港財務報告準則第16號影響的項目	Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	過往於二零一八年十二月三十一日呈報的賬面值 Carrying amount previously reported as at 31 December 2018 千港元 HK\$'000	調整 Adjustments 千港元 HK\$'000	根據香港財務報告準則第16號於二零一九年一月一日的賬面值 Carrying amounts under HKFRS 16 as at 1 January 2019 千港元 HK\$'000
非流動資產	NON-CURRENT ASSETS			
預付土地租賃付款	Prepaid land lease payment	52,036	(52,036)	–
使用權資產	Right-of-use assets	–	53,355	53,355
流動資產	CURRENT ASSETS			
預付土地租賃付款	Prepaid land lease payment	1,319	(1,319)	–

2.2 會計政策及披露之改變(續)**香港財務報告準則第16號租賃
(續)****租賃的定義(續)**

於二零一九年一月一日持作自用之
使用權資產之賬面值包括以下各項：

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES*(continued)***HKFRS 16 Leases (continued)****Definition of a lease (continued)**

The carrying amount of right-of use assets for own use as at 1
January 2019 comprises the following:

		Right-of-use assets 使用權資產 HK\$'000 千港元
於應用香港財務報告準則第16號後 自預付土地租賃款項重新分類	Reclassified from prepaid land lease payment upon application of HKFRS 16	53,355

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.3 已頒佈但尚未生效的新訂香港財務報告準則及修訂本

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：

香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ¹
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革 ¹
香港財務報告準則第3號(修訂本)	業務的定義 ⁴
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資公司之間的資產出售或注資 ³
香港財務報告準則第17號	保險合約 ²

¹ 於二零二零年一月一日或之後開始之年度期間生效。

² 於二零二一年一月一日或之後開始之年度期間生效。

³ 於將予釐定日期或之後開始之年度期間生效。

⁴ 適用於收購日期為二零二零年一月一日或之後開始的首個年度期間開始時或之後的業務合併及資產收購。

除上述新訂香港財務報告準則及香港財務報告準則之修訂本外，經修訂「財務報告概念框架」於二零一八年發佈。其相應修訂「提述香港財務報告準則概念框架的修訂」將於二零二零年一月一日或之後開始的年度期間生效。

本公司董事預計，採納全部新訂及經修訂香港財務報告準則將不會於可見將來對綜合財務報表構成重大影響。

2.3 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:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material ¹
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform ¹
HKFRS 3 (Amendments)	Definition of Business ⁴
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contract ²

¹ Effective for annual periods beginning on or after 1 January 2020.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ 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.

In addition to the above new and amendments to HKFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework" in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate the adoption of all New and Amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.4 重大會計政策概要

於一聯營公司及合資公司之投資

聯營公司乃本集團長期整體持有其不少於20%之股本投票權並可對其發揮重大影響力之公司。重大影響是指參與決定被投資者的財務及經營政策的權力、但不是控制或共同控制這些政策。

合資公司是一種合營安排，據此，對安排享有共同控制的各方對合資公司的淨資產享有權利。共同控制指在合約上同意分享安排的控制權，這只有在關於相關活動的決定需要分享控制權各方一致同意時存在。

本集團於一聯營公司及合資公司之投資，乃以權益會計法，按本集團應佔之資產淨值減去任何減值虧損後，列於綜合財務狀況表內。

本集團應佔一聯營公司及合資公司之收購後業績及其他全面收入計入綜合損益及其他全面收入表內。此外，當直接在聯營公司或合資公司的權益中確認變動時，本集團會在綜合權益變動表內確認其應佔的任何變動(如適用)。本集團與其聯營公司或合資公司進行交易而出現的未實現損益會互相抵銷，金額以本集團於聯營公司或合資公司的投資為限，但如果未實現虧損證明所轉讓資產發生減值則除外。收購一聯營公司或合資公司產生之商譽包括在本集團於一聯營公司或合資公司之投資內。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint ventures are eliminated to the extent of the Group's investments in the associate or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate or joint ventures is included as part of the Group's investments in an associate or joint ventures.

2.4 重大會計政策概要(續)

於一聯營公司及合資公司之投資(續)

如果於聯營公司之投資變為於合資公司之投資(反之亦然)，則不會重新計量保留權益。取而代之，該項投資會繼續根據權益法核算。在所有其他情況下，本集團不再對聯營公司有重大影響力或對合資公司有共同控制權時，本集團會按其公平值計量及確認任何保留投資。聯營公司或合資公司於喪失重大影響力或共同控制權時的賬面金額與所保留投資的公平值及出售所得款項兩者之間的任何差額會在損益中確認。

於一聯營公司或合資公司之投資被列為持有待售時，乃按香港財務報告準則第5號持有待售非流動資產及已終止經營業務入賬。

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)按成本值減累計折舊及任何減值虧損列賬。物業、廠房及設備項目之成本包括其購買價及任何將資產達至現有運作狀況及運往現址作擬定用途之直接應佔成本。

在物業、廠房及設備等項目投入運作後產生之支出，如維修保養等，一般於產生期間之損益內扣除。在符合確認準則的情況下，主要檢查的支出會視為更換而資本化為資產賬面值。如果物業、廠房及設備的主要部份須不時重置，則本集團會將有關部份確認為獨立資產，具有指明的使用年限並相應地折舊該等部份。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in an associate and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Property, plant and equipment and depreciation

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

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

2.4 重大會計政策概要(續)**物業、廠房及設備及折舊(續)**

每項物業、廠房及設備項目乃按直線法就其估計可使用年期撇銷成本至其剩餘值以計算折舊，就此採用之主要年率如下：

租賃土地及樓宇	租賃之年期或3%，以最少者為準
租賃物業裝修	25%
傢具、裝置及設備	6%至25%
廠房及機器	10%至25%
工具及工模	25%至50%
汽車	10%至25%

若物業、廠房及設備項目任何部份之可使用年期不同，則該項目成本將合理分配至各部份，而各部份將分開計算折舊。剩餘值、可使用年期及折舊方法將至少於各財政年度末檢討及作出適當的調整。

物業、廠房及設備項目包括其重要部份於出售時或預期日後使用或出售該項目不會產生經濟利益時將終止確認。於資產終止確認之年度在損益內確認的出售或終止確認之任何損益，乃按出售所得款項淨額與有關資產賬面值之差額計算。

在建工程乃建築中的樓宇按成本減任何減值虧損列賬而不作折舊。成本包括建築工程於建築期間之直接成本及被列作資產的借款成本。在建工程於落成及可供使用時重新分類至物業、廠房及設備之適當類別。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment and depreciation (continued)**

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

Leasehold land and buildings	Over the shorter of the lease terms or 3%
Leasehold improvements	25%
Furniture, fixtures and equipment	6% to 25%
Plant and machinery	10% to 25%
Tooling and moulds	25% to 50%
Motor vehicles	10% to 25%

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

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 重大會計政策概要(續)

無形資產(不包括商譽)

單獨取得的無形資產在初始確認時按成本計量。業務合併中取得的無形資產的成本是其在購買日的公平值。無形資產之可使用年期評估為有限或無限。年期有限之無形資產其後按可使用年期內攤銷，並評估是否有跡象顯示無形資產可能出現減值。年期有限之無形資產之攤銷年期及攤銷方法至少於各財政年度末檢討一次。

具無限可使用年期的無形資產每年會個別或在現金產生單位級別作減值測試。該等無形資產並不予以攤銷。具無限年期的無形資產的可使用年期於每年作評估，以釐定無限可使用年期的評估是否繼續可靠。倘不再可靠，則可使用年期的評估自此起由按無限年期更改為有限年期。

終止確認無形資產

無形資產於出售時或當預期使用或出售無形資產會產生未來經濟利益時終止確認。終止確認無形資產所產生的損益按出售所得款項淨額及該資產賬面值的差額計量，並於終止確認該資產期間於損益中確認。

採礦權

採礦權包括所轉撥之勘探及評估資產，以成本扣除累計攤銷及任何減值虧損後列示。採購權按生產量除以礦產資源總儲量作攤銷。倘礦山被廢置時，則採礦權在損益表中攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Mining Rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the production quantities over the total estimated mineral reserve. Mining rights are written off to the profit or loss if the mining property is abandoned.

2.4 重大會計政策概要(續)**租賃(根據附註2的過渡安排應用香港財務報告準則第16號後)****租賃的定義**

租賃是指包含租賃的合約，該合約賦予權利於一段時間內控制可識別資產的用途以換取代價。

就首次應用當日或之後訂立或修訂或因業務合併而產生的合約而言，本集團會於開始、修訂日期或收購日期(如適用)根據香港財務報告準則第16號項下的定義評估合約是否為租賃或包含租賃。有關合約將不會被重新評估，除非合約中的條款與條件隨後被改動。

本集團作為承租人(根據附註2的過渡安排應用香港財務報告準則第16號後)**使用權資產**

使用權資產的成本包括：

- 租賃負債的初步計量金額；
- 於開始日期或之前作出的任何租賃款項，減任何已收租賃優惠；
- 本集團產生的任何初始直接成本；及
- 本集團於拆除及拆遷相關資產、復原相關資產所在場地或復原相關資產至租賃的條款及條件所規定的狀況而產生的成本，除非該等成本為生產存貨而產生。

使用權資產按成本計量，減去任何累計折舊及減值虧損，並就租賃負債的任何重新計量作出調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases (upon application of HKFRS 16 in accordance with transitions in note 2)****Definition of a lease**

Lease is a contract contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)**Right-of-use assets**

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.4 重大會計政策概要(續)

本集團作為承租人(根據附註2的過渡安排應用香港財務報告準則第16號後)(續)

本集團於租期結束時合理確定獲取相關租賃資產所有權的使用權資產自開始日期起至使用年期結束期間計提折舊。否則，使用權資產以直線法於其估計使用年期及租期以較短者為準內計提折舊。

本集團作為承租人(於二零一九年一月一日採納香港財務報告準則第16號前)

經營租賃是指與一項資產所有權有關的幾乎全部回報和風險都歸出租人所有的租賃。若本集團是出租人，則本集團根據經營租約出租的資產列作非流動資產，而根據經營租約應收的租金乃於租賃期內，按直線法在損益中確認。若本集團是承租人，則根據經營租賃應付的租金扣除從出租人得到的獎勵部份，均於租賃期內，按直線法在損益中確認。

經營租賃項下預付土地租約款項初始時以成本列賬，然後在租賃期按直線法確認。

倘租賃款項不能於土地及樓宇部分之間可靠分配，全部租賃款項作為物業、廠房及設備融資租賃列入土地及樓宇成本。

其他金融資產

初步確認及計量

金融資產於初步確認時分類為隨後按攤銷成本計量、按公允價值計入其他全面收入及按公允價值計入損益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group as a lessee (prior to adoption of HKFRS 16 on 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straightline basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2.4 重大會計政策概要(續)**其他金融資產(續)****初步確認及計量(續)**

金融資產於初步確認時的分類視乎金融資產合約現金流量的特徵及本集團管理該等資產的業務模式。除並無重大融資成分或本集團並未就此應用不調整重大融資成分影響實際權宜方法的貿易應收款項外，本集團初步按其公允價值加(倘並非按公允價值計量且其變動計入損益的金融資產)交易成本計量金融資產。如下文「收入確認」所載政策，並無重大融資成分或本集團並未就此應用實際權宜方法的貿易應收款項按香港財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公允價值計量且其變動計入其他全面收入分類及計量，需產生僅為支付本金及未償還本金利息(「SPPI」)的現金流量。

本集團管理金融資產的業務模式指為產生現金流量管理金融資產的方式。業務模式釐定現金流量會否來自收取合約現金流量、出售金融資產或以上兩者。

所有以常規方式購買及出售的金融資產均於交易日(即本集團承諾購買或出售資產之日)確認，以常規方式購買或出售指需在市場規例或慣例規定的期限內交付的金融資產購買或出售。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Other financial assets (continued)****Initial recognition and measurement (continued)**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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2.4 重大會計政策概要(續)

其他金融資產(續)

後續計量

金融資產的後續計量視乎以下分類：

按攤銷成本列賬的金融資產(債務工具)

倘達成以下兩項條件，本集團按攤銷成本計量金融資產：

- 金融資產於目的為持有金融資產以收取合約現金流量的業務模式持有。
- 金融資產的合約條款於特定日期產生僅為支付本金及未償還本金利息的現金流量。

按攤銷成本列賬的金融資產隨後使用實際利率法計量，並可予減值。收益及虧損於資產終止確認、修改或減值時於損益表中確認。

不再確認之金融資產

金融資產(或倘適用，作為金融資產或類似金融資產組別之一部份)主要在下列情況不再確認(即從本集團的綜合財務狀況表移除)：

- 從資產收取現金流量之權利已屆滿；或
- 本集團已轉讓其從資產收取現金流量之權利，或已承擔根據「過手」安排而在沒有重大延誤下悉數將已收取現金流量支付有關第三者之責任；且(a)本集團已經將資產之大致所有風險及回報轉讓，或(b)本集團並無轉讓或保留資產之大致所有風險及回報，但已轉讓資產之控制權。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

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

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

2.4 重大會計政策概要(續)**不再確認之金融資產(續)**

倘本集團已轉讓從資產收取現金流量之權利或已經訂立過手安排，其評估是否保留與該資產相關的風險和回報以及有關程度。如果其沒有轉讓或保留資產之大致所有風險及回報亦無轉讓資產之控制權，本集團會視乎持續參與的程度繼續確認已轉讓資產。在該情況下，本集團亦確認相關負債。轉讓的資產及相關負債按反映本集團保留的權利和責任的基準計量。

以擔保形式持續參與已轉移的資產，乃按資產原賬面值及本集團可能被要求償還的最高代價金額的較低者計量。

金融資產減值

本集團就須根據香港財務報告準則第9號計提減值的金融資產(包括應收貿易賬款、按金及其他應收款項)的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期更新，以反映自初始確認以來信貸風險的變動。

全期預期信貸虧損指相關工具的預計年期內所有可能出現的違約事件將產生的預期信貸虧損。反之，12個月預期信貸虧損(「12個月預期信貸虧損」)則指預期於報告日期後12個月內可能發生的違約事件導致的部分全期預期信貸虧損。評估根據本集團過往信貸虧損經驗進行，並就債務人特有的因素、整體經濟狀況以及對於報告日期的當前狀況及未來狀況預測的評估作出調整。

本集團計量的虧損撥備等於12個月預期信貸虧損，除非自初始確認後信貸風險顯著增加，本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃基於自初始確認以來發生違約之可能性或風險的顯著增加。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derecognition of financial assets (continued)**

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

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

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables). 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 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.

2.4 重大會計政策概要(續)

金融資產減值(續)

(i) 信貸風險顯著增加

於評估自初始確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與初始確認日期金融工具發生之違約風險進行比較。在進行該評估時，本集團會考慮合理且有理據的定量及定性資料，包括無需付出不必要的成本或努力而可得之歷史經驗及前瞻性資料。

特別是，在評估信貸風險是否顯著增加時，會考慮以下資料：

- 金融工具的外部(如有)或內部信用評級的實際或預期顯著惡化；
- 外部市場信貸風險指標的顯著惡化，如信貸利差大幅增加，債務人的信用違約掉期價格；
- 預計會導致債務人償還債務能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變化；
- 債務人經營業績的實際或預期顯著惡化；及
- 債務人監管、經濟或技術環境的實際或預期重大不利變動，導致債務人履行其債務責任的能力大幅下降。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (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; and
- 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.

2.4 重大會計政策概要(續)**金融資產減值(續)****(i) 信貸風險顯著增加(續)**

不論上述評估之結果如何，本集團認為，當合約付款逾期超過90天，則自初始確認以來信貸風險已顯著增加，除非本集團有合理且有理據之資料證明，則作別論。

本集團定期監控用以識別信貸風險有否顯著增加的標準之效益，且修訂標準(如適當)以確保標準能在金額逾期前識別信貸風險顯著增加。

(ii) 違約的定義

就內部信貸風險管理而言，本集團認為當內部產生或獲取自外部來源的資料表明，債務人不太可能向債權人(包括本集團)全額還款時，即屬發生違約事件。

不論上文分析如何，本集團認為當金融資產逾期超過120日時，即屬發生違約，除非本集團有合理及有理據的資料證明較寬鬆的違約標準更為適用則當別論。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (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 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.4 重大會計政策概要(續)

金融資產減值(續)

(iii) 信貸減值金融資產

倘發生一個或多個違約事件對金融資產的預期未來現金流產生不利影響時，金融資產即會出現信貸減值。金融資產信貸減值的證據包括有關以下事件的可觀察數據：

- (a) 發行人或借款人出現重大財務困難；
- (b) 違反合約，例如拖欠或逾期事件；
- (c) 由於與借款人財務困難相關的經濟或合約原因，借款人的貸款方已向借款人授予貸款方原本不會考慮的特許權；
- (d) 借款人有可能會破產或進行其他財務重組；或
- (e) 因為出現財務困難而導致金融資產在市場上交易不活躍。

(iv) 撇賬政策

當有資料表明交易對手處於嚴重的財務困難中，且並無現實的追償前景時，如當交易對手已經進行清算或已經進入破產程序(以較早發生為準)，本集團會撇銷金融資產。撇銷的金​​融資產或受到本集團追償程序下的強制執行活動的影響，並在適當時考慮法律意見。一項撇銷構成一項終止確認事件。在損益中確認任何後續收回。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(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.

