



XIWANG SPECIAL STEEL COMPANY LIMITED 西王特鋼有限公司

(incorporated in Hong Kong with limited liability)
(於香港註冊成立之有限公司)

Stock Code 股份代號: 1266

ANNUAL REPORT 年報 2022



INFORMATION IN THIS REPORT 本報告內的資料

Unless otherwise stated or the context otherwise requires, this report was prepared based on the information available to the Company for the year ended 31 December 2022 or as at the date on which this report has been approved by the Board of the Company being 3 April 2023.

Subsequent to 3 April 2023 and before the latest practicable date prior to the printing of this report, Ms. Li Hai Xia resigned as the executive director of the Company with effect from 20 April 2023.

For further details, please refer to the announcement of the Company published on 20 April 2023.

除另有說明或文義另有所指外，本報告乃根據本公司於截至2022年12月31日止年度，或本公司董事會審議通過本報告的日期(即2023年4月3日)所得的資料編製。

於2023年4月3日後及本報告付印前的最後實際可行日期之前，李海霞女士於2023年4月20日起辭任本公司之執行董事。

詳情請參閱本公司於2023年4月20日刊發的公告。

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Xiwang Special Steel Company Limited, the Company, is a leading high-end special steel manufacturer with its primary operations located in Shandong Province of the PRC.

Founded in 2003, the Group was listed on the Main Board of the Stock Exchange on 23 February 2012. The Group's production base is located in Xiwang Industrial Area, Zouping, Shandong Province of China. The Group operates an integrated production process from iron smelting and steel smelting to secondary metallurgy, die casting, continuous casting and steel rolling. The Group's products consist of ordinary steel that is primarily used in buildings and infrastructures, as well as special steel that is used in high-speed rail, automobile, vessels, wind power, bearing and petrochemical, machinery and equipment sectors.

The Group possesses two production models, which are (1) steel scraps as raw materials for steel production through electric arc furnaces; (2) sintering furnace turning iron ores into sinter for blast furnaces to produce molten iron which was then converted into steel by converters. This provides the Group with more flexibility in production model, as the Group could control its cost and product mix through the utilisation of different raw materials.

The Group produced and sold ordinary steel and special steel and mainly traded raw materials, such as iron ore dust and pellet, during the Year. Ordinary steel mainly includes rebar and wire rod. Special steel includes quality carbon structural steel, alloy structural steel, bearing steel and ingots. Details are as follows:

1. ORDINARY STEEL

Rebar

Rebars are mainly used in building construction and infrastructure projects. The Group's rebar products have cross sectional diameters ranging from 12 millimetres to 40 millimetres.

Wire rod

The Group produces ribbed and plain wire rods, both of which have cross sectional diameters ranging from 5.5 millimetres to 14 millimetres. The Group's wire rod products are used in the construction and infrastructure sectors.

西王特鋼有限公司(本公司)是一家領先高端特鋼生產商，其主要業務位於中國山東省。

本集團於2003年創立，於2012年2月23日在聯交所主板上市。本集團的生產基地在中國山東省鄒平市西王工業園，擁有由煉鐵、煉鋼到二次冶金、模鑄、連鑄及軋鋼的一體化生產流程。本集團的產品包括主要用於建築及基建項目的普通鋼以及用於高鐵、汽車、海洋船舶、風電、軸承、石油化工、機械及設備領域的特鋼。

本集團擁有兩個生產模式：(1)以廢鋼作為原材料，通過電弧爐產鋼；(2)以鐵礦石在燒結爐轉化成燒結料後經高爐生產鐵水，再由轉爐製成鋼。本集團通過利用不同的原材料控制成本及產品組合，令本集團的生產模式更加靈活。

本集團於年內生產及銷售普通鋼及特鋼，並主要買賣鐵礦粉、球團礦等原材料。普通鋼主要包括棒材及線材，特鋼則包括優質碳素結構鋼、合金結構鋼、軸承鋼及鋼錠。詳細介紹如下：

1. 普通鋼

棒材

棒材主要用於建築及基建項目。本集團的棒材橫切面直徑介乎12毫米至40毫米。

線材

本集團生產帶肋及光圓線材，兩者的橫切面直徑均介乎5.5毫米至14毫米。本集團的線材用於建築及基建領域。

Company Profile (Continued) 公司簡介(續)

2. SPECIAL STEEL

Quality carbon structural steel

The Group's quality carbon structural steel products include steel bars and steel wires with cross sectional diameters ranging from 5.5 millimetres to 350 millimetres. Quality carbon structural steel contains less than 0.8% carbon and has less sulfur, phosphorus and non-metallic contents than that of ordinary carbon structural steel. Because of its higher purity, quality carbon structural steel has better mechanical properties, such as yield strength and tensile strength, than that of ordinary carbon structural steel. This product is mainly used for buildings and infrastructures.

Alloy structural steel

Alloy structural steel is mostly used in machineries. In order to get the desired steel properties, manganese, silicon, nickel, chromium and molybdenum are added to adjust the chemical composition. The Group's alloy structural steel products include steel bars with cross sectional diameters ranging from 5.5 millimetres to 350 millimetres.

Bearing steel

The Group produces bearing steel bars and wires with cross sectional diameters ranging from 5.5 millimetres to 150 millimetres. They are used in manufacturing rollers or ball bearings for automobile industry. The Group's bearing steel products are of relatively high level of purity and thus are harder in structure than ordinary steel.

Ingots

Ingots manufactured by the Company can be applied to the transportation, power and energy, petrochemical, oceanic engineering, space and aeronautics as well as weaponry industries. The Group's products include wide and thick slabs, round ingots, square ingots, rhombus ingots and hollow ingots weighting from 3 tonnes to 80 tonnes.

2. 特鋼

優質碳素結構鋼

本集團的優質碳素結構鋼產品包括棒材及線材(橫切面直徑介乎5.5毫米至350毫米)。優質碳素結構鋼的碳含量低於0.8%，所含硫、磷及非金屬含量亦低於普通碳素結構鋼。由於純度較高，優質碳素結構鋼力學性能(例如屈伸強度及拉伸強度)優於普通碳素結構鋼，主要用於建築及基建。

合金結構鋼

合金結構鋼主要用於機械。本集團添加錳、矽、鎳、鉻及鈿以改變合金結構鋼的化學成份，從而達到理想的鋼性能。本集團的合金結構鋼產品包括棒材(橫切面直徑介乎5.5毫米至350毫米)。

軸承鋼

本集團生產的軸承鋼棒及軸承鋼線的橫切面直徑介乎5.5毫米至150毫米，用於製造汽車業的滾筒或滾珠軸承。本集團的軸承鋼純度相當高，因而結構較普通鋼強。

鋼錠

本公司生產的鋼錠產品可用於交通運輸，能源電力、石油化工、海洋工程、航空航天及武器裝備等行業。本集團的產品包括寬厚板坯、圓錠、方錠、梭錠及空心錠等，規格從3噸至80噸。

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Jian (*Chairman and Chief Executive Officer*)
(appointed as Chairman with effect from 14 February 2023)
Mr. SUN Xinhu
Ms. LI Hai Xia (*Note*)
Mr. WANG Chaoqun (appointed with effect from 14 February 2023)

Non-executive Director

Mr. WANG Di (*Chairman*) (resigned with effect from
14 February 2023)

Independent Non-executive Directors

Mr. LEUNG Shu Sun Sunny
Mr. YU Kou
Mr. LI Bangguang

COMMITTEES

Audit Committee

Mr. LEUNG Shu Sun Sunny (*Chairman*)
Mr. YU Kou
Mr. LI Bangguang

Remuneration Committee

Mr. LI Bangguang (*Chairman*)
Mr. WANG Di (resigned with effect from 14 February 2023)
Mr. YU Kou
Mr. LEUNG Shu Sun Sunny (appointed with effect from
14 February 2023)

Nomination Committee

Mr. LI Bangguang (*Chairman*)
Mr. WANG Di (resigned with effect from 14 February 2023)
Mr. YU Kou
Mr. LEUNG Shu Sun Sunny (appointed with effect from
14 February 2023)

COMPANY SECRETARY

Ms. FUNG Nga Fong (appointed with effect from 6 May 2022)
Mr. YU Chi Kit (resigned with effect from 1 April 2022)

Note: Subsequent to 3 April 2023 and before the latest practicable date prior to the printing of this report, certain changes to the executive Director of the Company have taken place. Please refer to page 1 of this report.

董事會

執行董事

張健先生(主席及行政總裁)
(於2023年2月14日起獲委任為主席)
孫新虎先生
李海霞女士(附註)
王超群先生(於2023年2月14日起獲委任)

非執行董事

王棣先生(主席)(於2023年2月14日起辭任)

獨立非執行董事

梁樹新先生
于叩先生
李邦廣先生

委員會

審核委員會

梁樹新先生(主席)
于叩先生
李邦廣先生

薪酬委員會

李邦廣先生(主席)
王棣先生(於2023年2月14日起辭任)
于叩先生
梁樹新先生(於2023年2月14日起獲委任)

提名委員會

李邦廣先生(主席)
王棣先生(於2023年2月14日起辭任)
于叩先生
梁樹新先生(於2023年2月14日起獲委任)

公司秘書

馮雅芳女士(於2022年5月6日起獲委任)
余志傑先生(於2022年4月1日起辭任)

附註：於2023年4月3日後及本報告付印前的最後實際可行日期之前，本公司的執行董事發生若干變動，請參考本報告第1頁。

Corporate Information (Continued) 公司資料(續)

AUTHORIZED REPRESENTATIVES

Mr. WANG Di (resigned with effect from 14 February 2023)
Mr. ZHANG Jian (appointed with effect from 1 April 2022
and resigned with effect from 6 May 2022)
Mr. SUN Xihu (appointed with effect from 14 February 2023)
Mr. YU Chi Kit (resigned with effect from 1 April 2022)
Ms. FUNG Nga Fong (appointed with effect from 6 May 2022)

REGISTERED OFFICE

Unit 2110, 21/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

HEADQUARTERS

Xiwang Industrial Area
Zouping
Shandong Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2110, 21/F
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Agricultural Bank of China
Bank of Communications
China Zheshang Bank
Bank of Rizhao

授權代表

王棟先生(於2023年2月14日起辭任)
張健先生(於2022年4月1日起獲委任及
2022年5月6日起辭任)
孫新虎先生(於2023年2月14日起獲委任)
余志傑先生(於2022年4月1日起辭任)
馮雅芳女士(於2022年5月6日起獲委任)

註冊辦事處

香港灣仔
港灣道25號
海港中心
21樓2110室

總部

中華人民共和國
山東省
鄒平市
西王工業園

香港主要營業地點

香港灣仔
港灣道25號
海港中心
21樓2110室

主要往來銀行

中國銀行
中國農業銀行
交通銀行
浙商銀行
日照銀行

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

HONG KONG LEGAL ADVISER

Eversheds Sutherland
37/F, One Taikoo Place
Taikoo Place, 979 King's Road
Quarry Bay
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point
Hong Kong

INVESTOR RELATIONS CONTACT

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WEBSITE

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核數師

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香港法律顧問

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香港
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太古坊一座37樓

香港股份過戶登記處

寶德隆證券登記有限公司
香港
北角
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投資者關係聯絡

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網址

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FINANCIAL HIGHLIGHTS

財務摘要

		Year ended 31 December	
		截至12月31日止年度	
		2022	2021
		2022年	2021年
Sales volume of Steel (tonnes)	鋼材銷售量(噸)	2,459,638	2,964,119
Revenue (RMB'000)	營業額(人民幣千元)		
Ordinary Steel — Rebar	普通鋼 — 棒材	4,166,964	6,258,588
Ordinary Steel — Wire Rod	普通鋼 — 線材	1,778,968	3,156,303
Special Steel	特鋼	3,483,072	3,664,146
Trading of commodities and sales of by-products	商品貿易及副產品銷售	5,031,267	6,037,084
Total (RMB'000)	總計(人民幣千元)	14,460,271	19,116,121
Gross (loss)/profit (RMB'000)	毛(損)/利(人民幣千元)	(749,999)	783,956
Gross (loss)/profit per tonne	每噸毛(損)/利		
— Productions and sales of steel (RMB)	— 生產及銷售鋼材(人民幣)	(294)	239
(LBITDA)/EBITDA ⁽¹⁾ (RMB'000)	(利息、稅項、折舊及攤銷前虧損)/ 利息、稅項、折舊及攤銷前盈利 ⁽¹⁾ (人民幣千元)	(809,345)	946,358
(Loss)/profit attributable to owners (RMB'000)	擁有人應佔(虧損)/溢利(人民幣千元)	(1,328,792)	65,031
Basic and diluted (loss)/earnings per share (RMB)	每股基本及攤薄(虧損)/盈利(人民幣)	(56.09) cents分	2.74 cents分

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

董事會並無建議就截至2022年12月31日止年度派發末期股息(2021年:無)。

Note:

附註:

⁽¹⁾ (LBITDA)/EBITDA refers to (loss)/profit before tax plus finance cost, depreciation of property, plant and equipment and right-of-use assets and amortisation of other intangible assets.

⁽¹⁾ (利息、稅項、折舊及攤銷前虧損)/利息、稅項、折舊及攤銷前盈利指除稅前(虧損)/溢利加融資成本、物業、廠房及設備以及使用權資產折舊及其他無形資產攤銷。

CHAIRMAN'S STATEMENT 主席報告

Looking back on 2022, the entire steel industry of the PRC was in a complicated and severe international environment, under the all-round impact of the COVID-19 pandemic and downward pressure on economic operation beyond our expectation. The industry's performance was at a relatively low level in recent years. The decline in downstream demand led to a decline in both production and sales. The drop in steel prices and the longstanding high cost of raw materials and fuels had led to a significant decrease in profits.

We resolutely adhere to the plan of "prioritising stability and seeking progress in stability" deployed by the senior management, and actively respond to difficulties and challenges by fully discovering potentials based on standards, striving for a balance between production and sales, and vigorously promoting quality improvement, cost reduction and efficiency increase. Through analysis of standards, the Group has optimised its technical system and innovated the production process. Quality is improved and production costs are further reduced. We focus on the development of technical marketing, improving the supply capacity to the high-end market, actively developing new mid-to-high-end customers, buffering the impact of the decline in demand for ordinary steel, and facilitating transformation and upgrade.

The recent Central Economic Work Conference of the PRC specified the direction for China's economic development in 2023, emphasising the organic combination of implementing the strategy of expanding domestic demand and deepening the structural reforms on supply. The effect of the economic stabilisation policy in 2023 will support steel consumption. The Group will closely follow national policies and economic and industry development trends, combine our own advantages, vigorously carry out transformation, explore a new and more competitive and sustainable development model, and achieve new breakthrough in terms of lean operation, management, technological breakthroughs and green development in order to create greater value for shareholders and stakeholders.