(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, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

2.4 重大會計政策概要(續)**金融資產減值(續)****(v) 預期信貸虧損的計量及確認**

預期信貸虧損的計量是指違約概率、特定違約損失(即如有違約事件發生的損失幅度)及違約風險的函數。違約概率及特定違約損失的評估是基於通過前瞻性資料調整的歷史數據。預期信貸虧損的估計反映無偏差及概率加權金額，以各自違約風險作為加權金額。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量，與本集團預期收取的所有現金流量之間的差額(按首次確認時釐定的實際利率貼現)。

倘預期信貸虧損按整體基準計量或屬於個別工具水平證據未必可得的情況，則金融工具按以下基準歸類：

- 金融工具性質；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(如有)。

管理層會定期檢討分組情況，以確保各組別繼續擁有類似信貸風險特徵。

利息收入乃根據金融資產的賬面總值計算，除非金融資產發生信貸減值，在此情況，利息收入根據金融資產的攤銷成本計算。

本集團透過調整所有金融工具的賬面值於損益確認減值收益或虧損。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Impairment of financial assets (continued)****(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.

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 following basis:

- Nature of financial instruments;
- 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.

2.4 重大會計政策概要(續)

金融負債及股權工具

分類為債務或權益

本集團發行之債務及股權工具乃根據合約安排之性質及金融負債及股權工具之定義分類為金融負債或權益。

股權工具

股權工具乃證明實體於扣減其所有負債後之資產中擁有剩餘權益之任何合約。本集團發行之股權工具按已收所得款項扣除直接發行成本確認。

金融負債

所有金融負債隨後使用實際利率法按攤銷成本計量或按公允價值計入損益。

按攤銷成本計量的金融負債

本集團的金融負債包括應付貿易賬款、其他應付款項及應計費用、借款、應付一名股東之款項及可換股債券。

其後計量

金融負債的其後計量視乎其分類如下：

貸款和借款

初始確認後，付息貸款和借款其後以實際利率法按攤銷成本計量，惟倘貼現之影響並不重大，於此情況下，則按成本列賬。倘負債被終止確認，則盈虧在損益中透過實際利率法攤銷程式確認。

攤銷成本計算時會考慮任何收購折讓或溢價以及構成實際利率整體部份的費用或成本。實際利率法攤銷包括在損益內的財務費用。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

The Group's financial liabilities include trade payables, other payables and accruals, borrowings, amount due to a shareholder and convertible bond.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 重大會計政策概要(續)**金融負債(續)****可換股債券**

本公司發行複合工具(可換股票據)之組成部份會根據合約安排的內容以及金融負債及股權工具的定義個別分類為金融負債及權益工具。倘換股權將透過以固定金額現金或另一項金融資產換取固定數目之本公司本身股權工具結算，則為股權工具。

於發行日期，負債部份的公平值按類似不可換股工具的現行市場利率估算。此金額按攤銷成本基準以實際利率法入賬為負債，直至於轉換當日或該工具到期日為止。

被分類為權益的換股權乃透過從整體複合工具的公平值中扣減負債部份金額而釐定。其將於扣除所得稅影響後在權益中確認及入賬，且隨後不可重新計量。此外，被分類為權益的換股權將一直保留於權益內，直至換股權獲行使為止，而在此情況下，在權益中確認的結餘將轉撥至股份溢價賬。倘換股權於可換股債券到期日仍未行使，於權益確認的結餘將轉撥至保留溢利。在換股權獲轉換或到期時，不會在損益中確認任何收益或虧損。

發行可換股債券的相關交易成本按所得款項總額的分配比例撥往負債及權益部份。權益部份的相關交易成本直接於權益內確認。負債部份的相關交易成本計入負債部份的賬面值，並利用實際利率法於可換股債券期限內予以攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial liabilities (continued)****Convertible Bonds**

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument financial instruments. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

2.4 重大會計政策概要(續)

終止確認金融負債

當負債之義務已被履行、取消或屆滿，該金融負債會予終止確認。

由同一貸款人改以重大不同條款代替之現存金融負債，或現存負債條款經重大修改，有關轉換或修訂被視作終止確認原來負債，並確認新負債，有關賬面值之差異於損益內確認。

金融工具的抵銷

倘目前在可行使合法權利將確認的金額互相抵銷，並有意按淨額基準結算，或同時變現該資產和清償該負債，則金融資產和金融負債會互相抵銷，在財務狀況表報告淨額。

存貨

存貨乃按成本值及可變現淨值兩者中較低者列賬。成本值按加權平均法計算。可變現淨值按估計售價減預期完成及售出所需的其他成本計算。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括手頭現金及活期存款及一般於購入後三個月內到期之可隨時轉換為已知金額現金但價值改變風險不大的短期高變現能力投資，減去須按要求償還的銀行透支，並為本集團現金管理的重要一環。

就綜合財務狀況表而言，現金及現金等值項目包括用途不受限制之手頭及銀行現金，包括定期存款及性質與現金相似而其使用不受限制的資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 重大會計政策概要(續)**撥備**

倘若由於過往事項產生現有法定或推斷責任，而解除責任可能需要未來資源流出，且該責任之金額能可靠衡量，則會確認撥備。

當貼現影響重大時，已確認的撥備金額為預期解除責任所需的未來支出於報告期末的現值。隨時間流逝而產生的貼現現值增加將計損益的財務費用內。

本集團就部份產品提供保用而計提的撥備乃按銷量及過往的維修及退回情況貼現至其現值(倘適用)確認入賬。

所得稅

所得稅包括本年度及遞延稅項。有關在損益以外確認的項目的所得稅，在其他全面收入或直接在股權中確認。

本年度及過往期間之本年度稅務資產及負債，以在報告期末已執行的或實質上已執行的稅率(和稅法)為基礎，根據本集團經營所在國家的現行詮釋和相關常規，按預期從稅務機關收回或向稅務機關支付之款項計算。

遞延稅項乃採用按負債法於報告期末之資產及負債之稅基及其於財務報表中之賬面值的所有暫時性差異作出撥備。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 重大會計政策概要(續)

所得稅(續)

除以下情況外，所有應課稅暫時性差異均被確認為遞延稅項負債：

- 倘若遞延稅項負債之產生是由於並非業務合併之交易中初始確認之資產或負債及不影響會計溢利或應計稅溢利或虧損除外；及
- 有關從附屬公司、一聯營公司及合資公司權益之投資中產生之應課稅暫時性差異，倘若撥回暫時性差異之時間是可受控制及暫時性差異於可預見之將來可能不會撥回除外。

遞延稅項資產乃就所有可扣減暫時性差額、結轉未動用稅項抵免及未動用稅項虧損確認，惟以將來有應課稅溢利可用於抵銷可扣減暫時性差額，及結轉未動用稅項抵免及未動用稅項虧損為限，除非：

- 遞延稅項資產關乎因資產或負債於一項非業務合併交易中被初步確認的可扣減暫時性差額，並於交易進行時既不影響會計溢利亦不影響應課稅溢利或虧損；及
- 就附屬公司、一聯營公司及合資公司投資的可扣減暫時性差額而言，遞延稅項資產的確認僅限於暫時性差異可能於可見將來逆轉而且將來有應課稅溢利抵銷可確認的暫時性差額。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 重大會計政策概要(續)**所得稅(續)**

遞延稅項資產之賬面值於每個報告期末審閱，並扣減至當不再可能有足夠之未來應計稅溢利讓所有或部份遞延稅項資產被動用為止。未確認遞延稅項資產於每個報告期末重評估，並在有可能有足夠應計稅溢利讓所有或部份遞延稅項資產被收回時可將過往未被確認之遞延稅項資產確認。

遞延稅項資產及負債以預期當資產被變現或負債被清還時之適用稅率衡量，並根據於報告期末已頒佈或大致上頒佈之稅率(及稅務法例)為基準。

倘有合法可執行權利將當期稅項資產及當期稅項負債抵銷，且遞延稅項資產每同一應課稅公司及同一稅務機構有關，則遞延稅項資產可與遞延稅項負債互相抵銷。

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先釐定稅項扣減是否歸因於使用權資產或租賃負債。

就稅項扣減歸因於租賃負債之租賃交易而言，本集團將香港會計準則第12號「所得稅」規定分別應用於使用權資產及租賃負債。由於應用初步確認豁免，有關使用權資產及租賃負債之暫時差額並未於初步確認時於租期內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax (continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.4 重大會計政策概要(續)

收入確認

來自客戶合約的收入

根據香港財務報告準則第15號，本集團於達成履約責任時(即當與特定履約責任相關的商品或服務的「控制權」轉移予客戶時)(或就此)確認收益。

履約責任指一項明確貨品及服務(或一批貨品或服務)或一系列大致相同的明確貨品或服務。

倘符合以下其中一項條件，則控制權為隨時間轉移，而收益則參考相關履約責任的完成進度隨時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供的利益；
- 本集團的履約創建及增強客戶於本集團履約時控制的資產；或
- 本集團的履約未創建對本集團具有替代用途的資產，而本集團有強制執行權收取至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商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，即只需待時間過去代價即須到期支付。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

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 or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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.

2.4 重大會計政策概要(續)**收入確認(續)****來自客戶合約的收入(續)**

合約負債指本集團因已自客戶收取代價(或到期收取的代價)，而須向客戶轉讓商品或服務之責任。

與合約有關的合約資產及合約負債按淨額列賬。

鎂產品的加工及銷售收入在產品控制權轉移時確認，即向客戶交付產品而客戶接收產品的時間點，且並無未履行責任可能影響客戶接收產品。當產品已運送至指定地點，且有關陳舊及虧損風險已轉移至客戶，及客戶已根據銷售合約接收產品、接受條款已失效，或本集團有客觀證據證明已達成所有接收標準時，即已交付產品。

有關銷售的收入根據合約中規定的價格確認，並扣除折扣、退貨及增值稅。

應收款項在產品交付且客戶接收產品時予以確認，此時為代價成為無條件的時間點，原因為在付款到期之前僅需要經過一段時間。

政府撥款

政府撥款不予確認，直至有合理保證，本集團將符合政府撥款隨附的條件，以及將收獲撥款後，方會確認。

倘政府撥款成為應收款項，作為已產生的開支或虧損的彌償，或提供予本集團而無相關未來成本即時財務支持，則於成為應收款項之期間於損益確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition (continued)****Revenue from contracts with customers (continued)**

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.

Revenue from the processing and sales of magnesium related products is recognised when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts, returns and value added taxes.

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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 that become 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.

2.4 重大會計政策概要(續)

僱員福利

退休金計劃

本集團根據強制性公積金計劃條例設立一項界定供款之強制性公積金退休福利計劃(「強積金計劃」)，為所有僱員參與強積金計劃。供款按僱員基本薪金的若干百分比釐定並根據強積金計劃守則於需支付供款時在損益內扣除。強積金計劃之資產與本集團的其他資產分開處理，由一獨立管理之基金持有。在向強積金計劃供款時，本集團僱主供款將全數歸屬於僱員所有。

本集團為僱員(包括若干董事)設立一項界定供款僱員退休金計劃，該計劃依職業退休計劃條例註冊(「職業退休計劃」)。職業退休計劃的資產與本集團資產分開，由一個獨立管理的基金持有。供款按合資格僱員基本薪金的若干百分比釐定並於根據職業退休計劃守則於需支付供款時在損益內扣除。如僱員於其於僱主供款的權益尚未全數歸於僱員前退出職業退休計劃，有關被沒收的供款可能減少本集團的持續應付供款。

本集團於中國內地營運附屬公司之僱員須參與一項由當地市政府管理之中央退休金計劃。此等附屬公司須按彼等薪金成本之若干百分比，向該中央退休金計劃作出供款。此供款根據中央退休金計劃之規則，於應付時在損益內扣除。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a defined contribution staff retirement scheme registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") for its employees (including certain directors), the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the ORSO Scheme. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 重大會計政策概要(續)**以股份付款交易****授予僱員之購股權**

就須滿足特定歸屬條件方可作實之購股權授出而言，所接受服務的公平值乃經參考已授出購股權於授出日期的公平值並於歸屬期按直線基準支銷後進行釐定，有關增長計入權益(僱員補償儲備)。

於報告期末，本集團會對預期最終歸屬的購股權的估計數目進行修訂。於歸屬期間修訂原有估計的影響(如有)於損益確認，並對僱員補償儲備作出相應調整。

就於授出日期即時歸屬的購股權而言，已授出購股權的公平值即時於損益支銷。

倘購股權獲行使，則先前於僱員補償儲備確認的款項將轉撥至股份溢價賬。倘購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使，則先前於購股權儲備確認的款項將轉撥至保留溢利。

借款成本

收購、建築或生產合資格資產(即有需要用投入大量時間準備作其擬定用途或出售的資產)直接應佔的借款成本撥作資本，作為該等資產的部份成本。該等借款成本在資產大致可用作其擬定用途或出售時不再撥作資本。擬用作合資格資產開支的特定借款作暫時投資所賺取的投資收入自撥作資本的借款成本中扣除。全部其他借款成本於其產生期間支銷。借款成本包括實體因借入資金產生的利息及其他費用。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Share-based payment transactions****Share options granted to employees**

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee compensation reserve).

At the end of the reporting period, the Group revises its estimates of number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to employee compensation reserve.

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to retained earnings.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

2.4 重大會計政策概要(續)

外幣

此等財務報表乃以港元(即本公司之功能及呈報貨幣)呈報。本集團內各公司釐訂本身之功能貨幣，而計入各公司財務報表之項目乃利用該功能貨幣而計量。本集團實體列賬之外幣交易初步按交易日期彼等各自適用的功能貨幣匯率入賬。以外幣計值之貨幣資產及負債，按報告期末之匯率再換算為功能貨幣。貨幣項目結算或換算產生的差額均計入損益內。

以外幣歷史成本計量的非貨幣項目按首次交易當日的匯率換算。以外幣公平值計量的非貨幣項目按釐定公平值當日的匯率換算。換算以公平值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公平值變動的收益或虧損一致的方法處理(即其他全面收入或損益已確認的項目的公平值收益或虧損，其匯兌差額亦分別於其他全面收入或損益確認)。

若干海外附屬公司、合資公司及一聯營公司之功能貨幣為港元以外貨幣。於報告期末，此等企業之資產及負債按結算日適用之匯率換算為本公司之呈報貨幣，而此等企業之損益按本年內之加權平均匯率換算為港元。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 重大會計政策概要(續)**外幣(續)**

所產生之匯兌差額計入其他全面收入及累計於匯兌波動儲備。出售海外企業時，於損益中確認與該具體海外業務有關之其他全面收入部份。

因收購海外業務所產生的商譽及收購中產生的對資產與負債賬面金額按公平值調整的調整額為海外業務的資產和負債，並根據期末匯率折算。

就綜合現金流量表而言，海外附屬公司之現金流量乃以現金流動日期適用之匯率換算為港元。海外附屬公司及合資公司於本年內產生之經常性現金流量以本年內之加權平均匯率換算為港元。

關連人士

有關人士將視為本集團之關連人士：

- (a) 倘屬以下人士，則該人士或該人士的近親與本集團有關連：
- (i) 控制或共同控制本集團；
 - (ii) 可對本集團施加重大影響力；或
 - (iii) 為本集團或其母公司的主要管理人員。
- (b) 倘屬以下人士，則該人士或該人士的家庭近親成員與本集團有關連：
- (i) 控制或共同控制本集團；
 - (ii) 可對本集團施加重大影響力；或
 - (iii) 為本集團或其母公司的主要管理人員。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currencies (continued)**

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and joint ventures which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

2.4 重大會計政策概要(續)

關連人士(續)

- (c) 倘符合下列任何條件，則一實體與集團有關連：
- (i) 該實體及集團屬同一集團的成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
 - (ii) 一間實體為另一實體的聯營公司或合資公司(或一實體為集團旗下成員公司的聯營公司或合資公司而另一實體為集團成員公司)。
 - (iii) 兩間實體均為同一第三方的合資公司。
 - (iv) 一間實體為第三方實體的合資公司及另一實體為該第三方實體的聯營公司。
 - (v) 該實體為集團或與集團有關連的實體的僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(a)項所述人士控制或共同控制。
 - (vii) 於(a)(i)項所述的人士對該實體有重大影響，或為該實體(或該實體的母公司)的主要管理人員。
 - (viii) 該實體或其所屬集團的任何成員公司向集團或集團母公司提供重要管理人員服務。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (c) An entity is related to the group if any of the following conditions applies:
- (i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the group.