ZHANG Jian
Chairman

3 April 2023

回顧2022年，中國整個鋼鐵行業處於形勢複雜嚴峻的國際環境中，受到COVID-19疫情的全方位衝擊和承受著經濟運行面臨的超預期下行壓力。行業效益表現位於近年來較低水平，下游需求下滑致產銷雙回落，鋼材價格下跌和原燃料成本長期高位運行致利潤顯著下降。

我們堅決貫徹高層「穩字當頭、穩中求進」的決策部署，從全面對標挖潛，力爭產銷平衡及大力推進提質降本增效方面入手積極應對困難和挑戰。通過對標分析，本集團技術系統優化並創新生產工藝，提升品質，進一步降低生產成本。重視技術營銷工作開展，提升向高端市場的供貨能力，積極開發中高端新客戶，緩衝普鋼需求下滑影響，助力轉型升級。

近期召開的中國中央經濟工作會議為2023年中國經濟發展指明了方向，強調實施擴大內需戰略同深化供給側結構性改革的有機結合，2023年穩經濟政策效應的釋放將支撐鋼鐵消費。本集團將緊跟國家政策及經濟和行業發展趨勢，結合自身優勢，大力走好轉型之路，探索新的更具競爭力和可持續的發展模式，在精益運營、管理、技術攻關和綠色發展等方面實現新的突破，為股東和相關利益方創造更大價值。

主席
張健

2023年4月3日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

I. BUSINESS REVIEW

The Group's principal source of revenue was steel production and sales during the Year. The Group produces and sells ordinary steel products, including rebars and wire rods, which are mainly used in construction and infrastructure projects.

In 2022, due to the impact of multiple factors such as the conflict between Russia and Ukraine and the recurring COVID-19 pandemic, the domestic economic operation faced unexpected downward pressure. Particularly, the continuous recurrence of the COVID-19 pandemic, large-scale control measures and lockdowns led to sluggish demand in the steel market. The performance of the industry was at a lower level in recent years. The decline in steel prices and the long-term high cost of raw materials and fuels resulted in an overall decline in the profits of steel plants. Due to the COVID-19 pandemic, the place where the Group locates experienced three times lockdown in 2022 under which the production and operations had been greatly affected. Under the influence of the pandemic and market demand, the Group suspended its production intermittently in 2022, and the annual sales volume was lower than that in the Previous Year.

During the Year, the Group primarily derived revenue from the sales of ordinary steel products. The ordinary steel products included rebars and wire rods, which are primarily used in construction and infrastructure. Customers normally do not need further processing. Due to the weak performance in real estate market in the PRC, the Group recorded a gross loss of approximately RMB248 million (Previous Year: gross profit of approximately RMB637 million) in sales of ordinary steel products during the Year. As the PRC government may continue to tighten the future development of property development market, the demand for the Group's ordinary steel products may continue to weaken.

I. 業務回顧

於年度內，本集團的主要收入來源為鋼鐵生產與銷售。本集團生產及銷售之普通鋼材產品包括棒材及線材，主要用於建築及基建項目。

2022年，受到俄烏衝突及COVID-19疫情反覆等多重因素疊加影響，國內經濟運行面臨超預期的下行壓力。尤其是COVID-19疫情持續反覆，大面積的封控和封城導致鋼鐵市場需求不振，行業效益表現位於近年來較低水平，鋼材價格下跌和原燃料成本長期高位運行致使鋼廠利潤整體下滑。本集團所在地因COVID-19疫情在2022年經歷了三次的封城，生產經營受到較大影響。受疫情和市場需求影響，本集團在2022年出現間歇停產，全年銷售量較去年低。

於本年度，本集團的收入主要來自普通鋼的銷售。普通鋼產品包括棒材及線材，主要用於建築及基建。客戶通常不需要進一步加工。由於中國房地產市場表現疲弱，本集團於本年度錄得普通鋼銷售毛損約人民幣248百萬元（去年：毛利約人民幣637百萬元）。由於中國政府可能持續收緊物業發展市場的未來發展，對本集團普通鋼產品的需求亦可能持續疲弱。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

The special steel products that the Group offers include quality carbon structural steel, alloy structural steel, bearing steel and steel welding wire which are primarily used in machinery, equipment and automobile industries. Customers may require further processing for it to suit their intended usage in the machinery, equipment and automobile industry. The average selling price of the special steel products showed a downward trend during the Year. The sales volume for special steel products increased slightly by approximately 4.9% when compared to that in the Previous Year. However, the average selling price of special steel products decreased by approximately 9.4% which eroded the effect of the slight increase in sales volume. As such, the Group recorded a gross loss of approximately RMB475 million (Previous Year: gross profit of approximately RMB72 million) in sales of special steel products during the Year. The management of the Group has reasonable confidence on the future development of special steel products and aim at producing more high quality and high value-added special steel products in the long run through the cooperation with the IMR.

The trading of commodities segment mainly includes the trading of commodities such as iron ore powder and steel billets. The Group recorded a gross loss of approximately RMB7 million (Previous Year: gross profit of approximately RMB47 million) in trading of commodities during the Year. Due to the lockdowns in Zouping City in response to the COVID-19 pandemic, the business of this segment was also affected as compared to the Previous Year. The Group had to pay higher transportation cost during the pandemic in order to get the orders fulfilled. The increase in the transportation cost of the commodities eroded its profit margin.

The by-products segment includes the sales of by-products such as steel slag, steam and electricity. The Group also recorded a gross loss of approximately RMB20 million (Previous Year: gross profit of approximately RMB28 million) in sales of by-products during the Year. As the customers from this segment are all local manufacturers in Zouping City and its surrounding area, due to the lockdowns of Zouping City in response to the COVID-19 pandemic, their production plans were disrupted and the demand for the by-products decreased. Certain cost of sales such as depreciation and labour cost were fixed for the by-products segment which could not be flexibly adjusted with the decrease in demand.

本集團提供的特鋼產品包括優質碳素結構鋼、合金結構鋼、軸承鋼及焊接用鋼盤條，主要用於機械、設備及汽車行業。客戶可按其於機械、設備及汽車行業的擬定用途，要求作合適的加工。本年度特鋼產品平均售價呈下降趨勢，但特鋼產品銷量較去年略微增加約4.9%。然而，特鋼產品的平均售價下降約9.4%，從而削弱了銷量小幅增長的影響。因此，本集團於本年度錄得特鋼產品銷售毛損約人民幣475百萬元(去年：毛利約人民幣72百萬元)。本集團管理層對特鋼產品的未來發展抱有合理信心，旨在透過與中科院金屬所合作，長遠生產更多優質及高度增值的特鋼產品。

商品貿易分部主要包括鐵礦粉及鋼坯等商品貿易。於本年度，本集團於商品貿易錄得毛損約人民幣7百萬元(去年：毛利約為人民幣47百萬元)。由於鄒平市因COVID-19疫情封城，本分部的業務相比去年亦受到影響。疫情期間，本集團不得不支付更高的運輸成本以完成訂單。本集團於疫情期間須支付較高的運輸成本，以完成訂單。商品的運輸成本上升削減了其收益率。

副產品分部包括銷售鋼渣、蒸汽及電力等副產品。本集團於本年度的副產品銷售錄得毛損約人民幣20百萬元(去年：毛利約人民幣28百萬元)。本分部的客戶全數為鄒平市當地及其週邊地區的製造商，由於鄒平市因COVID-19疫情封城，導致彼等的生產受阻，以及對副產品的需求下降。副產品分部的若干銷售成本(如折舊及勞工成本)為固定並無法因應需求減少而彈性調整。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

II. FINANCIAL REVIEW

1. Revenue

Revenue mainly represents production and sales of steel, trading of commodities and sales of by-products and details are as follows:

Breakdown of revenue:

		2022 2022年		2021 2021年	
		Revenue 營業額 RMB'000 人民幣千元	Average selling price 平均售價 (RMB/tonne) (人民幣元/噸)	Revenue 營業額 RMB'000 人民幣千元	Average selling price 平均售價 (RMB/tonne) (人民幣元/噸)
Ordinary Steel	普通鋼				
Rebar	棒材	4,166,964	3,666	6,258,588	4,291
Wire rod	線材	1,778,968	3,807	3,156,303	4,578
Subtotal/Average	小計/平均值	5,945,932	3,707	9,414,891	4,383
Special Steel	特鋼	3,483,072	4,070	3,664,146	4,490
Production and sales of steel	鋼材生產及銷售	9,429,004	3,833	13,079,037	4,412
Trading of commodities ⁽¹⁾	商品貿易 ⁽¹⁾	4,525,714		5,372,183	
Sales of by-products ⁽²⁾	副產品銷售 ⁽²⁾	505,553		664,901	
Total	合計	14,460,271		19,116,121	

Notes:

- (1) Trading of commodities mainly includes the trading of iron ore dust, pellet, coke, etc.
- (2) By-products refer to steel slag, steam and electricity, etc derived from the production of steel.

II. 財務回顧

1. 營業額

營業額主要指生產及銷售鋼鐵、買賣商品及銷售副產品，詳情如下：

營業額明細：

附註：

- (1) 商品貿易主要包括鐵礦粉、球團礦及焦炭貿易等。
- (2) 副產品是指在生產鋼材過程中所產生的鋼渣、蒸汽及電力等。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Breakdown of sales volume of steel:

鋼材銷售量明細：

		Sales volume 銷售量			
		2022 2022年		2021 2021年	
		Tonnes 噸	Percentage 百分比	Tonnes 噸	Percentage 百分比
Ordinary steel	普通鋼				
Rebar	棒材	1,136,657	46.2%	1,458,657	49.2%
Wire rod	線材	467,278	19.0%	689,395	23.3%
Subtotal	小計	1,603,935	65.2%	2,148,052	72.5%
Special steel	特鋼	855,703	34.8%	816,067	27.5%
Total	合計	2,459,638	100%	2,964,119	100%

The revenue of the Group decreased by approximately 24.4% due to the combined effects of (i) the decrease in the sales volume of the Group's major products (ordinary steel) and (ii) the decrease in the average selling price of ordinary steel and special steel products.

本集團收入減少約24.4%，乃由於(i)本集團主要產品(普通鋼)銷量減少及(ii)普通鋼及特鋼產品的平均售價減少的綜合影響。

2. Cost of sales

Cost of sales mainly represents cost incurred for purchasing iron ore powder, coke, scrap steel, coal, depreciation, electricity, staff costs, etc.

2. 銷售成本

銷售成本主要指就採購鐵礦粉、焦炭、廢鋼、煤、折舊、電力、員工成本等所產生的成本。

During the Year, the Group's cost of sales decreased to approximately RMB15,210 million in 2022 from approximately RMB18,332 million in 2021. The decrease was mainly attributable to the decrease in sales volume and trading business.

於本年度，本集團的銷售成本由2021年約人民幣18,332百萬元減少至2022年的約人民幣15,210百萬元。有關成本下降乃主要歸因於銷量及貿易業務減少。

The average unit cost for the Group's ordinary steel and special steel products was approximately RMB4,127 per tonne (Previous Year: approximately RMB4,173 per tonne). The costs of raw materials remained at a high level during the Year. As such, the average unit cost remained at a high level.

本集團普通鋼及特鋼產品的平均單位成本約為每噸人民幣4,127元(去年：約每噸人民幣4,173元)。原材料成本於本年度維持在高位。因此，平均單位成本維持在高位。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

3. Gross (loss)/profit

Gross loss for the Year amounted to approximately RMB750 million (Previous Year: gross profit of approximately RMB784 million), while the gross loss margin for the Year was approximately 5.2% (Previous Year: approximately gross profit margin 4.1%).

The Group recorded a gross loss during the Year as (i) the average selling price for ordinary steel and special steel products decreased from approximately RMB4,412 per tonne to approximately RMB3,833 per tonne; (ii) the demand for the Group's ordinary steel and special steel products decreased and the sales volume recorded a 17.0% decrease as a result of the unsatisfactory performance of real estate industry in China in which major customers of the Group operate, and slow progress in infrastructure construction; and (iii) the surge in the cost of sales arising from the fluctuation in major raw materials prices such as coking coal while the cost of iron ore remained high throughout the Year. Breakdown of the contribution of gross (loss)/profit and gross (loss) profit margin by operating segment is as follows:

		2022 2022年		2021 2021年	
		Gross (loss) margin		Gross profit margin	
		RMB'000 人民幣千元	margin 毛(損)率	RMB'000 人民幣千元	margin 毛利率
Ordinary steel	普通鋼	(247,550)	(4.2)%	636,584	6.8%
Special steel	特鋼	(475,560)	(13.7)%	72,221	2.0%
Production and sales of steel	鋼材生產及銷售	(723,110)	(7.7)%	708,805	5.4%
Trading of commodities	商品貿易	(6,524)	(0.1)%	47,296	0.9%
Sales of by-products	副產品銷售	(20,365)	(4.0)%	27,855	4.2%
Total/Overall	合計／總體	(749,999)	(5.2)%	783,956	4.1%

3. 毛(損)／利

本年度毛損約為人民幣750百萬元(去年:毛利約人民幣784百萬元),本年度毛損率約為5.2%(去年:毛利率約4.1%)。

本集團於年內錄得毛損,乃由於(i)普通鋼及特鋼產品的平均售價由每噸約人民幣4,412元減少至每噸約人民幣3,833元;(ii)由於本集團主要客戶來自中國房地產行業,行業業績並不理想,且基礎設施建設進度緩慢,導致對本集團普通鋼及特鋼產品的需求減少,銷量減少17.0%;及(iii)主要原材料例如焦煤的價格波動導致銷售成本激增,而鐵礦石成本於本年度全年維持高企。按經營分部劃分的毛(損)／利及毛(損)利率的貢獻明細如下:

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

4. Other income and (losses)/gains, net

Other income and (losses)/gains, net for the Year amounted to losses of approximately RMB28 million (Previous Year: gain of approximately RMB59 million). The Group recorded net losses in other income and losses during the Year as the Group incurred exchange losses of approximately RMB47 million (Previous Year: exchange gain of approximately RMB30 million). Since the Group had other borrowings denominated in USD and HK\$, the Group suffered from the appreciation in USD and HK\$.

Other income and (losses)/gains, net mainly represents impairment losses, exchange differences, interest income, government grants and other miscellaneous income and expenses.

5. Selling and distribution expenses

Selling and distribution expenses decreased to approximately RMB8 million in 2022 from approximately RMB13 million in 2021. The decrease was in line with the decrease in revenue of the Group in 2022.

6. Administrative expenses

Administrative expenses for the Year amounted to approximately RMB128 million (Previous Year: approximately RMB90 million).

The increase was mainly attributable to the increase in amortisation of intangible assets by the Group. Administrative expenses mainly include general office expenses, salaries of administrative staff, professional and legal fees and bank service charges.

4. 其他收入及虧損／(收益)淨額

本年度其他收入及(虧損)／收益淨額約為虧損人民幣28百萬元(去年：收益約人民幣59百萬元)。由於本集團產生匯兌虧損約人民幣47百萬元(去年：匯兌收益約人民幣30百萬元)，本集團於本年度於其他收入及虧損錄得淨虧損。由於本集團有其他以美元及港元計值的借貸，本集團受到美元及港元升值的影響。

其他收入及(虧損)／收益淨額主要指減值虧損、匯兌差額、利息收入、政府補助及其他雜項收入及開支。

5. 銷售及分銷開支

銷售及分銷開支由2021年約人民幣13百萬元下降至2022年的約人民幣8百萬元。該下降符合本集團於2022年營業額的下降。

6. 行政開支

本年度行政開支約為人民幣128百萬元(去年：約人民幣90百萬元)。

該增加乃主要由於本集團無形資產攤銷增加。行政開支主要包括辦公室一般性開支、行政人員薪金、專業及法律費用及銀行手續費。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

7. Other operating expenses

Other operating expenses for the Year amounted to approximately RMB149 million (Previous Year: nil).