2.4 重大會計政策概要(續)

關連人士(續)

該人士的家庭近親成員指在與實體往來的過程中，預期可影響該人士或受其影響的家庭成員，並包括：

- (a) 該人士之子女及配偶或家庭夥伴；
- (b) 該人士之配偶或家庭夥伴之子女；及
- (c) 該人士或該人士之配偶或家庭夥伴之家屬。

倘關連人士之間存在資源或責任轉讓，則有關交易被視為關連人士交易。

3. 主要會計估計

呈列本集團財務報表需要管理層作出影響所披露收入、開支、資產及負債之呈報金額、相關披露及或然負債之判斷，估計及假設。此等假設及估計之不確定因素可能導致需要對未來受影響資產或負債之賬面值作出重大調整。

估計不確性

本集團於報告期末會對日後及其他主要來源之估計不確性作出重大假設，很大機會導致下一財政年度內之資產與負債之賬面值須作出重大調整之假設如下。

使用權資產、物業、廠房及設備、無形資產及採礦權的估計減值

根據於附註2.4所載的會計政策，於有事件或狀況變動顯示有關資產的賬面值或會不能收回時，本集團會評估使用權資產、物業、廠房及設備、無形資產及採礦權有否面臨任何減值。現金產生單位的可收回金額指資產公平值減出售成本或其使用價值。公平值減出售成本或使用價值的計算需運用有關估計。於二零一九年及二零一八年止年度，本集團並無就使用權資產、物業、廠房及設備、採礦權及無形資產計提任何減值。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimated impairment of right-of-use assets, property, plant and equipment, intangible assets and mining rights

The Group evaluates whether right-of-use assets, property, plant and equipment, intangible assets and mining rights have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 2.4. The recoverable amounts of CGUs represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. During the years ended 2019 and 2018, the Group did not provide any impairment for right-of-use assets, property, plant and equipment, mining rights and intangible asset.

3. 主要會計估計(續)

估計不確性(續)

使用權資產、物業、廠房及設備、無形資產及採礦權的估計可使用年期

本集團管理層釐定其使用權資產、物業、廠房及設備、無形資產及採礦權的估計使用年期及相關折舊／攤銷開支。有關估計乃基於性質及功能相若的使用權資產、物業、廠房及設備、無形資產及採礦權的實際使用年期的過往經驗，以及獨立技術顧問釐定的礦物藏儲而作出。其可由於技術創新及競爭者回應市況的行動而大幅變動。倘可使用年期短於先前估計年期，管理層會上調折舊／攤銷開支，或者撇銷或撇減已棄用或售出的技術過時資產或非策略性資產。

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無改變使用權資產、物業、廠房及設備、無形資產及採礦權的估計可使用年期。

貿易應收款項的預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備率乃基於具有類似虧損模式(即按地理區域、產品類型、客戶類型及評級，以及信用證或其他形式的信用保險的承保範圍)的不同客戶分部組合逾期日數釐定。

撥備矩陣最初基於本集團過往觀察所得違約率而釐定。本集團將調整矩陣，藉以按前瞻性資料調整過往信貸虧損經驗。舉例而言，倘預測經濟環境(即本地生產總值)預期將於未來一年惡化，導致製造業違約事件增加，則會調整過往違約率。於各報告日期，過往觀察所得違約率將予更新，並會分析前瞻性估計變動。

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Estimated useful lives of right-of-use assets, property, plant and equipment, intangible assets and mining rights

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its right-of-use assets, property, plant and equipment, intangible assets and mining right. This estimate is based on the historical experience of the actual useful lives of right-of-use assets, property, plant and equipment, intangible assets and mining rights of similar nature and functions and the mineral reserve determined by independent technical adviser. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or writedown technically obsolete or non-strategic assets that have been abandoned or sold.

During the years ended 31 December 2019 and 2018, the Group did not change the estimated useful lives of right-of-use assets, property, plant and equipment, intangible assets and mining rights.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. 主要會計估計 (續)**估計不確性 (續)****貿易應收款項的預期信貸虧損撥備 (續)**

對過往觀察所得違約率、預測經濟環境及預期信貸虧損之間關連性進行的評估屬重大估計。預期信貸虧損金額對情況變化及預測經濟環境相當敏感。本集團過往信貸虧損經驗及預測經濟環境亦未必能代表客戶日後的實際違約情況。有關本集團貿易應收款項的預期信貸虧損的資料於財務報表附註22披露。

存貨估計撥備及撇減存貨至可變現淨值

管理層按逐項產品基準於報告期末審閱存貨清單。管理層主要根據最新發票價格及現行市況估計有關項目的可變元淨值。年內，本集團並無就存貨減值作出任何撥備(二零一八年：無)。

所得稅

本集團於數個司法權區須繳付所得稅。有若干交易及計算的最終稅項釐定屬不確定。本集團根據有否額外稅項到期的估計，就其預期稅項事宜確認負債。倘該等事項的最後稅項結果與最初記錄符金額不同，有關差異將影響有關釐定作出期間的即期及遞延稅項撥備。

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)**Estimation uncertainty (continued)****Provision for expected credit losses on trade receivables (continued)**

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 22 to the financial statements.

Estimated provision for inventories and write-down of inventories to net realisable value

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. During the year, the Group has not provided any for impairment of inventories (2018: Nil).

Income tax

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

4. 業務分類資料

向主要營運決策者內部呈報以作資源分配及分部表現評估資料，乃集中於所交付或提供貨品或服務種類。於截至二零一八年十二月三十一日止年度內，本集團終止以下可呈報分類i)個人通訊產品分類，即設計、製造及銷售各種通訊產品；及ii)及策略產品分類，即設計、製造及銷售ODM產品及電子辭典產品及提供電子製造服務。實際上，本集團於截至二零一九年十二月三十一日止年度主要從事單一分部業務，亦即製造及銷售金屬鎂相關產品。單一管理團隊向全面掌管有關整體業務分部的主要營運決策者匯報。因此，本集團並無獨立可報告分部。

地區資料

(a) 來自外界客戶之收入

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務	Continuing operations		
中國(香港除外)	Mainland China (other than Hong Kong)	1,478,854	1,498,667
歐洲	Europe	36,437	39,114
		1,515,291	1,537,781

上述收入資料按客戶所在地呈列。

4. OPERATING SEGMENT INFORMATION

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. During the year ended 31 December 2018, the Group discontinued the reportable segments of i) the personal communication products segment designs, manufactures and sells a range of communications products; and ii) the strategic products segment designs, manufactures and sells ODM products and electronic dictionary products and provides electronic manufacturing services. In effect, the Group is principally engaged in one single segment, which is manufacturing and selling magnesium related products during the year ended 31 December 2019. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

Geographical information

(a) Revenue from external customers

The revenue information above is based on the locations of the customers.

4. 業務分類資料(續)

(b) 非流動資產

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
中國(香港除外)	Mainland China (other than Hong Kong)	1,666,026	1,683,148

上述非流動資產資料按資產所在地呈列。

主要客戶資料

於本年度及往年概無向單一客戶之銷售為本集團貢獻10%或以上之收入。

4. OPERATING SEGMENT INFORMATION (continued)

(b) Non-current assets

The non-current assets information above is based on the locations of the assets.

Information about major customers

No sales to a single customer contributed 10% or more of the Group's revenue during the current year and prior year.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

5. 收入、其他收入及收益，淨額

收入、其他收入及收益，淨額分析如下：

5. REVENUE, OTHER INCOME AND OTHER GAINS, NET

An analysis of revenue and other income and gains, net is as follows:

	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務：		
於某一時間點確認		
來自客戶合約之收入		
銷售鎂金屬相關產品	1,515,291	1,537,781
其他收入及其他收益淨額		
銀行利息收入	1,401	928
銷售廢料	2,190	1,223
出售物業、廠房及設備之收益	662	–
其他(附註)	7,899	1,376
	12,152	3,527

附註：截至二零一九年十二月三十一日止年度，其他包括租金收入約4,331,000港元(二零一八年：無)。

Note: During the year ended 31 December 2019, included in others was rental income of approximately HK\$4,331,000 (2018: Nil).

所有收入合約年度為一年或以下。如香港財務報告準則第15號的實際權宜所許可，並無披露分配至未履行合約的交易價格。

All revenue contracts are for one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

6. 稅前溢利

本集團之稅前溢利已扣除／(計入)
下列各項：

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/
(crediting):

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務：	Continuing operations:		
持續經營業務：	Continuing operation:		
出售存貨成本#	Cost of inventories sold#	926,306	995,232
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	86,277	69,856
使用權資產折舊*	Depreciation of right-of-use assets*	1,320	–
出售物業、廠房及備之收益	Gain on disposal of property, plant and equipment	(662)	–
確認預付租賃款項*	Recognition of prepaid lease payments*	–	1,379
採礦權攤銷*	Amortisation of mining right*	400	546
無形資產攤銷*	Amortisation of intangible assets*	4,549	8,176
核數師酬金	Auditors' remuneration		
– 審計服務	– Audit Service	1,639	1,639
– 非審計服務	– Non-audit Service	–	–
僱員福利開支(包括董事薪酬)	Employee benefit expense (including directors' remuneration)		
工資、薪金及實物福利	Wages and salaries and benefits in kind	93,647	77,533
養老金計劃供款	Pension scheme contributions	685	698
		94,332	78,231
匯兌差額，淨額*	Foreign exchange differences, net*	441	2,761
按金及其他應收款項之 預期信貸虧損撥備	Allowance for expected credit loss on deposits and other receivables*	174	–
應收貿易賬款預期信貸 虧損撥備撥回*	Reversal of allowance for expected credit loss on trade receivables*	(1,784)	(249)

計入綜合損益及其他全面收入表之「銷售成本」

Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income

* 計入綜合損益及其他全面收入表之「行政支出」

* Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

7. 財務費用

7. FINANCE COSTS

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務：	Continuing operations:		
須於五年內全數償還之銀行及 其他借款利息	Interest on bank and other borrowings wholly repayable within five years	20,528	26,037
可換股債券利息	Interest on convertible bonds	51,536	47,021
		72,064	73,058

8. 董事酬金

8. DIRECTORS' REMUNERATION

(a) 董事薪酬

(a) Directors' Emoluments

截至二零一九年十二月三十一日止年度各董事之薪酬載列如下：

The emoluments of each director for the year ended 31 December 2019 are set below:

		袍金 Fees 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事	Executive directors			
沈世捷	Shum Sai Chit	—	803	803
池碧芬*	Chi Bi Fen*	—	268	268
池靜超#	Chi Jing Chao#	—	40	40
非執行董事	Non-executive directors			
孟健	Meng Jian	100	134	234
譚偉豪太平紳士	Tam Wai Ho, Samson JP	—	134	134
獨立非執行董事	Independent non-executive directors			
鄺炳文	Kwong Ping Man	30	134	164
張省本	Cheung Sound Poon	30	134	164
關毅傑	Kwan Ngai Kit	30	134	164
		190	1,781	1,971

* 於二零一九年六月二十六日辭任

* resigned on 26 June 2019

於二零一九年六月二十六日獲委任

appointed on 26 June 2019

8. 董事酬金 (續)

(a) 董事薪酬 (續)

截至二零一八年十二月三十一日止年度各董事之薪酬載列如下：

		袍金 Fees 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事	Executive directors			
沈世捷	Shum Sai Chit	–	847	847
池碧芬	Chi Bi Fen	–	565	565
非執行董事	Non-executive directors			
孟健	Meng Jian	100	141	241
譚偉豪太平紳士	Tam Wai Ho, Samson JP	–	141	141
獨立非執行董事	Independent non-executive directors			
鄭炳文	Kwong Ping Man	30	141	171
張省本	Cheung Sound Poon	30	141	171
關毅傑	Kwan Ngai Kit	30	141	171
		190	2,117	2,307

截至二零一九年及二零一八年十二月三十一日止年度，本集團概無向本集團任何董事支付任何酬金，以誘使其加入本集團或加入本集團，或作為離職補償。

於本年度內，並無董事訂立任何放棄或同意放棄任何酬金之安排(二零一八年：無)。

8. DIRECTORS' REMUNERATION (continued)

(a) Directors' Emoluments (continued)

The emoluments of each director for the year ended 31 December 2018 are set below:

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to any of the directors of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

9. 五名最高薪僱員

並非本公司董事之五名最高薪僱員的薪金詳情如下：

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
薪金、津貼及實物利益	Salaries, allowances and benefits in kind	791	2,309
購股權費用	Share option expenses	11,231	5,361
退休計劃供款	Pension scheme contributions	25	155
		12,047	7,825

薪酬處於以下範圍之非董事及非行政總裁最高薪僱員之人數如下：

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
零至 1,000,000 港元	Nil to HK\$1,000,000	-	1
1,000,001 港元至 2,000,000 港元	HK\$1,000,001 to HK\$2,000,000	1	2
2,000,001 港元至 3,000,000 港元	HK\$2,000,001 to HK\$3,000,000	2	-
3,000,000 港元至 4,000,000 港元	HK\$3,000,000 to HK\$4,000,000	2	1
		5	4

9. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration for the five highest paid employees who are not a director of the Company are as follows:

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

10. 所得稅開支

於綜合損益及其他全面收入表內扣除／(計入)的所得稅開支數額指：

10. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
持續經營業務：	Continuing operations:		
即期稅項：	Current tax:		
– 香港利得稅	– Hong Kong Profits Tax	-	-
– 中國企業所得稅	– PRC Enterprises Income Tax	59,203	54,900
		59,203	54,900
遞延稅項(附註32)	Deferred taxation (Note 32)	(5,807)	(5,065)
		53,396	49,835

適用於稅前溢利並以本公司及其大多數附屬公司所在國家／司法權區法定稅率計算之稅項支出與以實際稅率計算之稅項支出對賬，以及適用稅率(即法定稅率)與實際稅率之對賬如下：

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

		二零一九年 2019		二零一八年 2018	
		千港元 HK\$'000	%	千港元 HK\$'000	%
持續經營業務：	Continuing operations:				
稅前溢利	Profit before tax	263,128		267,526	
按法定稅率計算之稅項	Tax at the statutory tax rates	55,271	21.0	72,009	26.9
毋須納稅之收入	Income not subject to tax	(16,437)	(6.2)	(15,431)	(5.8)
不可扣稅之支出	Expenses not deductible for tax	14,313	5.4	21,646	8.1
未被確認之稅項虧損	Tax losses not recognised	10,631	4.0	-	-
動用早前期間之稅項虧損	Tax losses utilised from previous periods	(5,905)	(2.2)	(28,389)	(10.6)
過往年度超額撥備	Overprovision in prior year	(4,477)	(1.7)	-	-
按本集團實際稅率計算之稅項支出	Tax charge at the Group's effective rate	53,396	20.3	49,835	18.6

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

10. 所得稅開支(續)

(a) 香港利得稅

於二零一八年三月二十一日，香港立法會通過二零一七年稅務條例草案(修訂)(第7號)(「該草案」)，該草案引入利得稅兩級制。該法案於二零一八年三月二十八日簽署成法律，並於翌日刊憲。根據利得稅兩級制，合資格集團實體的首2百萬港元利潤將按8.25%徵稅，而超過2百萬港元的利得稅則須按16.5%徵稅。不符合利得稅兩級制的集團實體利潤將繼續按16.5%的固定稅率徵稅。

本集團董事認為實施兩級制利得稅稅率規定後所涉及的金額就綜合財務報表而言屬不重大。香港利得稅於兩個年度內均按估計應課稅溢利之16.5%計算。由於在香港並無產生應課稅溢利，故截至二零一九年十二月三十一日止年度毋須支付任何稅項(二零一八年：無)。

(b) 中國企業所得稅

中國企業所得稅乃按於中國截至二零一九年及二零一八年十二月三十一日止年度之估計應課稅溢利之25%計算。

11. 股息

董事會建議就截至二零一九年十二月三十一日止年度派付末期股息0.60港仙(二零一八年：末期股息0.50港仙)。

10. INCOME TAX EXPENSE (continued)

(a) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits tax above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Group considered the amount involved upon implementation of the two-tiered profit tax rates require as insignificant to the consolidated financial statement. Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profit for both years. No tax is payable for the year ended 31 December 2019 (2018: Nil) since there was no assessable profit generated in Hong Kong.