Other operating expenses are the one-off expense incurred for the occasional suspension of production. During the Year, the Group did not fully utilise the production lines due to (1) the impact of COVID-19 pandemic which affected the operations of the Group in Zouping, and (2) the weak demand of certain products during the Year.

8. Research and development costs

During the Year, the Group recognised a total expense of approximately RMB379 million (Previous Year: approximately RMB387 million) in relation to its research and development activities which remained stable as compared to that in the Previous Year.

The research and development costs included material cost, staff remuneration, depreciation, technical service fees and other miscellaneous costs.

7. 其他營運開支

本年度其他營運開支約為人民幣149百萬元(去年：無)。

其他營運開支為因停產產生的一次性費用所致。於本年度，由於(1)COVID-19影響本集團於鄒平的營運及(2)若干產品於本年度需求疲弱，本集團產品線的生產並非全部使用。

8. 研發成本

於本年度，本集團確認與其研發活動相關的總開支約為人民幣379百萬元(去年：約人民幣387百萬元)，與去年相比維持穩定。

研發成本包括材料成本、員工薪酬、折舊、技術服務費及其他雜項成本。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Financial position

Liquidity and financial resources

As at 31 December 2022, the Group had approximately RMB312 million (31 December 2021: approximately RMB332 million) of cash and cash equivalents, and approximately RMB269 million (31 December 2021: approximately RMB419 million) of pledged bank deposits. The Group had trade and bills payables of approximately RMB2,235 million (31 December 2021: approximately RMB2,254 million), bank and other borrowings due within one year in the amount of approximately RMB3,573 million (31 December 2021: approximately RMB3,541 million), bank and other borrowings due after one year in the amount of approximately RMB905 million (31 December 2021: approximately RMB34 million) and interest payables due after one year in the amount of approximately RMB78 million (31 December 2021: Nil). As at 31 December 2022, the bank and other borrowings were denominated in RMB, HK\$ and USD. All of the bank and other borrowings (excluding borrowings from Xiwang Finance were secured by non-current assets of the Group and Xiwang Group, restricted bank deposits, 100% equity interests of Xiwang Recycling Resources, ordinary shares and convertible preference shares of a related company of the Company, and/or guarantee by Mr. WANG Yong (a controlling shareholder of the Company and the father of Mr. WANG Di (former Chairman and non-executive Director of the Company)), and/or Mr. WANG Yong and Ms. ZHANG Shufang (spouse of Mr. WANG Yong), Mr. WANG Di, and/or Mr. WANG Di and Ms. SU Xin (spouse of Mr. WANG Di), and/or Xiwang Group Company. The Group mainly used its operating cash inflows to fund its working capital needs, while the capital requirement for acquiring additional production equipment was mainly satisfied by cash inflows from operating and financing activities.

The Group had unutilised banking facilities of approximately RMB62 million as at 31 December 2022 (31 December 2021: Nil).

財務狀況

流動資金及財務資源

於2022年12月31日，本集團的現金及現金等價物約為人民幣312百萬元(2021年12月31日：約人民幣332百萬元)，而已抵押銀行存款約為人民幣269百萬元(2021年12月31日：約人民幣419百萬元)。本集團的應付貿易款項及應付票據約為人民幣2,235百萬元(2021年12月31日：約人民幣2,254百萬元)，一年內到期的銀行及其他借款約為人民幣3,573百萬元(2021年12月31日：約人民幣3,541百萬元)，而一年後到期的銀行及其他借款約為人民幣905百萬元(2021年12月31日：約人民幣34百萬元)，及一年後到期的應付利息約人民幣78百萬元(2021年12月31日：無)。於2022年12月31日，銀行及其他借款乃以人民幣、港元及美元計值。所有銀行及其他借款(不包括來自西王財務的借款)均以本集團及西王集團的非流動資產、受限銀行存款、西王再生資源100%股權、本公司一間關聯公司的普通股及可轉換優先股作抵押及／或由王勇先生(本公司一名控股股東，及本公司前主席及非執行董事王棣先生的父親)，及／或由王勇先生及張樹芳女士(王勇先生的配偶)、王棣先生及／或王棣先生及蘇欣女士(王棣先生之配偶)及／或西王集團提供的擔保作抵押。本集團主要使用經營現金流入以應付營運資金需求。然而，為收購額外生產設備所需之資金則主要來自經營及融資活動的現金流入。

於2022年12月31日，本集團未動用銀行融資約人民幣62百萬元(2021年12月31日：無)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As at 31 December 2022, the Group's total assets are approximately RMB15,070 million (31 December 2021: approximately RMB16,169 million), which are funded by the followings: (1) share capital of approximately RMB1,370 million (31 December 2021: approximately RMB1,370 million), (2) reserves of approximately RMB3,092 million (31 December 2021: RMB4,415 million), and (3) total liabilities of approximately RMB10,608 million (31 December 2021: approximately RMB10,384 million) which mainly consist of bank and other borrowings, contract liabilities, trade and bills payables and guaranteed secured bonds.

Analysis of debt

The Group's bank and other borrowings are mainly settled in RMB, USD and HK\$ without any notable seasonality. As at 31 December 2022, the details of the Group's bank and other borrowings are as follows:

Short-term/long-term bank and other borrowings:

		RMB (million) 人民幣百萬元
Short-term		
Bank borrowings	銀行借款	2,761
Other borrowings	其他借款	640
Other borrowings from Xiwang Finance	來自西王財務的其他借款	37
Secured bonds	抵押債券	134
Long-term		
Other borrowings	其他借款	905
Total	總計	4,477

Short-term bank and other borrowings included short-term borrowings, long-term borrowings with portions due within one year, bank and other borrowings with repayable on demand clause and defaulted borrowings.

於2022年12月31日，本集團的資產總值約為人民幣15,070百萬元(2021年12月31日：約人民幣16,169百萬元)，乃源自下列各項：(1)股本約人民幣1,370百萬元(2021年12月31日：約人民幣1,370百萬元)，(2)儲備約人民幣3,092百萬元(2021年12月31日：人民幣4,415百萬元)；及(3)負債總額約人民幣10,608百萬元(2021年12月31日：約人民幣10,384百萬元)，主要包括銀行及其他借款、合約負債、應付貿易款項及應付票據及已擔保抵押債券。

債務分析

本集團的銀行及其他借款主要以人民幣、美元和港元結算，並無任何明顯的季節性。於2022年12月31日，本集團的銀行及其他借款詳情如下：

短期／長期銀行及其他借款：

短期銀行及其他借款包括短期借款，一年內到期的長期借款，帶有按要索償還條款的銀行及其他借款及違約借款。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

As at 31 December 2022, the Group's total bank and other borrowings amounted to approximately RMB4,477 million, increasing by approximately RMB902 million compared to approximately RMB3,575 million as at 31 December 2021, which was mainly applied towards working capital.

For the Year, the Group adopted conservative treasury policies, and all of the Group's interest-bearing borrowings bore interest at fixed interest rates.

There had been no change in the capital structure of the Group since 1 January 2022 and up to the date of this report. The share capital of the Company consists only of ordinary shares.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group monitors its capital with reference to its gearing ratio and currently, it aims at maintaining its gearing ratio at a relatively healthy level. Detailed calculation of the "gearing ratio" is included in the section headed "Gearing ratio" below.

During the Year, the Group did not use any financial instruments for hedging purposes (Previous Year: Nil).

Gearing ratio

As at 31 December 2022, the Group's gearing ratio was approximately 30.6% (31 December 2021: approximately 22.9%).

The Group monitors capital using a gearing ratio, which is relevant debts divided by total assets. Total relevant debts includes interest-bearing bank and other borrowings, borrowings from the controlling shareholder, lease liabilities and other long term payables.

本集團的總銀行及其他借款於2022年12月31日達至約人民幣4,477百萬元，較2021年12月31日的約人民幣3,575百萬元增加約人民幣902百萬元，主要用於營運資金。

於本年度，本集團採納保守的財政政策，本集團所有計息借貸均按固定利率計息。

自2022年1月1日起至本報告日期，本集團的資本結構概無變動。本公司股本僅包括普通股。

本集團管理其資本結構，並根據經濟狀況變化對其作出調整。本集團參考其資本負債比率監控其資本，目前，其目標為將其資本負債比率維持於相對健康的水平。「資本負債比率」的詳細計算載於下文「資本負債比率」一節。

於本年度，本集團並無使用任何金融工具作對沖用途(去年：無)。

資本負債比率

於2022年12月31日，本集團的資本負債比率約為30.6%(2021年12月31日：約22.9%)。

本集團使用資本負債比率監控資本，該比率乃按相關債務除以總資產計算。相關債務包括計息銀行及其他借款、來自控股股東、租賃負債以及其他長期應付款項。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Funding and treasury policies and objectives

The Group adopts a prudent funding and treasury policy. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Currencies in which borrowings are made of and in which cash equivalents are held

Most of the operating income of the Group's business is in RMB and the Group's assets held and all of the committed borrowings of the Group are mainly denominated in RMB, except for certain bank and other borrowings and guarantee secured bonds held by the Group denominated in HK\$ and USD.

Extent to which borrowings are at fixed interest rates

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group's policy is to obtain the most favourable interest rate available. The Group has not used any interest swaps to hedge its exposure to interest rate risk. At the end of the Year, all of the Group's interest-bearing borrowings bore interest at fixed rates.

Use of financial instruments for hedging purposes

The Group currently does not use any financial instruments for hedging purposes.

資金及財政政策及目標

本集團採納審慎的資金及財政政策。本集團目前並無有關外幣交易、資產及負債的外幣對沖政策。本集團將密切監察其外幣風險，並將考慮於有需要時對沖重大外幣風險。

所作借款以及所持現金等價物的貨幣

本集團業務的大部分經營收入以人民幣計值，且本集團所持資產及本集團所有已承諾借款均主要以人民幣列值，惟本集團持有以港元及美元計值的若干銀行及其他借款以及已擔保抵押債券除外。

按固定利率計息的借款之限度

本集團面臨主要與本集團計息銀行及其他借款有關的市場利率變動的風險。本集團的政策是獲得可用的最優惠利率。本集團未曾利用任何利率掉期對沖利率風險。年末，本集團所有計息借款均以固定利率計息。

使用金融工具作對沖用途

本集團目前並無使用任何金融工具作對沖用途。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Material investment, material acquisition and disposal of subsidiaries, associates or joint ventures and future material investment or capital and assets acquisition plan

On 16 August 2021, Special Steel Company, a company incorporated in the PRC with limited liability and an indirectly non-wholly owned subsidiary of the Company, entered into a capital contribution agreement with the IMR and 10 PRC individuals in relation to the capital injection into Zhongke Xiwang, pursuant to which (i) Special Steel Company agreed to provide a capital commitment by injecting certain machinery, equipment and facilities (including construction-in-progress) with a fair value of approximately RMB656 million (based on a preliminary value appraised by an independent valuer as at 31 May 2021) to Zhongke Xiwang; and (ii) IMR and the 10 individuals together agreed to provide a capital commitment by injecting certain intellectual properties with a fair value of RMB353 million (based on a preliminary value appraised by an independent valuer as at 31 May 2021) to Zhongke Xiwang. Please refer to the Company's announcement dated 16 August 2021 and circular dated 25 August 2021 for further details about this transaction. Up to the date of this report, Special Steel Company already completed its injection of certain machineries, equipment and facilities to Zhongke Xiwang.

Save as disclosed in this report, the Group did not have any other significant investment, acquisition or disposal of subsidiaries, associates or joint ventures nor any future material investment or capital and assets acquisition plan during the Year and up to the date of this report.

重大投資、重大收購及出售附屬公司、聯營公司及合營企業以及未來重大投資或資本和資產收購的計劃

於2021年8月16日，特鋼公司（一間於中國註冊成立的有限公司，並為本公司間接非全資附屬公司）與中科院金屬所及10名中國個人就向中科西王出資訂立出資合同，據此，(i)特鋼公司同意透過向中科西王投入公平值約人民幣656百萬元（基於獨立估值師於2021年5月31日評估的初步價值）的若干機器、設備及設施（包括在建工程）而提供資本承擔；及(ii)中科院金屬所及10名個人共同同意透過向中科西王投入公平值為人民幣353百萬元（基於獨立估值師於2021年5月31日評估的初步價值）的若干知識產權而提供資本承擔。有關交易之進一步詳情請參閱本公司於2021年8月16日刊發之公告及2021年8月25日刊發之通函。截至本報告日期，特鋼公司已完成向中科西王注入若干機器、設備及設施。

除本報告所披露者外，本集團於本年度及直至本報告日期概無任何其他重大投資、收購或出售附屬公司、聯營公司及合營企業以及任何未來重大投資或資本和資產收購的計劃。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Pledge of assets

As at 31 December 2022, approximately RMB5,373 million (31 December 2021: approximately RMB5,012 million) of buildings, machinery and equipment, approximately RMB84 million (31 December 2021: approximately RMB87 million) of leasehold land and approximately RMB267 million (31 December 2021: approximately RMB407 million) of pledged deposits were pledged as security for interest-bearing bank and other borrowings of the Group and the subsidiaries of Xiwang Group Company and bills payables. The Group's other borrowings of approximately RMB381 million (31 December 2021: approximately RMB382 million) were also secured by the Group's 100% equity interests in Xiwang Recycling Resources.

As at 31 December 2022, the Group's 95.6% (31 December 2021: 99.1%) equity interests in the subsidiary, Special Steel Company, have been pledged for other borrowings of fellow subsidiaries of approximately RMB804 million (31 December 2021: approximately RMB804 million). As at 31 December 2022, the Group's 100% (31 December 2021: 100%) equity interests in the subsidiary, Xiwang Metal Science, have been pledged for other borrowings of Xiwang Group Company of approximately RMB1,400 million (31 December 2021: approximately RMB1,400 million).

Pledge of shares by controlling shareholders

On 22 November 2019, the Company entered into a subscription agreement with, among others, the guarantors (being Mr. WANG Yong, Mr. WANG Di, Xiwang Group Company, Xiwang Hong Kong, Xiwang Holdings and Xiwang Investment) and the bond subscribers, pursuant to which the bond subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue the bonds in an aggregate principal amount of US\$30.0 million (the "Bonds").

資產抵押

於2022年12月31日，約人民幣5,373百萬元(2021年12月31日：約人民幣5,012百萬元)的樓宇、機器及設備、約人民幣84百萬元(2021年12月31日：約人民幣87百萬元)的租賃土地以及約人民幣267百萬元(2021年12月31日：約人民幣407百萬元)的已抵押存款，已抵押作本集團及西王集團公司的附屬公司的計息銀行及其他借款以及應付票據。本集團的其他借款約人民幣381百萬元(2021年12月31日：約人民幣382百萬元)亦由本集團持有的西王再生資源100%股權作抵押。

於2022年12月31日，本集團於附屬公司特鋼公司95.6%(2021年12月31日：99.1%)的股權已作為同系附屬公司的其他借款約人民幣804百萬元(2021年12月31日：約人民幣804百萬元)的抵押。於2022年12月31日，本集團於附屬公司西王金屬科技100%(2021年12月31日：100%)的股權已作為西王集團公司的其他借款約人民幣1,400百萬元(2021年12月31日：約人民幣1,400百萬元)的抵押。

控股股東作出之股份質押

於2019年11月22日，本公司與(其中包括)擔保人(即王勇先生、王棣先生、西王集團公司、西王香港、西王控股及西王投資及債券認購人訂立認購協議，據此，債券認購人有條件同意認購，而本公司有條件同意發行本金總額為30.0百萬美元之債券(「債券」)。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

As part of the security for the obligations of the Company under the subscription agreement of the Bonds, (i) Xiwang Group Company agreed to pledge its 100% shareholding interests in Xiwang Hong Kong; (ii) Xiwang Hong Kong agreed to pledge its 95% shareholding interests in Xiwang Holdings; and (iii) Xiwang Holdings agreed to pledge its 100% shareholding interests in Xiwang Investment (in liquidation), all in favour of the subscribers of the Bonds. Pursuant to the subscription agreement of the Bonds, each of the guarantors also agreed to provide personal or corporate guarantees in favour of the subscribers of the Bonds in respect of the obligations of the Company under the subscription agreement and the bond instrument. For further details of this transaction, please refer to the announcements of the Company dated 24 November 2019 and 12 December 2019, respectively.