(b) PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2019 and 2018.

11. DIVIDEND

The board of directors recommends the payment of final dividend for the year ended 31 December 2019 of HK\$0.60 cents (2018: final dividend of HK\$0.50 cents).

12. 本公司普通股權益持有人應佔每股盈利

(a) 基本

持續經營業務及已終止經營業務

持續經營業務及已終止經營業務的每股基本盈利金額乃根據來自持續經營業務及已終止業務的本公司普通股權益持有人應佔年內溢利209,732,000港元(二零一八年:285,772,000港元)及年內普通股加權平均數6,574,390,058(二零一八年:6,574,390,058)計算。

(b) 攤薄

持續經營業務

來自持續經營業務的每股基本盈利根據本公司普通股權益持有人應佔年度溢利209,732,000港元(二零一八年:217,691,000港元)及年內普通股加權平均數6,574,390,058股(二零一八年:6,574,390,058股)計算。

每股攤薄盈利是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有兩類攤薄性潛在普通股：購股權及可換股債券(二零一八年：兩類：購股權及可換股債券)。

就購股權而言，本公司根據尚未行使購股權所附之認購權貨幣值進行計算，以釐定可按公允值(以本公司期內之股份平均市價釐定)購入的股份數目。按上文所述計算的股份數目，與假設行使購股權所發行的股份數目作比較。

由於購股權行使價高於截至二零一九年十二月三十一日止年度的股份平均市價，故計算每股攤薄盈利時並無假設行使本公司的購股權。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic

Continuing and discontinued operations

The calculation of the basic earnings per share amount from continuing and discontinued operations are based on the profit for the year attributable to ordinary equity holders of the Company from continuing and discontinued operations of HK\$209,732,000 (2018: HK\$285,772,000) and the weighted average number of ordinary shares of 6,574,390,058 (2018: 6,574,390,058) during the year.

(b) Diluted

Continuing operations

The calculation of the basic earnings per share from continuing operations amount is based on the profit for the year attributable to ordinary equity holders of the Company from continuing operations of HK\$209,732,000 (2018: HK\$217,691,000) and the weighted average number of ordinary shares of 6,574,390,058 (2018: 6,574,390,058) during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and convertible bonds (2018: two categories: share options and convertible bonds).

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the year ended 31 December 2019.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

12. 本公司普通股權益持有人應佔每股盈利(續)

(b) 攤薄(續)

持續經營業務(續)

就可換股債券而言，截至二零一九年十二月三十一日止年度，來自持續經營業務之每股盈利屬反攤薄，並未計入計算每股攤薄盈利中。

持續經營業務及已終止業務

截至二零一八年十二月三十一日止年度，持續經營業務及已終止經營業務每股盈利之攤薄影響載列如下：

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

(b) Diluted (continued)

Continuing operations (continued)

For the convertible bonds, the effect on earnings per shares from continuing operations were an anti-dilutive for the year ended 31 December 2019, they were not included in the calculation of diluted earnings per share from continuing operations.

Continuing and discontinued operations

The dilutive effect on earnings per share from continuing operations and discontinued operations for the year ended 31 December 2018 were presented as below:

		二零一八年 2018
持續及已終止經營業務：	Continuing and discontinued operations:	
本公司擁有人應佔 年內溢利(千港元)	Profit for the year attributable to owners of the Company (HK\$'000)	285,772
可換股債券利息之影響，除稅後 (千港元)	Effect of interest on convertible bonds, net-off tax (HK\$'000)	42,035
就每股攤薄盈利而言來自持續及 已終止經營業務之盈利 (千港元)	Earnings for the purpose of diluted earnings per share from continuing and discontinued operations (HK\$'000)	327,807
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue (thousand shares)	6,574,390
轉換可換股債券之影響(千股)	Effect of conversion of convertible bonds (thousand shares)	1,050,000
每股攤薄盈利的普通股 加權平均數(千股)	Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	7,624,390
每股攤薄盈利(每股港仙)	Diluted earnings per share (HK cents per share)	4.3

13. 已終止經營業務

於二零一八年六月底，本公司董事會決定出售電子產品業務，乃由於其盈利能力疲弱所致。該出售已於二零一八年七月三十一日底完成交割。

已終止經營業務年度溢利載列如下。綜合損益及其他全面收入表及相關附註之比較數字經已呈列作猶如電子產品業務已於年初終止經營。

13. DISCONTINUED OPERATION

At the end of June 2018, the board of the Company decided to disposal the electronic product business due to its weak profitability. The disposal was completed on 31 July 2018.

The profit for the year from discontinued operations is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and related notes have been represented as if electronic product business had been discontinued at the beginning of the year.

		截至 二零一八年 七月三十一日 止七個月 Seven months ended 31 July 2018 千港元 HK\$'000
電子產品業務期內虧損	Loss from electronic product business for the period	(1,314)
出售收益	Gain on disposal	69,483
年內來自己終止經營業務溢利	Profit for the year from discontinued operations	68,169

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

13. 已終止經營業務(續)

已終止經營業務業績的分析載列如下：

13. DISCONTINUED OPERATION (continued)

Analysis of the results of the discontinued operations are set out below:

		截至 二零一八年 七月三十一日 止七個月 Seven months ended 31 July 2018 千港元 HK\$'000
收入	Revenue	179,652
銷售成本	Cost of sales	(148,014)
毛利	Gross profit	31,638
其他收益或虧損淨額	Other gains or losses, net	9,924
銷售及分銷費用	Selling and distribution costs	(12,119)
行政開支	Administrative expenses	(21,143)
研究及開發開支	Research and development expenses	(9,379)
應佔合資公司溢利及虧損 (附註19)	Share of profits and losses of joint ventures (Note 19)	180
財務費用	Finance costs	(415)
除所得稅前虧損	Loss before income tax	(1,314)
所得稅開支	Income tax expenses	-
期內虧損	Loss for the period	(1,314)
其他全面開支	Other comprehensive expenses	
於往後期間重新分類至損益之 其他全面開支：	Other comprehensive expenses to be reclassified to profit or loss in subsequent periods:	
換算海外業務之匯兌差額	Exchange differences on transaction of foreign operations	(3,381)
期內全面開支總額	Total comprehensive expenses for the period	(4,695)
下列人士應佔期內(虧損)/溢利：	(Loss)/profit for the period attributable to:	
本公司擁有人	Owners of the Company	(1,402)
非控股權益	Non-controlling interest	88
		(1,314)

13. 已終止經營業務(續)

13. DISCONTINUED OPERATION (continued)

		截至 二零一八年 七月三十一日 止七個月 Seven months ended 31 July 2018 千港元 HK\$'000
下列人士應佔期內全面(開支)/	Total comprehensive (expenses)/income for	
收入總額：	the period attributable to:	
本公司擁有人	Owners of the Company	(5,094)
非控股權益	Non-controlling interest	399
		(4,695)
每股溢利：	Profit per share:	
來自已終止經營業務	From discontinued operation	
基本及攤薄(港仙)	Basic and diluted (HK cents)	1.0

來自已終止業務的期內虧損包括以下各項：

Loss for the period from discontinued operation includes the following:

		截至 二零一八年 七月三十一日 止七個月 Seven months ended 31 July 2018 千港元 HK\$'000
確認預付租賃付款	Recognition of prepaid lease payment	233
物業、廠房及設備折舊	Depreciation of property, plant and equipment	3,389
已售出存貨成本	Cost of inventories sold	177,079
就土地及樓宇之經營 租賃下最低租賃款項	Minimum lease payments under operating lease in respect of land and buildings	435

截至二零一八年七月三十一日止期間，電子產品業務為本集團經營現金流量淨額產生13,751,000港元，就投資活動已用1,116,000港元及就融資活動已用4,413,000港元。

During the period ended 31 July 2018, the electronic product business generated HK\$13,751,000 to the Group's net operating cash flow, used HK\$1,116,000 in respect of investing activities and used HK\$4,413,000 in respect of financing activities.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

13. 已終止經營業務(續)

13. DISCONTINUED OPERATION (continued)

		千港元 HK\$'000
代價：	Consideration:	
已收現金	Cash received	13,183
遞延現金代價	Deferred cash consideration	56,000
代價總額	Total consideration	69,183
		於二零一八年 七月三十一日 As 31 July 2018 千港元 HK\$'000
已出售之資產淨值：	Net assets disposed of:	
土地使用權	Land use right	14,225
物業、廠房及設備	Property, plant and equipment	99,064
長期存款	Long term deposits	21
於合資公司之投資	Investments in joint ventures	6,646
於一間聯營公司之投資	Investment in an associate	18
透過其他全面收入按公允值 計量之股權工具*	Equity instruments at fair value through other comprehensive income*	3,000
存貨	Inventories	49,287
應收貿易賬款及應收票據	Trade and bills receivables	32,409
預付款項、按金及其他應收賬款	Prepayments, deposits and other receivables	9,095
應收一間合資公司賬款	Amount due from a joint venture	147
銀行及現金結餘	Bank and cash balances	32,373
貿易應付賬款	Trade payables	(39,076)
應計費用及其他應付賬款	Accruals and other payables	(33,080)
應付所得稅	Income tax payable	(118)
借貸	Borrowings	(22,000)
撥備	Provision	(1,130)
應付一名股東之賬款	Amount due to a shareholder	(115,000)
非控股權益	Non-controlling interests	7,437
於出售後變現儲備	Release of reserves upon disposal	(43,618)
出售附屬公司之收益	Gain on disposal of subsidiaries	69,483
總代價	Total consideration	69,183
出售所產生現金流入淨額：	Net Cashflow arising on disposal:	
已收代價	Cash received	13,183
減：已出售銀行及現金結餘	Less: Cash and bank balances disposed	(32,373)
		(19,190)

* 首次應用香港財務報告準則第9號後，為數3,000,000港元的金額已由於香港會計準則第39號項下的可供出售金融資產重新分類至按公平值計入其他全面收益的股本工具。

* Upon initial application of HKFRS 9, an amount of HK3,000,000 was reclassified from available for sales financial assets under HKAS 39 to equity instrument at fair value through other comprehensive income.

14. 物業、廠房及設備

14. PROPERTY, PLANT AND EQUIPMENT

		租賃土地 及樓宇 Leasehold land and buildings 千港元 HK\$'000	在建工程 Construction in progress 千港元 HK\$'000	租賃 物業裝修 Leasehold improvements 千港元 HK\$'000	傢具、裝置 及設備 Furniture, fixtures and equipment 千港元 HK\$'000	廠房及機器 Plant and machinery 千港元 HK\$'000	工具及工模 Tooling and moulds 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	總額 Total 千港元 HK\$'000
成本：	Cost								
於二零一八年一月一日	As at 1 January 2018	580,399	421,691	19,984	80,885	808,774	129,267	10,396	2,051,396
添置	Additions	693	197,588	-	111	4,594	386	883	204,255
轉讓	Transfer	5,221	(102,971)	-	-	97,750	-	-	-
出售	Disposal	-	-	(3)	(8)	-	(5,228)	-	(5,239)
出售已終止經營業務	Disposal of discontinued operation	(138,466)	-	(19,376)	(73,644)	(84,125)	(123,309)	(6,052)	(444,972)
匯兌重列	Exchange realignment	(28,165)	(25,990)	(605)	(1,298)	(44,968)	(1,116)	(334)	(102,476)
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	419,682	490,318	-	6,046	782,025	-	4,893	1,702,964
添置	Additions	2,805	111,237	-	139	148	-	562	114,891
轉讓	Transfer	(47,954)	(180,761)	-	82	228,633	-	-	-
出售	Disposal	-	-	-	-	(9,090)	-	(163)	(9,253)
匯兌重列	Exchange realignment	(7,892)	(8,826)	-	(133)	(21,842)	-	(114)	(38,807)
於二零一九年十二月三十一日	As at 31 December 2019	366,641	411,968	-	6,134	979,874	-	5,178	1,769,795
累計折舊：	Accumulated depreciation:								
於二零一八年一月一日	As at 1 January 2018	(72,428)	-	(19,734)	(76,020)	(158,998)	(128,136)	(7,460)	(462,776)
本年度計提折舊	Depreciation provided during the year	(22,582)	-	(202)	(905)	(47,999)	(598)	(959)	(73,245)
出售	Disposal	-	-	3	8	-	5,228	-	5,239
出售已終止經營業務	Disposal of discontinued operation	43,618	-	19,328	71,398	83,357	122,393	5,814	345,908
匯兌重列	Exchange realignment	3,979	-	605	1,117	8,932	1,113	191	15,937
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	(47,413)	-	-	(4,402)	(114,708)	-	(2,414)	(168,937)
本年度計提折舊	Depreciation provided during the year	(22,258)	-	-	(241)	(62,950)	-	(828)	(86,277)
轉讓	Transfer	21,194	-	-	-	(21,194)	-	-	-
出售	Disposal	-	-	-	-	4,739	-	154	4,893
匯兌重列	Exchange realignment	1,036	-	-	99	4,313	-	67	5,515
於二零一九年十二月三十一日	As at 31 December 2019	(47,441)	-	-	(4,544)	(189,800)	-	(3,021)	(244,806)
賬面值：	Carrying amount:								
於二零一九年十二月三十一日	As at 31 December 2019	319,200	411,968	-	1,590	790,074	-	2,157	1,524,989
於二零一八年十二月三十一日	As at 31 December 2018	372,269	490,318	-	1,644	667,317	-	2,479	1,534,027

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

14. 物業、廠房及設備(續)

附註：

- (i) 本集團之租賃土地及樓宇於報告期末之賬面值分析如下：

	二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
於中國內地之中年期租約	319,200	372,269

- (ii) 於二零一九年十二月三十一日，本集團賬面淨值約398,587,000港元之樓宇、廠房及機器(二零一八年：130,506,000港元)已被抵押以獲得本集團所獲授之銀行信貸額(附註27)。

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

- (i) The carrying amount of the Group's leasehold land and buildings reporting periods are analysed as follows:

- (ii) As at 31 December 2019, buildings, plant and machinery of the Group with a net carrying amount of approximately HK\$398,587,000 (2018: HK\$130,506,000) were pledged to secure banking facilities granted to the Group (note 27).

15. 預付土地租賃款額

15. PREPAID LAND LEASE PAYMENTS

	千港元 HK\$'000
成本：	
於二零一八年一月一日	89,469
出售	(24,257)
匯兌重列	(3,327)
於二零一八年十二月三十一日及 二零一九年一月一日	61,885
於採納香港財務報告準則第16號 後重新分類至使用權資產	(61,885)
於二零一九年十二月三十一日	-

15. 預付土地租賃款額(續)

15. PREPAID LAND LEASE PAYMENTS (continued)

		千港元 HK\$'000
累計攤銷：	Accumulated amortisation:	
於二零一八年一月一日	As at 1 January 2018	17,028
於本年度攤銷	Amortisation for the year	1,612
出售已終止經營業務	Disposal of discontinued operations	(10,032)
匯兌重列	Exchange realignment	(78)
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	8,530
於採納香港財務報告準則第16號 後重新分類至使用權資產	Reclassified to right-of-use assets under adoption of HKFRS 16	(8,530)
於二零一九年十二月三十一日	As at 31 December 2019	-
賬面值：	Carrying amount:	
於二零一九年十二月三十一日	As at 31 December 2019	-
於二零一八年十二月三十一日	As at 31 December 2018	53,355
		二零一八年 2018 千港元 HK\$'000
即期部份	Current portion	1,319
非即期部份	Non-current portion	52,036
		53,355

於二零一八年十二月三十一日，約25,259,000港元的預付土地租賃款項已作抵押，以獲取銀行借款(附註27)。於二零一九年一月一日，於採納香港財務報告準則第16號後，預付土地租賃款項之賬面值重新分類至使用權資產。

預付土地租賃款項以中期租約持有，位於中國內地。

As at 31 December 2018, prepaid land lease payments of approximately HK\$25,259,000 have been pledged to secure bank borrowings (note 27). As at 1 January 2019, the carrying amount of prepaid land lease payments are reclassified to right-of-use assets under adoption of HKFRS 16.