Merlion Macro Firm Ltd. (formerly known as Merlion Marco Fund), one of the subscribers of the Bonds, on 17 February 2023 filed a winding-up petition (the “**Petition**”) (Case Number: HCCW 80 of 2023) with the Court of First Instance of the High Court of Hong Kong (the “**Court**”) against the Company. The Petition was filed against the Company in respect of an indebtedness allegedly due and payable by the Company in the amount of US\$5,000,000 and default interest accrued thereon arising from the Bonds. The Court has set the first hearing date for the Petition on 3 May 2023.

Specific performance obligations of the controlling shareholders

Pursuant to the terms of the bond instrument of the Bonds, a relevant event occurs if, among others, (i) Mr. WANG Yong ceases to own, directly or indirectly, 50% or more of the voting rights of the issued share capital of the Company; or (ii) Mr. WANG Yong breaches his undertaking to remain as the single largest direct or indirect holder of the total issued shares of the Company. Occurrence of any of these events will constitute an event of default under the bond instrument whereby the Bonds shall immediately become due and payable by the Company at the mandatory redemption amount, which is calculated with reference to the outstanding principal amount multiplied by a multiplier and the interest rate, together with, among others, default interest (if applicable). For further details of this transaction, please refer to the announcements of the Company dated 24 November 2019 and 12 December 2019, respectively.

作為本公司在債券認購協議項下之部分抵押責任，(i) 西王集團公司同意質押其於西王香港之100%股權；(ii) 西王香港同意質押其於西王控股之95%股權；及(iii) 西王控股同意質押其於西王投資(清盤中)之100%股權，所有質押均以債券認購人為受益人作出。根據債券認購協議，各擔保人均同意以債券認購人為受益人，就本公司在認購協議及債券文據項下之責任提供個人或公司擔保。有關該交易的進一步詳情，請參閱本公司日期為2019年11月24日及2019年12月12日之公告。

Merlion Macro Firm Ltd. (前稱Merlion Marco Fund)為債券的認購人之一，已於2023年2月17日向香港高等法院原訟法庭(「法院」)提交對本公司的清盤呈請(「呈請」)(案件編號：2023年HCCW 80)。該呈請乃針對本公司提出，有關因債券產生的聲稱本公司到期應付債務款項5,000,000美元及其應計違約利息。法院已就呈請確定首次聆訊日期，即2023年5月3日。

控股股東之特定履行責任

根據債券文據之條款，倘(其中包括)(i) 王勇先生不再直接或間接擁有佔本公司已發行股本50%或以上的表決權；或(ii) 王勇先生違背其維持作為本公司全部已發行股份的單一最大直接或間接持有人之承諾，則會出現相關事件。發生任何該等事件將構成債券文據下之違約事件，據此，債券將即時到期及應付本公司強制性贖回款項，此乃參考尚未償還本金額乘以某個乘數及利率計算得出，並連同(其中包括)違約利息(如適用)。有關該交易的進一步詳情，請參閱本公司日期為2019年11月24日及2019年12月12日之公告。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Disclosure obligation under Rules 13.19 and 13.21 of the Listing Rules

References are made to the announcements of the Company dated 22 September 2017, 11 October 2017, 25 October 2019, 24 November 2019 and 12 December 2019 in relation to the convertible bond in the aggregate principal amount of US\$30.0 million issued by the Company which was originally due on 10 October 2019 and the Bonds in an aggregate principal amount of US\$30.0 million issued by the Company which was originally due on 11 December 2019, and was extended to 31 May 2020.

On 30 November 2022, the Group entered into a side letter with one of the Bond subscribers and a revised redemption schedule of the Bonds subscribed by the subscriber had been agreed. The outstanding balance of the Bonds under the name of such subscriber in the amount of US\$5 million will become fully repayable by 31 August 2023 through 9 installments. On 17 February 2023, such bond subscriber filed the Petition with the Court against the Company in respect of the subscribed amount of principal and default interest accrued thereon arising from the Bonds.

As at 31 December 2022, the Group has defaulted in repayment of principals and interests of guaranteed secured bonds amounting to approximately RMB100 million and RMB13 million with another subscriber which were matured on 30 September 2022. On discovery of the default, the Directors informed such subscriber and commenced a renegotiation of the terms of the Bonds with such subscriber. As at the date of this report, those negotiations had not been concluded and the negotiations in relation to a possible revision to the redemption schedule of the Bonds are still in progress. The Directors are confident that their negotiations with such subscriber will ultimately reach a successful conclusion. Such subscriber basically agreed with the revised redemption schedule. In any event, should they call for immediate repayment of the Bonds, the Directors believe that adequate alternative sources of finance from Xiwang Group are available to ensure that there is no threat to the continuing operations of the Group.

上市規則第13.19及13.21條規定的披露義務

茲提述本公司日期為2017年9月22日、2017年10月11日、2019年10月25日、2019年11月24日及2019年12月12日之公告，內容有關本公司發行原於2019年10月10日到期總本金額為30.0百萬美元之可換股債券以及本公司發行原本於2019年12月11日到期，並延長到期日至2020年5月31日，總本金額為30.0百萬美元之債券。

於2022年11月30日，本集團與其中一名債券認購人訂立附函，並協定修訂後的認購人所認購的債券贖回時間表。該認購人名下5百萬美元之債券之未償還結餘將於2023年8月31日前分9期全數償還。2023年2月17日，該債券認購人就債券本金的認購金額及其產生的違約利息向法院提交了針對本公司的呈請。

於2022年12月31日，本集團拖欠另一名認購人於2022年9月30日到期的已擔保抵押債券本金及利息約人民幣100百萬元及人民幣13百萬元。發現違約後，董事通知該認購人並開始與該認購人就債券條款進行重新談判。於本報告日期，該等磋商尚未完成。有關可能修訂債券贖回時間表的磋商仍在進行中。董事有信心彼等與該認購人的磋商最終將圓滿結束。該認購人基本同意修改後的贖回時間表。在任何情況下，倘要求立即償還債券，董事相信西王集團可提供充足的替代資金來源，以確保不會對本集團的持續經營構成威脅。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

In the year 2022, the Group was unable to repay its other borrowings according to scheduled repayment date with a principal amount of approximately RMB10 million (“**Defaulted Borrowings**”) and interest of approximately RMB5 million. As a result, the other borrowings with a principal amount of approximately RMB339 million, with original contractual repayment dates between year 2024 to 2028, were reclassified as current liabilities from non-current liabilities as at 31 December 2022 as they would be immediately repayable if requested by the lender. In addition, the Group had a loan advanced by the same lender in a principal amount of approximately RMB42 million (“**Current Loan**”), which was scheduled to be repayable within one year from 31 December 2022 and classified under current liabilities. Due to the Defaulted Borrowings, the Current Loan also became default and the lender is entitled to request immediate repayment. Accordingly, the Group’s total defaulted other borrowings as at 31 December 2022 were approximately RMB381 million.