The prepaid land lease payments are held under medium term leases and are situated in Mainland China.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

16. 使用權資產

16. RIGHT-OF-USE ASSETS

		二零一九年 2019 千港元 HK\$'000
於一月一日採納香港財務報告準則第 16 號	Adoption of HKFRS 16 as at 1 January	53,355
本年度計提折舊	Depreciation provided during the year	(1,320)
匯兌重列	Exchange realignment	(1,107)
於十二月三十一日	As at 31 December	50,928

使用權資產代表本集團於租期內根據租賃安排使用相關租賃物業及設備之權利。

The right-of-use assets represent the Group's right to use underlying leased premises and equipment under lease arrangements over the lease terms.

於二零一九年十二月三十一日，使用權資產約 50,928,000 港元已予質押以抵押銀行借款(附註 27)。

As at 31 December 2019, right-of-use assets of approximately HK\$50,928,000 have been pledged to secure banking borrowings (note 27).

17. 無形資產

17. INTANGIBLE ASSETS

		遞延開發成本 Deferred development cost 千港元 HK\$'000	專利 Patent 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本：	Cost:			
於二零一八年一月一日	As at 1 January 2018	41,068	53,842	94,910
出售已終止經營業務	Disposal of discontinued operations	(41,068)	-	(41,068)
匯兌重列	Exchange realignment	-	(2,790)	(2,790)
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	-	51,052	51,052
匯兌重列	Exchange alignment	-	(1,089)	(1,089)
於二零一九年十二月三十一日	As at 31 December 2019	-	49,963	49,963
累計攤銷：	Accumulated amortisation:			
於二零一八年一月一日	As at 1 January 2018	41,068	3,379	44,447
本年度攤銷	Amortisation for the year	-	8,176	8,176
出售已終止經營業務	Disposal of discontinued operations	(41,068)	-	(41,068)
匯兌重列	Exchange alignment	-	(533)	(533)
於二零一八年十二月三十一日 及二零一九年一月一日	As at 31 December 2018 and 1 January 2019	-	11,022	11,022
本年度攤銷	Amortisation for the year	-	4,549	4,549
匯兌重列	Exchange alignment	-	(269)	(269)
於二零一九年十二月三十一日	As at 31 December 2019	-	15,302	15,302
賬面值：	Carrying amount:			
於二零一九年十二月三十一日	As at 31 December 2019	-	34,661	34,661
於二零一八年十二月三十一日	As at 31 December 2018	-	40,030	40,030

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

18. 採礦權

18. MINING RIGHTS

		千港元 HK\$'000
成本：	Cost:	
於二零一八年一月一日	As at 1 January 2018	59,204
匯兌重列	Exchange realignment	(3,068)
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	56,136
匯兌重列	Exchange realignment	(1,197)
於二零一九年十二月三十一日	As at 31 December 2019	54,939
累計攤銷：	Accumulated amortisation:	
於二零一八年一月一日	As at 1 January 2018	8,770
本年度攤銷	Amortisation for the year	546
匯兌重列	Exchange realignment	(478)
二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	8,838
本年度攤銷	Amortisation for the year	400
匯兌重列	Exchange realignment	(198)
於二零一九年十二月三十一日	As at 31 December 2019	9,040
賬面值：	Carrying amount:	
於二零一九年十二月三十一日	As at 31 December 2019	45,899
於二零一八年十二月三十一日	As at 31 December 2018	47,298

結餘乃位於中國吉林省白山市的白雲石礦的採礦權，以礦石儲備的產量予以攤銷。

The balance represents mining rights of the dolomite mine located in Baishan City of Jilin Province, the PRC, which is amortised by the production quantity over the ore reserve.

19. 於合資公司之投資

本集團之重大合資企業已於二零一八年獲出售。於二零一九年，概無於合資公司之投資。

應收一間合資公司款項的減值及於一間合資公司之投資減值撥備之變動如下：

19. INVESTMENTS IN JOINT VENTURES

The Group's material joint ventures are disposed during 2018. There are no investments in joint ventures in 2019.

The movements in the provision for impairment of an amount due from a joint venture and an investment in a joint venture are as follows:

		截至 二零一八年 十二月三十一日 止年度 Year ended 31 December 2018 千港元 HK\$'000
於年初	At the beginning of year	6,680
出售已終止經營業務	Disposal of discontinued operations	(6,680)
於年末	At the end of year	-

本集團主要合資公司之詳情如下：

Particulars of the Group's principal joint ventures are as follows:

名稱 Name	所持註冊股本 之詳情 Particulars of registered capital	註冊及 營商地點 Place of registration and business	二零一八年百分比 2018 Percentage of			主要業務 Principal activities
			所有權權益 Ownership interest	表決權 Voting power	分成 Profit sharing	
重慶新標醫療設備有限公司 (「重慶新標」) Chongqing New Standard Medical Equipment Co., Ltd.	人民幣 5,401,550元 RMB5,401,550	中國 The PRC	-	-	-	製造及銷售電子 醫療器械 Manufacture Medical Equipment and trading of Co., Ltd electronic medical appliances
深圳創新易購有限公司	人民幣 15,000元 RMB15,000	中國 The PRC	-	-	-	網上銷售電子產品 Online trading of electronic products

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

19. 於合資公司之投資(續)

以上在合資公司的投資由本公司間接持有。

下表列示本集團個別不屬重大性質的合資公司之財務資料總值：

19. INVESTMENTS IN JOINT VENTURES (continued)

The above investments in joint ventures are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		二零一八年 2018 千港元 HK\$'000
年內應佔合資公司溢利	Share of the joint ventures' profit for the year	180
本年度應佔合資公司全面 收入總額	Share of the joint ventures' total comprehensive income for the year	209
已收股息	Dividend received	(6,119)
本集團於合資公司投資之 賬面總值	Aggregate carrying amount of the Group's investments in the joint ventures	-

20. 於一間聯營公司之投資

一間聯營公司已於二零一八年獲出售。於二零一九年，概無於一間聯營公司之投資。

聯營公司之詳情如下：

20. INVESTMENT IN AN ASSOCIATE

An associate is disposed during 2018. There are no investments in an associate in 2019.

Particulars of the associate are as follows:

名稱	所持註冊 股本之詳情	註冊及 營商地點	本集團應佔 所有權權益 及表決權 之百分比	主要業務
Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest and voting power attributable to the Group	Principal activities
廣州中智電子設備有限公司	人民幣 3,000,000 元 RMB3,000,000	中國 The PRC	二零一八年 2018 -	暫無業務 Dormant

20. 於一間聯營公司之投資(續)

下表列示本集團不屬重大性質的聯營公司之財務資料總值：

20. INVESTMENT IN AN ASSOCIATE (continued)

The following table illustrates the financial information of the Group's associate that is not material:

		二零一八年 2018 千港元 HK\$'000
本年度應佔聯營公司溢利	Share of the associate's profit for the year	-
本年度應佔聯營公司全面 收入總額	Share of the associate's total comprehensive Income for the year	-
出售已終止經營業務	Disposal of discontinued operations	(18)
本集團於一間聯營公司 投資之賬面總值	Aggregate carrying amount of the Group's investment in an associate	-

21. 存貨**21. INVENTORIES**

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
原材料	Raw materials	125,107	104,022
在製品	Work in progress	1,247	-
製成品	Finished goods	60,453	42,397
		186,807	146,419

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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22. 應收貿易賬款及應收票據

22. TRADE AND BILLS RECEIVABLES

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
應收貿易賬款(附註(i))	Trade receivables (note (i))	149,011	214,717
預期信貸虧損撥備	Allowance for expected credit loss	(1,726)	(3,544)
		147,285	211,173
應收票據(附註(ii))	Bills receivables (note (ii))	4,186	6,807
		151,471	217,980

附註：

- (i) 本集團與其客戶之貿易主要以除銷形式進行。除銷期一般不超過180天。每名客戶皆有最高除銷額度。本集團務求嚴格控制未償付應收款項並將除銷風險降至最低。高級管理層定期審核逾期結餘。鑒於上文所述，加之本集團之應收貿易賬款涉及眾多分散之客戶，故並無重大的信貸集中風險。本集團並無就其應收貿易賬款結餘持有任何抵押品或其他信貸提升保障。應收貿易賬款不計利息。
- (ii) 於二零一九年十二月三十一日，應收票據約4,186,000港元(二零一八年：6,807,000港元)將於報告期末後七個月(二零一八年：十一個月)內到期。所有應收票據均以人民幣計值。

Note:

- (i) The Group's trading terms with its customers are mainly on credit. The credit period is generally not over 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.
- (ii) As at 31 December 2019, bills receivable of approximately HK\$4,186,000 (2018: HK\$6,807,000) will be matured within seven months (2018: eleven months) after the end of the reporting period. All the bills receivables are dominated in RMB.

於報告期末按發票日期劃分的應收貿易賬款(扣除預期信貸虧損撥備)之賬齡分析如下所示：

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of allowance for expected credit loss, is as follows:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
少於60天	Within 60 days	113,550	130,699
61至90天	61 to 90 days	33,735	37,550
超過90天	Over 90 days	-	42,924
		147,285	211,173

22. 應收貿易賬款及 應收票據(續)

應收貿易賬款信貸虧損撥備之變動如下：

22. TRADE AND BILLS RECEIVABLES (continued)

The movements in the allowance for expected credit loss of trade receivables are as follows:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
於年初	At the beginning of year	3,544	17,483
採納香港財務報告準則 第9號之影響	Effect of adoption of HKFRS 9	–	3,968
年初(經重列)	At the beginning of year (restated)	3,544	21,451
預期信貸虧損撥備撥回	Allowance for expected credit loss reversed	(1,784)	(249)
出售已終止經營業務	Disposal of discontinued operations	–	(17,453)
匯兌差額	Exchange difference	(34)	(205)
於年末	At the end of year	1,726	3,544

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於向有類似虧損模式(即按地理區域、產品類型、客戶類型及評級，以及信用證或其他形式的信用保險的承保範圍)的多個客戶分部組合的逾期天數釐定。該計算反映或然率加權結果、貨幣時值及於報告日期可得有關過往事件、目前狀況及預測未來經濟狀況的合理佐證資料。一般而言，倘貿易應收款項逾期超過一年且並無適用強制執行事項，則會撇銷。預期信貸虧損評估詳情載於附註44。

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. Details of assessment of expected credit loss was detailed in Note 44.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

22. 應收貿易賬款及 應收票據(續)

截至二零一九年十二月三十一日止年度的香港財務報告準則第9號項下減值

採用撥備矩陣分析本集團貿易應收款項的信貨風險資料如下：

22. TRADE AND BILLS RECEIVABLES (continued)

Impairment under HKFRS 9 for the year ended 31 December 2019

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零一九年 十二月三十一日	31 December 2019			
即期(未逾期)	Current (not past due)	1.038%	148,830	1,545
逾期少於1年	Less than 1 year past due	100%	181	181
			149,011	1,726

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零一八年 十二月三十一日	31 December 2018			
即期(未逾期)	Current (not past due)	0.064%	211,308	135
逾期少於1年	Less than 1 year past due	100%	3,409	3,409
			214,717	3,544

未逾期亦無減值之應收款項屬於在近期並無拖欠記錄的大批分散客戶。

已逾期但無減值之應收款項屬於本集團多個記錄良好的獨立客戶。根據過往記錄，本公司董事認為，由於信貸質素並無重大改變，並認為結餘仍可全數收回，故無須就此等結餘作出減值撥備。

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. 預付款項、按金及其他
應收款項

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
預付款項(附註(ii))	Prepayments (note (ii))	281,150	112,639
按金	Deposits	292	265
其他應收款項(附註(i))	Other receivables (note (i))	6,607	64,197
		288,049	177,101
預期信貸虧損撥備	Allowance for expected credit loss	(170)	-
		287,879	177,101

按金概無逾期或減值。預期信貸虧損撥備與其他應收款項有關。

None of the deposits is either past due or impaired. The allowance for expected credit loss relates to deposits and other receivables.

附註：

notes:

- (i) 於二零一八年十二月三十一日，其他應收款項餘額主要為已終止經營業務的未償還金額約56,000,000港元。結餘已於截至二零一九年十二月三十一日止年度償清。
- (ii) 於二零一九年十二月三十一日，預付款項主要包括存貨之預付款項約198,990,000港元(二零一八年：108,825,000港元)。

- (i) At 31 December 2018, the balance of other receivables mainly represent the outstanding balance of disposal of discontinued operations of amount approximately HK\$56,000,000. The balance has been settled during the year ended 31 December 2019.

- (ii) As at 31 December 2019, prepayments mainly comprise of prepayment of inventory of approximately HK\$198,990,000 (2018: HK\$108,825,000).

預付款項、按金及其他應收款項之
預期信貸虧損撥備之變動如下：

The movements in the allowance for expected credit loss of
prepayments, deposits and other receivables are as follows:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
於年初	At the beginning of year	-	22,072
採納香港財務報告準則第9號之影響	Effect of adoption of HKFRS 9	-	-
年初(經重列)	At the beginning of year (restated)	-	22,072
預期信貸虧損撥備	Allowance for expected credit loss	174	-
出售已終止經營業務	Disposal of discontinued operations	-	(22,072)
匯兌差額	Exchange difference	(4)	-
於年末	At the end of year	170	-

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

24. 現金及現金等值項目及 已抵押銀行存款

24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
現金及銀行結餘	Cash and bank balances	254,813	131,276
已抵押銀行存款	Pledged bank deposits	16,877	24,732
		271,690	156,008
減：借款之抵押存款 (附註27)	Less: Pledged deposits for borrowings (note 27)	(16,877)	(24,732)
現金及現金等值項目	Cash and cash equivalents	254,813	131,276
已抵押銀行存款：	Pledged bank deposits:		
流動部份	Current portion	7,328	14,975
非流動部份	Non-current portion	9,549	9,757
		16,877	24,732

於報告期末，本集團以人民幣計值之現金及現金等值項目以及已抵押銀行存款約為161,510,000港元(二零一八年：150,209,000港元)。人民幣不得自由兌換其他貨幣，然而，根據中國外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權可從事匯兌業務的銀行將人民幣兌換為其他貨幣。

At the end of the reporting period, the cash and cash equivalents and pledged bank deposits of the Group denominated in RMB amounted to approximately HK\$161,510,000 (2018: HK\$150,209,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. 現金及現金等值項目及已抵押銀行存款(續)

銀行現金乃根據銀行每日銀行存款利率之浮動利率賺取利息。視乎本集團即時現金需求，短期定期存款之期限為三個月，並按各自之短期定期存款利率賺取利息。銀行存款及抵押存款存放於具良好信用且沒有近期拖欠付款記錄的銀行。

於二零一九年十二月三十一日，已抵押銀行存款約16,877,000港元(二零一八年：24,732,000港元)已抵押予銀行，以獲得借款(附註27)。

25. 應付貿易賬款

於報告期末按發票日期劃分的應付貿易賬款之賬齡分析如下所示：

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
少於60天	Within 60 days	29,319	30,667
61至90天	61 to 90 days	696	2,122
超過90天	Over 90 days	17,978	9,060
		47,993	41,849

應付貿易賬款不計利息，結算期通常為不超過180天。

24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2019, pledged bank deposit of approximately HK\$16,877,000 (2018: HK\$24,732,000) was pledged to bank for secured of borrowings (Note 27).

25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

The trade payables are non-interest-bearing and are normally settled within 180-day terms.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

26. 其他應付款項及應計費用及合約負債

26. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
應計費用(附註(i))	Accruals (note (i))	9,501	13,889
其他應付款項(附註(ii))	Other payables (note (ii))	15,710	34,681
		25,211	48,570
合約負債(附註(iii)及(iv))	Contract liabilities (note (iii) and (iv))	19,742	7,799

應計費用及其他應付款項為免息及須按要求償還。

Accruals and other payables are interest-free and repayable on demand.

附註：

note:

- (i) 於二零一九年十二月三十一日，應計開支主要為應計薪金及員工福利約6,130,000港元(二零一八年：4,654,000港元)及應計專業費用約1,639,000港元(二零一八年：1,389,000港元)。
- (ii) 於二零一九年十二月三十一日，其他應付款項主要為維修保養未結付金額約8,246,000港元(二零一八年：7,272,000港元)及在建工程未結付金額約1,973,000港元(二零一八年：15,234,000港元)。
- (iii) 在與銷售鎂產品的客戶簽訂合約時，本集團收取若干部分的合約金額。分配至該等銷售的交易價格於初步銷售交易時確認為合約負債。本年度確認於合約負債餘額中的收益約為7,799,000港元(二零一八年：10,745,000港元)。本集團認為預付款項計劃並不包括重大融資部分，而因此經計及付款條款並非主要因向本集團提供融資而訂立，代價金額並非就金錢時間值的影響而調整。

- (i) As at 31 December 2019, the accrual expenses mainly represent accrual salary and staff benefit of approximately HK\$6,130,000 (2018: HK\$4,654,000) and accrued professional fee of approximately HK\$1,639,000 (2018: HK\$1,389,000).
- (ii) As at 31 December 2019, the other payable was mainly represents outstanding amount of repair and maintenance of approximately HK\$8,246,000 (2018: HK\$7,272,000) and construction-in-progress of approximately HK\$1,973,000 (2018: HK\$15,234,000).
- (iii) The Group receives certain portion of contract amounts when signing the contracts with customers on sale of magnesium products. The transaction price allocated to these sales is recognised as a contract liability at the time of initial sales transaction. Revenue recognised in the current year that was included in the contract liability balance was approximately HK\$7,799,000 (2018: HK\$10,745,000). The Group considers the advance payments schemes does not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money taking into consideration that the payment terms were not structured primarily for the provision of finance to the Group.

26. 其他應付款項及應計費用及合約負債(續)

(iv) 合約負債之變動如下：

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
於一月一日之結餘	Balance at 1 January	7,799	10,745
確認年內收入導致之合約負債減少(附註)	Decrease in contract liabilities as a result of recognising revenue during the year (note)	(1,223,590)	(117,317)
年內收取按金導致之合約負債增加	Increase in contract liabilities as a result of receiving deposits during the year	1,235,991	128,375
匯兌重列	Exchange realignment	(458)	(14,004)
於十二月三十一日之結餘	Balance at 31 December	19,742	7,799

附註：確認年內收入導致之合約負債減少包括出售物業、廠房及設備之代價約5,022,000港元。

26. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

(continued)

(iv) The movements of contract liabilities are as follows:

note: Included in decrease in contract liabilities as a result of recognising revenue during the year was of approximately HK\$5,022,000 representing the consideration of disposal of property, plant and equipment.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

27. 借款

27. BORROWINGS

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
銀行借款	Bank borrowings	151,508	110,500
其他借款(附註(ii)及(iii))	Other borrowings (note (ii) and (iii))	335,934	266,127
		487,442	376,627
借款：	Borrowings:		
一年內或按要求償還	Within one year or on demand	315,765	65,706
一年以上但不超過五年	More than one year but not exceeding five years	171,677	310,921
		487,442	376,627
減：流動負債所示金額	Less: Amounts shown under current liabilities	(315,765)	(65,706)
非流動負債所示金額	Amounts shown under non-current liabilities	171,677	310,921
借款：	Borrowings:		
有抵押(附註(i)及(iii))	Secured (note (i) and (iii))	275,550	216,480
無抵押	Unsecured	211,892	160,147
		487,442	376,627

借款以下列貨幣計值：

Borrowings were denominated in the following currencies:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
人民幣	RMB	118,636	110,500
港元	HK\$	145,855	–
美元	US\$	222,951	266,127
		487,442	376,627

27. 借款(續)

附註：

- (i) 抵押借款約212,089,000港元(二零一八年：110,500,000港元)由一家同系附屬公司的公司擔保以及抵押的物業、廠房及設備約398,587,000港元及使用權資產約50,928,000港元(二零一八年：物業、廠房及設備約130,506,000港元以及預付土地租賃款項約25,259,000港元)作擔保。
- (iii) 其他借款包括(a)國際金融公司的貸款約63,461,000港元(二零一八年：105,980,000港元)及(b)債券約272,473,000港元(二零一八年：160,147,000港元)。
- (ii) 根據本公司一家全資附屬公司與國際金融公司(「國際金融公司」)的貸款協議，國際金融公司已向該附屬公司授出27,000,000美元貸款。

該貸款每年按倫敦銀行同業拆息加3.5%計息，到期金額按貸款協議所載的計劃還款日期計算。

國際金融公司的貸款約為63,461,000港元(二零一八年：105,980,000港元)，由(i)世紀陽光提供的公司擔保；及(ii)主要股東Alpha Sino International Limited(「Alpha Sino」)擁有之世紀陽光股份質押；(iii)銀行存款約16,877,000港元(二零一八年：24,732,000港元)作抵押。

- (iv) 於二零一九年十二月三十一日，銀行借款及其他借款的加權實際利率約為7.33%(二零一八年：6.18%)。

27. BORROWINGS (continued)

Note:

- (i) Secured borrowing of approximately HK\$212,089,000 (2018: HK\$110,500,000) were guaranteed by the corporate guarantee of a fellow subsidiary and pledged property, plant and equipment of approximately HK\$398,587,000 and right-of-use assets of approximately HK\$50,928,000 (2018: property, plant and equipment of approximately HK\$130,506,000 and prepaid land lease payment of approximately HK\$25,259,000).
- (ii) Included in other borrowings was (a) IFC loan of approximately HK\$63,461,000 (2018: HK\$105,980,000) and (b) bond of approximately HK\$272,473,000 (2018: HK\$160,147,000).
- (iii) Pursuant to a loan agreement entered into by a wholly-owned subsidiary of the Company and International Finance Corporation ("IFC"), IFC had granted a loan facility of US\$27,000,000 to the subsidiary.

The loan bears interest at LIBOR plus 3.5% per annum and the amounts due are based on the scheduled repayment dates set out in the loan agreement.

The loan from IFC of approximately HK\$63,461,000 (2018: HK\$105,980,000) was secured by (i) corporate guarantee given by Century Sunshine Group Holdings Limited; and (ii) pledged of shares in Century Sunshine Group Holdings Limited as owned by Alpha Sino International Limited ("Alpha Sino"), the substantial shareholder; (iii) deposit with banks of approximately HK\$16,877,000 (2018: HK\$24,732,000).

- (iv) The weighted effective interest rate of bank borrowing and other borrowing as at 31 December 2019 is approximately 7.33% (2018: 6.18%).

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

28. 撥備

28. PROVISION

		二零一八年 2018 千港元 HK\$'000
於一月一日	As at 1 January	1,042
撥備增加	Additional provision	88
出售已終止經營業務	Disposal of discontinued operations	(1,130)
於十二月三十一日	As at 31 December	-

本集團就部份電子產品向客戶提供兩年至三年保證，為故障產品進行維修或更換。保證之撥備額乃按銷量及過往的維修及退回情況為基準估計。該估計基準將持續進行檢討，並作適當修訂。

The Group provides two to three years warranties to its customers on certain of its electronic products, under which faulty products are repaired or replaced. The amount of provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

29. 應付一名股東之款項

應付股東之款項為無抵押、免息及毋需於12個月內償還。

29. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, non-interest bearing and is not repayable within 12 months.

30. 遞延收入

30. DEFERRED REVENUE

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
與資產相關之政府撥款	Government grants received related to assets	68,283	69,772

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於二零一二年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助(「資助」)以改善其生產科技及提高物業、廠房及設備的產能。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Company Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

30. 遞延收入(續)

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無收取任何資助，而截至二零一九年及二零一八年十二月三十一日止年度並無確認任何其他收入。

所收或成為應收款項之資助，初始確認為遞延收入及其後以扣減折舊法開支，按該須予折舊資產可用年期於損益中確認。

31. 可換股債券

於二零一七年十一月三十日，作為收購永洋集團代價的一部份，本公司根據首智投資有限公司(「首智投資」)、Sure Sino Global Limited(「Sure Sino」)、世紀陽光集團控股有限公司及本公司訂立之買賣協議，發行按每年4%計息，須每半年期末時支付，本金總額為420,000,000港元之可換股債券。

30. DEFERRED REVENUE (continued)

During the year ended 31 December 2019 and 2018, the Group has not received any Assistance and there were no other income was recognised for the years ended 31 December 2019 and 2018.

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

31. CONVERTIBLE BOND

On 30 November 2017, as part of consideration for the acquisition of the Fullocean Group, the Company has issued convertible bonds which bear an interest of 4% per annum payable in arrear semi-annually with aggregate principal amount of HK\$420,000,000 pursuant to the sale and purchase agreement entered into by Capital Idea Investments Limited ("CIIL"), Sure Sino Global Limited ("Sure Sino"), Century Sunshine Group Holdings Limited and the Company.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

31. 可換股債券(續)

根據本集團之會計政策，可換股債券根據合約安排內容，以及金融負債及權益工具之定義獲個別分類為金融負債及權益。倘換股權將透過以固定金額現金或另一項財務資產換取固定數目之本公司本身權益工具結算，則為權益工具。負債部分之公平值採用類似不可兌換工具之現行市場利率進行估計。可換股債券之公平值評估由獨立專業估值師進行。權益部份於「可換股債券權益儲備」一節列值為權益。負債部份於初始確認時的實際利率為每年14.6%。

可換股債券賦予債券持有人權利，以換股價0.40港元轉換為股份。由發行日起計，可換股債券有效期為三年。轉換可於可換股債券到期日之前隨時進行。本公司將於到期日贖回尚未獲轉換之可換股債券。

於二零一九年十二月三十一日，可換股債券之公平值約為381,798,000港元(二零一八年：351,931,000港元)。

可換股債券條款的詳細資料可參閱日期為二零一七年十月二十六日之通函。

於綜合財務狀況表確認的可換股債券負債部分計算如下：

31. CONVERTIBLE BOND (continued)

According to the Group's accounting policy, the convertible bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The fair value assessment of the convertible bonds was performed by an independent professional valuer. The equity element is presented in equity under the heading of "convertible bond equity reserve". The effective interest rate of the liability element on initial recognition is 14.6% per annum.

The convertible bonds entitle the bondholder to convert to shares at a conversion price of HK\$0.40. The maturity date of the Convertible Bonds is the 3 year from the date of issue. Conversion may occur at any time before maturity date of the Convertible Bonds. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date.

The fair value of the Convertible Bonds is approximately HK\$381,798,000 as at 31 December 2019 (2018: HK\$351,931,000).

For more details of the terms of convertible bonds, please refer to the circular dated on 26 October 2017.

The liability component of convertible bond recognised in the statement of consolidated financial position was calculated as follow:

		千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	318,684
計入實際利息開支	Effective interest expenses charged	47,021
已付及應付利息開支	Interest expenses paid and payable	(15,369)
於二零一八年十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	350,336
計入實際利息開支	Effective interest expenses charged	51,536
已付及應付利息開支	Interest expenses paid and payable	(16,800)
於二零一九年十二月三十一日	As at 31 December 2019	385,072

32. 遞延稅項

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

遞延稅項負債

		可換股債券 Convertible Bond 千港元 HK\$'000	預付土地 租賃款項 Prepaid land lease payment 千港元 HK\$'000	使用權資產 Right-of-use assets 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	16,717	3,255	-	19,972
計入綜合損益及其他 全面收入表	Credited to consolidated statement of profit or loss and other comprehensive income	(4,986)	(79)	-	(5,065)
匯兌重列	Exchange realignment	-	(165)	-	(165)
於二零一八年 十二月三十一日及 二零一九年一月一日	As at 31 December 2018 and 1 January 2019	11,731	3,011	-	14,742
自採納香港財務報告準則 第16號轉撥	Transfer upon adoption of HKFRS 16	-	(3,011)	3,011	-
計入綜合損益及 其他全面收入表	Credited to consolidated statement of profit or loss and other comprehensive income	(5,731)	-	(76)	(5,807)
匯兌重列	Exchange realignment	-	-	(63)	(63)
於二零一九年 十二月三十一日	As at 31 December 2019	6,000	-	2,872	8,872

本集團於稅務局(「稅務局」)評估前於香港產生的稅務虧損約為1,820,000港元(二零一八年：7,725,000港元)，並可供無限期抵銷產生有關虧損的公司的未來應課稅溢利。本集團亦於中國內地產生並無(二零一八年：無)稅務虧損，並可於未來一至五年內抵銷未來應課稅溢利。因此附屬公司已虧損一段時間且認為其應課稅溢利不足以抵銷此等附屬公司可動用之稅務虧損，故此等虧損而言，並未確認遞延稅項資產。

32. DEFERRED TAXATION

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements during the year as follows:

Deferred Tax Liabilities

The Group has tax losses arising in Hong Kong before Inland Revenue Department ("IRD") assessment of approximately HK\$1,820,000 (2018: HK\$7,725,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has no tax losses arising in Mainland China (2018: Nil) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised by these subsidiaries.

32. 遞延稅項(續)

遞延稅項負債(續)

根據中國企業所得稅法，於中國內地成立之外資企業向外國投資者宣派之股息須徵收10%之暫繳稅。是項規定已由二零零八年一月一日起生效，並適用於二零零七年十二月三十一日之後產生之盈利。倘中國內地與外國投資者所屬司法管轄區之間訂有稅務協議，則可按較低暫繳稅率繳稅。就本集團而言，適用稅率為5%。因此，本集團須就於中國內地成立之附屬公司於二零零八年一月一日以後產生之盈利所分派之股息繳納暫繳稅。

於二零一九年十二月三十一日，本集團並無就於中國內地成立之附屬公司、聯營公司及合資公司因未匯出盈利而產生之應付股息暫繳稅確認任何遞延稅項。董事認為，此等附屬公司、聯營公司及合資公司在可見未來不大可能分派此等盈利。於報告期末，有關於中國內地的附屬公司、合資公司及聯營公司之投資，並未有產生重大暫時差額(二零一八年：無)。

本公司向其股東支付的股息並無附有所得稅後果。

32. DEFERRED TAXATION (continued)

Deferred Tax Liabilities (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2019, no deferred tax has been recognised for withholding dividend taxes that would be payable on the unremitted earnings that are subject to withholding dividend taxes of the Group's subsidiaries, associate, and joint ventures established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries, associate and joint ventures will distribute such earnings in the foreseeable future. There was no significant temporary difference associated with investments in subsidiaries, joint ventures and associate in Mainland China at the end of the reporting period (2018: Nil).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

33. 股本

33. SHARE CAPITAL

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
法定：	Authorised:		
13,000,000,000 (二零一八年： 10,000,000,000)股每股 面值0.10港元之普通股	13,000,000,000 (2018: 10,000,000,000) ordinary shares of HK\$0.10 each	1,300,000	1,000,000
已發行及繳足：	Issued and fully paid:		
6,574,390,058 (二零一八年： 6,574,390,058)股每股 面值0.10港元之普通股	6,574,390,058 (2018: 6,574,390,058) ordinary shares of HK\$0.10 each	657,439	657,439

於截至二零一九年及二零一八年十二月三十一日止年度內，本公司已發行普通股概無變動。根據本公司日期為二零一九年六月二十六日股東大會通過的決議案，本公司法定股本已增加至1,300,000,000港元(分為13,000,000,000股股份)。

本公司已發行股本之變動概述如下：

There were no movements in the Company's issued ordinary shares during the years ended 31 December 2019 and 2018. The authorised share capital of the Company was increased to HK\$1,300,000,000 divided into 13,000,000,000 Shares pursuant to the resolutions passed in the general meeting of Company dated 26 June 2019.

A summary of movements in the Company's issued share capital is as follows:

		已發行 股份數目 Number of shares in issue	股本 Share capital 千港元 HK\$'000	股份溢價 賬目 Share premium account 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日、 二零一八年 十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日	As at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019				
		6,574,390,058	657,439	1,560,077	2,217,516

34. 購股權

於二零一七年十二月四日，本公司股東批准購股權計劃(「該計劃」)。根據該計劃，本公司可授出購股權予本集團及任何主要股東之董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴(「合資格參與者」)，以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i) 股份於購股權提呈日期於聯交所每日報價表所列於主板的收市價；(ii) 股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板的平均價；及(iii) 股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

合資格參與者須於購股權授出日期起至指定行使日期止期間於本集團或主要股東任職，方可行使購股權。

各合資格人士於要約日期屆滿前十二個月期間內因行使其獲授購股權而獲發行及將獲發行的股份總數，不得超過本集團已發行股本1%。倘向本集團主要股東或獨立非執行董事(或彼等各自的任何聯繫人)授出任何購股權而導致在截至授出日期(包括該日)止任何十二個月期間內，上述人士已獲授及將獲授的全部購股權(包括已行使、已註銷及尚未行使的購股權)獲行使而發行及將予發行的證券數目，(i) 合共超過相關類別已發行證券的0.1%；及(ii) (倘證券於聯交所上市)根據證券於各授出日期收市價計算的總值超過5,000,000港元，該額外授出購股權須經本集團股東批准。

34. SHARE OPTIONS

On 4 December 2017, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group and any substantial shareholder, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other term conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group or substantial shareholder from the grant date of the share options up to the designated exercise date.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person in the twelve-month period expiring on the offer date must not exceed 1% of the issued share capital of the Group. Where any grant of options to a substantial shareholder or an independent non-executive director of the Group, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the relevant class of securities in issue; and (ii) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by shareholders of the Group.

34. 購股權(續)

34. SHARE OPTIONS (continued)

截至二零一九年十二月三十一日止年度

For the year ended 31 December 2019

	於2019年 1月1日 持有	年內授出 之購股權	年內行使 之購股權	年內註銷 之購股權	年內失效 之購股權	年內轉讓	於2019年 12月31日 持有	行使價 (附註) 港元
	Held at 1 January 2019	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options lapsed during the year	Transfer during the year	Held at 31 December 2019	Exercise price (note) HK\$
(A) 僱員								
Employees	146,400,000	-	-	-	-	17,000,000	163,400,000	0.4
	40,000,000	-	-	-	-	-	40,000,000	0.5
	-	200,000,000	-	(50,000,000)	-	-	150,000,000	0.3
(B) 董事								
Directors								
沈世捷	30,000,000	-	-	-	-	-	30,000,000	0.4
Shum Sai Chit								
池碧芬*	20,000,000	-	-	-	-	(20,000,000)	-	0.4
Chi Bi Fen*								
池靜超†	-	-	-	-	-	3,000,000	3,000,000	0.4
Chi Jing Chao†								
孟健	5,000,000	-	-	-	-	-	5,000,000	0.4
Meng Jian								
譚偉豪太平紳士	5,000,000	-	-	-	-	-	5,000,000	0.4
Tam Wai Ho, Samson J P								
鄺炳文	5,000,000	-	-	-	-	-	5,000,000	0.4
Kwong Ping Man								
張省本	5,000,000	-	-	-	-	-	5,000,000	0.4
Cheung Sound Poon								
關毅傑	5,000,000	-	-	-	-	-	5,000,000	0.4
Kwan Ngai Kit								
	221,400,000	-	-	-	-	-	221,400,000	0.4
	40,000,000	-	-	-	-	-	40,000,000	0.5
	-	200,000,000	-	(50,000,000)	-	-	150,000,000	0.3
	261,400,000	200,000,000	-	(50,000,000)	-	-	411,400,000	-

* 於二零一九年六月二十六日辭任

* resigned on 26 June 2019

† 於二零一九年六月二十七日獲委任

† appointed on 27 June 2019

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

34. 購股權(續)

截至二零一八年十二月三十一日止年度

34. SHARE OPTIONS (continued)

For the year ended 31 December 2018

	於2018年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	於2018年 12月31日 持有	行使價 (附註) 港元
	Held at 1 January 2018	Options granted during the year	Options exercised during the year	Options lapsed during the year	Held at 31 December 2018	Exercise price (note) HK\$
(A) 僱員						
Employees	-	146,400,000	-	-	146,400,000	0.4
	-	40,000,000	-	-	40,000,000	0.5
(B) 董事						
Directors						
沈世捷	-	30,000,000	-	-	30,000,000	0.4
Shum Sai Chit						
池碧芬	-	20,000,000	-	-	20,000,000	0.4
Chi Bi Fen						
孟健	-	5,000,000	-	-	5,000,000	0.4
Meng Jian						
譚偉豪太平紳士	-	5,000,000	-	-	5,000,000	0.4
Tam Wai Ho, Samson J P						
鄭炳文	-	5,000,000	-	-	5,000,000	0.4
Kwong Ping Man						
張省本	-	5,000,000	-	-	5,000,000	0.4
Cheung Sound Poon						
關毅傑	-	5,000,000	-	-	5,000,000	0.4
Kwan Ngai Kit						
	-	221,400,000	-	-	221,400,000	0.4
	-	40,000,000	-	-	40,000,000	0.5
	-	261,400,000	-	-	261,400,000	

34. 購股權(續)

於二零一九年十二月三十一日，尚未行使購股權有以下屆滿日期、行使期及行使價。

34. SHARE OPTIONS (continued)

Options outstanding at 31 December 2019 have the following expiry date, exercise period and exercise prices.

頒授日期 Grant date	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Options
二零一八年四月二十五日 25 April 2018	二零二三年十二月二十九日 29 December 2023	自二零一八年十一月一日起至 二零二三年十二月二十九日 From 1 November 2018 to 29 December 2023	0.4	221,400,000
二零一八年四月二十五日 25 April 2018	二零二零年十二月三十一日 31 December 2020	自二零一九年一月一日起至 二零二零年十二月三十一日 From 1 January 2019 to 31 December 2020	0.5	40,000,000
二零一九年七月二十五日 25 July 2019	二零二二年八月三十一日 31 August 2022	自二零一九年九月一日起至 二零二二年八月三十一日 From 1 September 2019 to 31 August 2022	0.3	140,000,000
二零一九年七月二十五日 25 July 2019	二零二零年八月三十一日 31 August 2020	自二零一九年九月一日起至 二零二零年八月三十一日 From 1 September 2019 to 31 August 2020	0.3	10,000,000
				411,400,000

於本年報日期，該計劃項下可供發行之本公司股份總數（包括上述尚未行使購股權）為858,790,058股，相當於本公司當日已發行股本約13%。該計劃之餘下年期約為8年，並將於二零二七年十二月四日屆滿。

As at the date of the annual report, the total number of Shares of the Company available for issue under the Scheme (including the above Options outstanding not yet exercised) was 858,790,058, representing approximately 13% of the issued share capital of the Company as of the date thereof. The remaining life of the Scheme is approximately 8 years and to be expired on 4 December 2027.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

34. 購股權(續)

截至二零一九年十二月三十一日止年度所授出之購股權，使用二項式期權定價模式(二零一八年：柏力克-舒爾斯期權定價模式)釐定公允值為約13,509,000港元(二零一八年：21,558,000港元)。輸入該估值模式的重要計算因素為於授出日期的股價0.285港元(二零一八年：0.325港元)(已就股份分拆的影響作出調整)、上述行使價、預期股價波動介於46.729%至54.568%(二零一八年：42.107%至47.596%)、年度無風險利率1.459%至1.758%(二零一八年：1.561%至1.999%)。約1.10至3.10年(二零一八年：1.52至5.68年)預計購股權年期及股息收益率1.64(於二零一八年之派息比率：無)。按預期股價回報的標準偏差而計量的波幅，乃根據由二零一零年十二月三十一日至二零一九年七月二十五日(二零一八年：二零一二年十月二十四日至二零一八年四月二十五日)的每日股價的統計分析計算得出。截至二零一九年十二月三十一日止年度，約19,415,000港元(二零一八年：8,364,000港元)已計入綜合損益及其他全面收益表內。

35. 儲備

本集團於本年度及過往期間之儲備金額及其變動呈列於財務報表第69頁之綜合權益變動表內。

於二零一九年十二月三十一日，本公司可供分派儲備(根據一九八一年百慕達公司法(經修訂)(「公司法」)計算)為1,074,492,000港元(二零一八年：1,188,735,000港元)。根據公司法，本公司的實繳盈餘亦可供分派予股東。如會導致本公司無法償還到期負債或其資產的可變現價值因此低於其負債，則不會以實繳盈餘派付股息或作出分派。

34. SHARE OPTIONS (continued)

The fair value of Options granted during the year ended 31 December 2019 determined using the Binomial Option Pricing model (2018: Black-Scholes valuation model) was approximately HK\$13,509,000 (2018: HK\$21,558,000). The significant inputs into the model were share price of HK\$0.285 (2018: HK\$0.325), at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 46.729% to 54.568% (2018: 42.107% to 47.596%), annual risk-free interest rate of 1.459% to 1.758% (2018: 1.561% to 1.999%). Expected life of Options of approximately 1.10 to 3.10 years (2018: 1.52 to 5.68 years) and dividend yield of 1.64 (dividend payout ratio in 2018: Nil). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 December 2010 to 25 July 2019 (2018: 24 October 2012 to 25 April 2018). During the year ended 31 December 2019, approximately HK\$19,415,000 (2018: HK\$8,364,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and prior period are presented in the consolidated statement of changes in equity on page 69 of the financial statements.

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) ("Companies Act") amounted to HK\$1,074,492,000 (2018: HK\$1,188,735,000). Under the Companies Act, the Company's contributed surplus of the Company is also available for distribution to the Shareholders. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

35. 儲備(續)

本集團之特別儲備指根據一九九三年本公司之股份上市前所進行之本集團重組而收購之附屬公司股份之面值，為交換此等股份而發行之本公司股份面值之差額。

36. 擁有重大非控制性權益之部分擁有附屬公司

下表列示上述附屬公司財務資料概要。披露之金額尚未作出內部各公司間的沖銷：

自二零一八年一月一日起至二零一八年七月三十一日(完成出售部分擁有之附屬公司日期)止期間

35. RESERVES (continued)

The Group's special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1993, and the nominal value of the Company's shares issued in exchange therefor.

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

From 1 January 2018 to 31 July 2018 (date of completion of the disposal of partly - owned subsidiaries)

		中大訊通 千港元 HK\$'000	廣州通雲 千港元 HK\$'000
其他收入	Other income	2,686	2,005
支出總額	Total expenses	1,624	2,888
本期間之溢利/(虧損)及 本期間之全面 溢利/(虧損)總額	Profit/(loss) for the period and total comprehensive profit/(loss) for the period	1,062	(883)
流動資產	Current assets	757	542
流動負債	Current liabilities	52,519	36,477
經營業務之現金流入/ (流出)淨額	Net cash flows generated from/ (used in) operating activities	551	(144)
投資業務之現金流入淨額	Net cash flows used in investing activities	(567)	-
融資業務之現金流入淨額	Net cash flows generated from financing activities	3	1
現金及現金等值項目之 減少淨額	Net decrease in cash and cash equivalents	(13)	(143)

本年度出售部分擁有附屬公司。

The party-owned subsidiaries were disposal during the year.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

37. 融資業務所產生負債之對賬

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		應付一名 附屬公司 非控制股東 及股東之款項 Due to a non- controlling shareholders of a subsidiary and shareholders 千港元 HK\$'000	借款 Borrowings 千港元 HK\$'000	可換股債券 Convertible bond 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一九年一月一日	As at 1 January 2019	183,152	376,627	350,336	910,115
融資現金流量	Financing cash flow	(86,924)	107,995	-	72,607
匯兌重列	Exchange realignment	-	2,596	-	2,596
其他非現金變動： 應付利息	Other non-cash movement: Interest payable	16,800	224	34,736	224
於二零一九年十二月三十一日 的債務淨額	Net debt as at 31 December 2019	113,028	487,442	385,072	985,542

		應付一名 附屬公司 非控制股東 以及股東之款項 Due to a non- controlling shareholders of a subsidiary and shareholders 千港元 HK\$'000	借款 Borrowings 千港元 HK\$'000	可換股債券 Convertible bond 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	344,206	462,082	318,684	1,124,972
融資現金流量	Financing cash flow	(61,423)	(51,520)	47,021	(65,922)
出售已終止經營業務	Disposal discontinued operations	(115,000)	(22,000)	-	(137,000)
匯兌重列	Exchange realignment	-	(11,935)	-	(11,935)
其他非現金變動： 應付利息	Other non-cash movement: Interest payable	15,369	-	(15,369)	-
於二零一八年十二月三十一日 的債務淨額	Net debt as at 31 December 2018	183,152	376,627	350,336	910,115

38. 非現金交易

主要非現金交易：

- (i) 截至二零一九年十二月三十一日止年度，出售物業、廠房及設備之合約代價對合約負債約5,022,000港元。

39. 資產抵押

本集團以某些資產作為抵押的借款的詳情見附註14、15、16、24及27。

40. 承擔

本集團於報告期末亦有下列資本承擔：

38. NON-CASH TRANSACTION

Major non-cash transaction:

- (i) Disposal of property, plant and equipment with consideration in contrast to contract liabilities of approximately HK\$5,022,000 during the year ended 31 December 2019.

39. PLEDGE OF ASSETS

Details of the Group's borrowings, which are secured by certain assets of the Group, are included in notes 14, 15, 16, 24 and 27.

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

		二零一九年 2019 千港元 HK\$'000	二零一八年 2018 千港元 HK\$'000
已訂約但未作撥備： 物業、廠房及設備	Contracted, but not provided for: Property, plant and equipment	25,746	18,629

41. 重大關連人士交易

- (a) 除在此等財務報表其他章節詳述的交易外，於年內，本集團有下列重大關連人士交易：

41. MATERIAL RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	附註 Notes	截至二零一九年 十二月三十一日 止年度 Year ended 31 December 2019 千港元 HK\$'000	截至二零一八年 十二月三十一日 止年度 Year ended 31 December 2018 千港元 HK\$'000
向直接控股公司支付之 管理費	Management fee paid to an intermediate holding company (i)	1,200	1,200

附註：

- (i) 向直接控股公司支付之管理費按每月100,000港元(二零一八年：100,000港元)收取。

Notes:

- (i) The management fee paid to an intermediate holding company was charged at a monthly rate of HK\$100,000 (2018:HK\$100,000).

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

41. 重大關連人士交易(續)

- (b) 本集團主要管理人員報酬：

董事袍金及酬金進一步詳情載於財務報表附註8。

上文第(a)(i)項之關連人士交易亦構成上市規則第14A章定義的關連交易。

- (c) 於二零一九年十二月三十一日，應付一名股東之款項約為113,028,000港元(二零一八年：183,152,000港元)。該款項為無抵押、免息及毋需於12個月內償還(附註29)。

41. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) Compensation of key management personnel of the Group:

Further details of directors' fee and emoluments are included in note 8 to the financial statements.

The related party transaction in respect of items (a)(i) above also constitute connected transaction as defined in Chapter 14A of the Listing Rules.

- (c) As at 31 December 2019, the amount due to a shareholder is approximately HK\$113,028,000 (2018: HK\$183,152,000). The amount is unsecured, non-interest bearing and are not repayable within 12 months (note 29).

42. 按類別劃分之金融工具

各類別金融工具於報告期末之賬面值如下：

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

二零一九年十二月三十一日 31 December 2019		按攤銷 成本計量之 金融資產 Financial assets at amortised cost 千港元 HK\$'000
金融資產	Financial assets	
應收貿易賬款及應收票據	Trade and bills receivables	151,471
列為按金及其他應收 款項之金融資產	Financial assets included in deposits and other receivables	6,729
已抵押銀行存款	Pledged bank deposits	16,877
現金及現金等值項目	Cash and cash equivalents	254,813
		429,890
金融負債	Financial liabilities	按攤銷成本 計量之 金融負債 Financial liabilities at amortised cost 千港元 HK\$'000
應付貿易賬款	Trade payables	47,993
列為其他應付款項及應計費用之 金融負債	Financial liabilities included in other payables and accruals	25,211
借款	Borrowings	487,442
應付一名股東之款項	Amount due to a shareholder	113,028
可換股債券	Convertible bond	385,072
		1,058,746

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

42. 按類別劃分之金融工具(續)

42. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

二零一八年十二月三十一日 31 December 2018		按攤銷 成本計量之 金融資產 Financial assets at amortised cost 千港元 HK\$'000
金融資產	Financial assets	
應收貿易賬款及應收票據 列為按金及其他應收款項 之金融資產	Trade and bills receivables Financial assets included in deposits and other receivables	217,980 64,462
已抵押銀行存款	Pledged bank deposits	24,732
現金及現金等值項目	Cash and cash equivalents	131,276
		438,450
金融負債	Financial liabilities	按攤銷成本 計量之 金融負債 Financial liabilities at amortised cost 千港元 HK\$'000
應付貿易賬款 列為其他應付款項及應計費用之 金融負債	Trade payables Financial liabilities included in other payables and accruals	41,849 48,570
借款	Borrowings	376,627
應付一名股東之款項	Amount due a shareholder	183,152
可換股債券	Convertible bond	350,336
		1,000,534

43. 金融工具之公平值及公平值等級

管理層已評估本集團之金融資產及負債之公平值結餘與賬面值相若，此乃頗大程度由於此等工具將於短期內到期。

於二零一九年十二月三十一日，本集團概無任何按公平值計量之金融負債(二零一八年按公平值計量之金融資產及負債：無)。

於本年度內，金融資產及金融負債第1級與第2級公平值計量之間並無轉移，第3級亦並無轉入或轉出(二零一八年：無)。

44. 財務風險管理目標及政策

本集團主要金融工具包括應收貿易賬款及應收票據、按金及其他應收款項、現金及現金等值項目、已抵押銀行存款、應付貿易賬款、其他應付款項及應計費用、借款，以及應付一名非控股股東之款項及可換股債券。

本集團金融工具產生的主要風險為信貸風險、流動資金風險及外幣風險。董事會檢討及同意管理此類風險的政策，概述如下：

信貸風險

本集團僅與認可且信譽良好的第三方進行交易。本集團的政策規定，所有欲以信貸條款進行交易的客戶均須遵守信貸驗證程序。此外，本集團持續監控應收款項結餘，而本集團的壞賬風險屬不重大。對於非以相關營運單位的功能貨幣計值的交易，未經信貸控制主管的特別批准，本集團不會提供信貸條款。

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of the Group's financial assets and liabilities, the balance were approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group did not have any financial liabilities measured at fair value as at 31 December 2019 (2018 financial assets and liabilities measured at fair value: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise trade and bills receivables, deposits and other receivables, cash and cash equivalents, pledged bank deposits, trade payables, other payables and accruals, borrowings, and amount due to a non-controlling shareholder and convertible bonds.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

44. 財務風險管理目標及政策

(續)

信貸風險(續)

於二零一九年十二月三十一日的最大風險敞口及年終階段

下表顯示根據本集團信貸政策的信貸質量及最大信貸風險敞口，其主要基於過往逾期資料，惟其他資料為毋需付出不必要的成本或努力即可取得的資料則除外，以及截至二零一九年一月一日及二零一九年十二月三十一日的年終階段分類。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 1 January 2019 and 31 December 2019.

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零一九年 十二月三十一日	31 December 2019			
即期(未逾期)	Current (not past due)	1.038%	148,830	1,545
逾期少於1年	Less than 1 year past due	100%	181	181
			149,011	1,726

44. 財務風險管理目標及政策 (續)

信貸風險(續)

於二零一八年十二月三十一日的最大風險敞口及年終階段

下表顯示根據本集團信貸政策的信貸質量及最大信貸風險敞口，其主要基於過往逾期資料，惟其他資料為毋需付出不必要的成本或努力即可取得的資料則除外，以及截至二零一八年一月一日及二零一八年十二月三十一日的年終階段分類。

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
二零一八年 十二月三十一日	31 December 2018			
即期(未逾期)	Current (not past due)	0.064%	211,308	135
逾期少於1年	Less than 1 year past due	100%	3,409	3,409
			214,717	3,544

流動資金風險

本集團以經常性流動資金規劃工具監察其資金短缺風險。該工具審議其金融工具及金融資產(如應收貿易賬款)之到期情況，並預測經營業務之現金流量情況。

本集團運用銀行借款及銀行信貸額，致力在資金持續性及靈活性中間取得平衡。本集團於二零一九年十二月三十一日一年內到期之銀行借款乃根據賬面值反映於財務報表內。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 1 January 2018 and 31 December 2018.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and banking facilities. The Group's bank borrowings would mature in less than one year as at 31 December 2019 based on the carrying value of borrowings reflected in the financial statements.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

44. 財務風險管理目標及政策

(續)

流動資金風險(續)

於報告期末，以已訂約未貼現款項為基準，本集團金融負債之還款期概況如下：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

		二零一九年十二月三十一日 31 December 2019				
		加權平均 實際利率 Weighted average effective interest rate	少於一年 Less than 1 year 千港元 HK\$'000	超過一年 Over 1 year 千港元 HK\$'000	未貼現現 金流量總額 Total undiscounted cash flows 千港元 HK\$'000	總計 Total 千港元 HK\$'000
		%	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
應付貿易賬款	Trade payables	-	47,993	-	47,993	47,993
列為其他應付款項及 應計費用之金融負債	Financial liabilities included in other payables and accruals	-	25,211	-	25,211	25,211
借款	Borrowings	7.33	335,730	193,250	528,980	487,442
應付一名股東之款項	Amount due to a shareholder	-	-	113,028	113,028	113,028
可換股債券	Convertible bond	14.28	399,209	-	399,209	385,072
			808,143	306,278	1,114,421	1,058,746

		二零一八年十二月三十一日 31 December 2018				
		加權平均 實際利率 Weighted average effective interest rate	少於一年 Less than 1 year 千港元 HK\$'000	超過一年 Over 1 year 千港元 HK\$'000	未貼現現 金流量總額 Total undiscounted cash flows 千港元 HK\$'000	總計 Total 千港元 HK\$'000
		%	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
應付貿易賬款	Trade payables	-	41,849	-	41,849	41,849
列為其他應付款項及 應計費用之金融負債	Financial liabilities included in other payables and accruals	-	48,570	-	48,570	48,570
借款	Borrowings	6.18	88,916	339,429	428,345	376,627
應付一名股東之款項	Amount due to a shareholder	-	-	183,152	183,152	183,152
可換股債券	Convertible bond	14.28	-	377,211	377,211	350,336
			179,335	899,792	1,079,127	1,000,534

44. 財務風險管理目標及政策 (續)

外幣風險

下表顯示在其他變數維持不變的情況下，人民幣匯率之合理可能變動，對報告期末時本集團稅前溢利之敏感度(因貨幣性資產及負債之公平值變動所致)。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

		變動百分比	稅前溢利之 變動	增加/ (減少)權益*
		Change in rate	Change in profit before tax	Increase/ (decrease) in equity*
		%	千港元	千港元
		%	HK\$'000	HK\$'000
二零一九年十二月 三十一日	31 December 2019			
若港元兌以下貨幣 匯率貶值：	If the Hong Kong dollar weakens against:			
人民幣	Renminbi	4	13,594	—
若港元兌以下貨幣 匯率升值：	If the Hong Kong dollar strengthens against:			
人民幣	Renminbi	4	(13,594)	—
二零一八年十二月 三十一日	31 December 2018			
若港元兌以下貨幣 匯率貶值：	If the Hong Kong dollar weakens against:			
人民幣	Renminbi	4	13,274	—
若港元兌以下貨幣 匯率升值：	If the Hong Kong dollar strengthens against:			
人民幣	Renminbi	4	(13,274)	—

* 不包括累計虧損

* Excluding accumulated losses

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

44. 財務風險管理目標及政策

(續)

資本管理

本集團之資本管理，主要目標乃保障本集團能持續經營，並維持健康之資本比率，以支持其業務及提高股東價值。

本集團管理其資本架構，並因應經濟狀況之變動及資產風險特性作出調整。在保持或調整其資本架構時，本集團或會向股東退回資本或發行新股份。於截至二零一九年十二月三十一日及二零一八年十二月三十一日止年度，其目標、政策或程序並無變動。

本集團以流動比率(流動資產除以流動負債)監察資本。本集團之政策為使流動比率維持超過一。報告期末時之流動比率如下：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a current ratio, which is current assets divided by current liabilities. The Group's policy is to maintain the current ratio over one. The current ratios as at the end of the reporting periods were as follows:

		截至二零一九年 十二月三十一日 止年度 Year ended 31 December 2019 千港元 HK\$'000	截至二零一八年 十二月三十一日 止年度 Year ended 31 December 2018 千港元 HK\$'000
流動資產	Current assets	888,298	689,070
流動負債	Current liabilities	804,577	172,078
流動比率	Current ratio	1.10	4.01

45. 本公司之財務狀況表

本公司於報告期末之財務狀況表資料如下：

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

		二零一九年 十二月三十一日 31 December 2019 千港元 HK\$'000	二零一八年 十二月三十一日 31 December 2018 千港元 HK\$'000
非流動資產	NON-CURRENT ASSET		
附屬公司之投資	Investments in subsidiaries	1,752,000	1,752,000
流動資產	CURRENT ASSETS		
應收附屬公司款項	Amounts due from subsidiaries	1,135,546	743,976
預付款項	Prepayments	830	720
其他應收款	Other receivable	28	56,021
現金及銀行結餘	Cash and bank balances	108,778	270
流動資產總額	Total current assets	1,245,182	800,987
流動負債	CURRENT LIABILITIES		
其他應付款項及應計費用	Other payables and accruals	3,067	1,657
銀行借款	Bank borrowings	32,872	—
其他借款	Other borrowings	179,020	—
可換股債券	Convertible bond	385,072	—
流動負債總值	Total current liabilities	600,031	1,657
流動資產淨值	NET CURRENT ASSETS	645,151	799,330
資產總值減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	2,397,151	2,551,330

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零一九年十二月三十一日止年度 For the year ended 31 December 2019

45. 本公司之財務狀況表(續)

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(continued)

		二零一九年 十二月三十一日 31 December 2019 千港元 HK\$'000	二零一八年 十二月三十一日 31 December 2018 千港元 HK\$'000
非流動負債	NON-CURRENT LIABILITIES		
借款	Borrowing	93,454	160,147
應付最終控股公司款項	Amount due to ultimate holding company	565,767	182,942
遞延稅項負債	Deferred tax liability	5,999	11,731
可換股債券	Convertible bond	—	350,336
		665,220	705,156
資產淨值	Net assets	1,731,931	1,846,174
股權	EQUITY		
已發行股本	Issued capital	657,439	657,439
儲備(附註)	Reserves (note)	1,074,492	1,188,735
股權總額	Total equity	1,731,931	1,846,174

財務報表於二零二零年四月十六日經董事會審批及授權刊印，並由下列董事代表簽署：

The financial statement was approved and authorised for issue by the board of directors on 16 April 2020 and was signed on its behalf by:

沈世捷先生
Mr. Shum Sai Chit
董事
Director

池靜超先生
Mr. Chi Jing Chao
董事
Director

45. 本公司之財務狀況表(續)

附註：

本公司之儲備概要如下：

		股份溢價賬 Share premium account 千港元 HK\$'000	繳入盈餘 Contributed surplus 千港元 HK\$'000	資本贖回儲備 Capital redemption reserve 千港元 HK\$'000	可換股債券 股權儲備 Convertible bond equity reserve 千港元 HK\$'000	購股權儲備 Share option reserve 千港元 HK\$'000	累計虧損 Accumulated losses 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	1,560,077	21,976	419	86,548	-	(488,885)	1,180,135
年度虧損及全面虧損總額	Loss and total comprehensive loss for the year	-	-	-	-	-	233	233
股權結算股份付款之交易	Equity settled share-based transaction	-	-	-	-	8,367	-	8,367
於二零一八年十二月三十一日 及二零一九年一月一日	As at 31 December 2018 and 1 January 2019	1,560,077	21,976	419	86,548	8,367	(488,652)	1,188,735
年度虧損及全面虧損總額	Loss and total comprehensive loss for the year	-	-	-	-	-	(100,786)	(100,786)
已付股息	Dividend paid	-	-	-	-	-	(32,872)	(32,872)
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	19,415	-	19,415
於二零一九年十二月三十一日	As at 31 December 2019	1,560,077	21,976	419	86,548	27,782	(622,310)	1,074,492

本公司之繳入盈餘指根據一九九三年本公司之股份上市前所進行之集團重組而收購之附屬公司股份之公平值超逾為交換此等股份而發行之本公司股份面值之部份。根據一九八一年百慕達公司法，一間公司可在若干情況下，以繳入盈餘賬內之款項向其成員作出分派。

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY
(continued)

Note:

A summary of the Company's reserves is as follows:

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1993, over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, a company may make distributions to its members out of the contributed surplus in certain circumstances.

46. 報告期後事項

自二零二零年年初起爆發的二零一九年冠狀病毒疾病(「COVID-19」)為全球宏觀經濟形勢帶來了更多不確定因素。儘管面臨挑戰,然而各國政府及國際組織已實施一系列措施以抑制疫情。本公司董事將密切關注疫情發展並評估疫情對本集團運營的影響。

於二零二零年一月十五日,可換股債券現有持有人協定將可換股債券的到期日再延期三年至二零二三年一月三十一日,惟須遵守本公司作出的若干承諾。本金額為420,000,000港元的可換股債券延期至二零二三年一月三十一日,惟須獲得本公司獨立股東於二零二零年三月十一日批准。可換股債券之利率由每年4%改為每年3%,由(及包括)二零二零年十二月一日起至(及不包括)二零二三年一月三十一日止。該等詳情載於本公司日期為二零二零年二月十八日及二零二零年三月十一日的公告。

47. 比較數據

若干比較數據已重新分類以與本年度之呈列一致。

48. 授權刊印綜合財務報表

綜合財務報表於二零二零年四月十六日已獲得董事會批准及授權刊印。

46. EVENTS AFTER THE REPORTING PERIOD

The coronavirus disease 2019 ("COVID-19") outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. Despite the challenges, governments and international organisations have implemented a series of measures to contain the epidemic. The directors of the Company will closely monitor the development of the epidemic and assess its impact on the operation of the Group.

On 15 January 2020, the existing holders of the Convertible Bonds agreed to extend the maturity date, subject to the certain undertakings given by the Company, for a further three years to 31 January 2023. Convertible Bonds with principal amount of HK\$420,000,000 were extended to 31 January 2023, subject to the approval from the independent shareholders of Company on 11 March 2020. The interest rate of Convertible Bonds will be changed from 4% per annum to 3% per annum from (and including) 1 December 2020 thereof up to (and excluding) 31 January 2023. Details of these are set out in the Company's announcements dated 18 February 2020 and 11 March 2020.

47. COMPARATIVES

Certain comparative amounts have been reclassified to conform with current year's presentation.

48. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 16 April 2020.

本概要並非組成經審核財務報表之其中一部份。

This summary does not form part of the audited financial statements.

業績

RESULTS

		截至 二零一六年 三月 三十一日 止年度 For the year ended 31 March 2016 千港元 HK\$'000	二零一六年 四月一日至 二零一六年 十二月 三十一日 期間 For the period from 1 April 2016 to 31 December 2016 千港元 HK\$'000	截至 二零一七年 十二月 三十一日 止年度 For the year ended 31 December 2017 千港元 HK\$'000	截至 二零一八年 十二月 三十一日 止年度 For the year ended 31 December 2018 千港元 HK\$'000 (經重列) (Restated) 附註(ii) Note(ii)	截至 二零一九年 十二月 三十一日 止年度 For the year ended 31 December 2019 千港元 HK\$'000
持續經營業務	Continuing operations					
收入	Revenue	139,537	1,122,905	1,158,260	1,537,781	1,515,291
稅前溢利	Profit before tax	265	215,163	233,073	267,526	263,128
所得稅	Income tax	-	(56,811)	(55,291)	(49,835)	(53,396)
本年度／期間來自持續 經營業務溢利	Profit for the year/period from continuing operations	265	158,352	177,782	217,691	209,732
來自已終止經營業務之溢利	Profit from discontinued operations	-	-	6,285	68,169	-
本年度／期間溢利	Profit for the year/period	265	158,352	184,067	285,860	209,732
應佔溢利／(虧損)：	Profit/(Loss) attributable to:					
本公司股權持有人	Equity holders of the Company	268	137,061	168,320	285,772	209,732
非控制性權益	Non-controlling interests	(3)	21,291	15,747	88	-
本年度／期間溢利	Profit for the year/period	265	158,352	184,067	285,860	209,732

財務概要(續)
FINANCIAL SUMMARY (CONTINUED)

資產與負債

ASSETS AND LIABILITIES

		於 二零一六年 十二月 三十一日 As at 31 March 2016 千港元 HK\$'000 附註 (i) Note (i)	於 二零一六年 十二月 三十一日 As at 31 December 2016 千港元 HK\$'000 附註 (i) Note (i)	於 二零一七年 十二月 三十一日 As at 31 December 2017 千港元 HK\$'000 附註 (i) Note (i)	於 二零一八年 十二月 三十一日 As at 31 December 2018 千港元 HK\$'000 附註 (i) Note (i)	於 二零一九年 十二月 三十一日 As at 31 December 2019 千港元 HK\$'000
資產總值	Total assets	853,742	2,126,175	2,558,801	2,372,218	2,554,324
負債總額	Total liabilities	(367,240)	(967,240)	(1,435,557)	(1,101,001)	(1,166,437)
		486,502	1,158,935	1,123,244	1,271,217	1,387,887
本公司股權持有人 應佔股權	Equity attributable to equity holders of the Company	492,765	1,016,076	1,131,080	1,271,217	1,387,887
非控制性權益	Non-controlling interests	(6,263)	142,859	(7,836)	-	-
		486,502	1,158,935	1,123,244	1,271,217	1,387,887

附註：

- (i) 業績及資產與負債之比較數字乃按相應年度已刊發之往年年報而編製。
- (ii) 本集團之呈列猶如截至二零一八年十二月三十一日止年度之已終止經營業務於比較期初經已終止。

Note:

- (i) The comparative figures of the results and asset and liabilities have been prepared based on the previous annual report published in the corresponding years.
- (ii) The Group has re-presented as if the operation discontinued during the year ended 31 December 2018 had been discontinued at the beginning of the comparative period.





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REMT

稀镁科技集團控股有限公司
Rare Earth Magnesium Technology Group Holdings Limited