On discovery of the breach, the Directors informed the lender and commenced renegotiation of the terms of the other borrowings with the relevant lender. As at 31 December 2022, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan had been classified as a current liability as at 31 December 2022. Up to the date of this report, the negotiations are still in progress. The Group proposed a revised repayment schedule to the relevant lender and such proposal is being considered by them. The Directors are reasonably confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the Directors believe that adequate alternative sources of finance from Xiwang Group are available to ensure that there is no threat to the continuing operations of the Group.

於2022年，本集團未能按預定還款日期償還本金約人民幣10百萬元及其他借款（「**違約借款**」）及利息約人民幣5百萬元。因此，於2022年12月31日，本金約人民幣339百萬元及其他借款（原合約規定的還款日期為2024年至2028年）從非流動負債重分類為流動負債，因為該等款項為若貸款人要求，須立即償還。此外，本集團有一筆由同一貸款人墊付的本金約為人民幣42百萬元的貸款（「**流動貸款**」），計劃於2022年12月31日起一年內償還，並分類為流動負債。由於借款違約，流動貸款亦成為違約，貸款人有權要求即時償還。因此，本集團於2022年12月31日的拖欠其他借款總額約為人民幣381百萬元。

發現違約後，董事通知貸款人並開始與相關貸款人重新協商貸款條款。於2022年12月31日，該等談判尚未完成。由於貸款人未同意於報告期末放棄其要求即時付款的權利，該貸款於2022年12月31日分類為流動負債。截至本報告之日，談判仍在進行中。本集團向相關貸款人提出經修訂的還款時間表，彼等正考慮該建議。董事有理由相信彼等與貸款人的談判最終將取得圓滿成功。在任何情況下，倘貸款人要求立即償還貸款，董事相信西王集團可提供充足的替代資金來源，以確保不會對本集團的持續經營構成威脅。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Capital commitments and contingent liabilities

As at 31 December 2022, the capital commitment of the Group for property, plant and equipment was approximately RMB557 million (31 December 2021: approximately RMB577 million).

On 19 January 2021, the Company (and its subsidiaries) and Xiwang Group Company and its subsidiaries other than the Group (the “**Relevant Subsidiaries**”) entered into a guarantee agreement (the “**Guarantee Agreement**”). Pursuant to the Guarantee Agreement, the Group agreed to provide Xiwang Group Company and the Relevant Subsidiaries with guarantee services for the period from 1 January 2021 to 31 December 2023, with a proposed annual cap of RMB5.0 billion for each year during the term. For details of the Guarantee Agreement and relevant approvals, please refer to the announcements of the Company dated 19 January 2021 and 19 March 2021, respectively, and the circular of the Company dated 26 February 2021.

On 1 November 2022, the Company and Xiwang Group Company entered into a new guarantee agreement (“**New Guarantee Agreement**”) to replace the Guarantee Agreement. The major terms of the New Guarantee Agreement remain the same as the Guarantee Agreement and are already set out in the announcement of the Company and the circular of the Company dated 1 November 2022 and 6 December 2022, respectively. The New Guarantee Agreement is valid for a term of three years from 1 January 2023 to 31 December 2025 upon the approval of the independent Shareholders at the extraordinary general meeting of the Company held on 23 December 2022.

As at 31 December 2022, the banking facilities guaranteed by the Group for Xiwang Group Company and the Relevant Subsidiaries were utilised to the extent of approximately RMB1,400 million (31 December 2021: approximately RMB1,400 million) and approximately RMB2,769 million (31 December 2021: approximately RMB2,790 million), respectively.

資本承擔及或然負債

於2022年12月31日，本集團有關物業、廠房及設備之資本承擔約為人民幣557百萬元(2021年12月31日：約人民幣577百萬元)。

於2021年1月19日，本公司(及其附屬公司)與西王集團公司及其除本集團以外的附屬公司(「**相關附屬公司**」)訂立擔保協議(「**擔保協議**」)。根據擔保協議，本集團同意於2021年1月1日至2023年12月31日期間向西王集團公司及相關附屬公司提供擔保服務，於期內每年建議年度上限為人民幣50億元。有關擔保協議及相關批准的詳情，請參閱本公司日期分別為2021年1月19日及2021年3月19日的公告，以及本公司日期為2021年2月26日的通函。

本公司與西王集團公司於2022年11月1日訂立一份新擔保協議(「**新擔保協議**」)，以取代擔保協議。新擔保協議的主要條款維持與擔保協議相同，並已載於本公司公告及本公司日期分別為2022年11月1日及2022年12月6日的通函。新擔保協議經本公司於2022年12月23日召開的股東特別大會上獲獨立股東審議通過，有效期三年，自2023年1月1日起生效至2025年12月31日終止。

於2022年12月31日，本集團向西王集團公司及相關附屬公司作出擔保的銀行融資可動用上限分別約為人民幣1,400百萬元(2021年12月31日：約人民幣1,400百萬元)及約人民幣2,769百萬元(2021年12月31日：約人民幣2,790百萬元)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Equity fund raising activities

The Group did not have any material equity fund raising activities during the Year.

Foreign exchange risk

The majority of the operating income, costs and expenditures of the Group were denominated in RMB. As such, the Group has not been exposed to material foreign exchange risk except certain bank and other borrowings and guarantee secured bonds denominated in HK\$ and USD during its operations. As at 31 December 2022, the Group was mainly exposed to risks related to its net liabilities denominated in USD amounted to approximately RMB201 million (31 December 2021: approximately RMB215 million).

Employees and remuneration

As at 31 December 2022, the Group had a total of 3,202 (31 December 2021: 3,459) employees. Staff-related costs incurred during the Year were approximately RMB261 million (Previous Year: approximately RMB291 million). The remuneration was determined based on the performance and professional experience of employees as well as the prevailing market conditions. The Company's management will regularly review the remuneration policy and arrangement of the Group. In addition to pensions, the Group will also distribute discretionary bonuses to certain employees as incentives based on their performance.

Monthly evaluation is performed and each employee may be given bonus based on their performance, effectiveness in carrying out their jobs and the punctuality to report duty.

The emoluments of the Directors are decided by the remuneration committee of the Board having regard to the Group's operating results, individual performance and comparable market statistics.

The Group provided trainings to staff based on their job duties plus their future career development.

股本籌資活動

本集團於本年度內並無任何重大股本籌資活動。

外匯風險

由於本集團的經營收入、成本及費用大部分以人民幣計值，故除以港元及美元計值的若干銀行及其他借貸及已擔保抵押債券外，在經營上無須面對重大的外匯風險。本集團於2022年12月31日所需面對的風險主要來自以美元計值的淨負債約人民幣201百萬元(2021年12月31日：約人民幣215百萬元)。

僱員及薪酬

於2022年12月31日，本集團共有3,202名(2021年12月31日：3,459名)僱員。於本年度，僱員成本約為人民幣261百萬元(去年：約人民幣291百萬元)。僱員薪酬是按其工作表現、專業經驗及當時市場情況而定。本公司管理層會定期檢討本集團之僱員薪酬政策及安排。除退休金外，本集團亦會根據個人表現向若干僱員發放酌情花紅作為獎勵。

評估每月進行，根據每位僱員的表現、執行工作的成效和準時上班的情況給予花紅。

董事酬金由董事會薪酬委員會參考本集團經營業績、個人表現及可資比較的市場數據而釐定。

本集團根據員工的工作職責及未來的仕途發展為員工提供培訓。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

III. BUSINESS OUTLOOK

Under the increasingly difficult operating conditions, the Company insists on further promoting refined management, reforming the management system, strengthening industry benchmarking, establishing a direct procurement system, and digging deep into the potential for cost reduction. Through strengthening technical reform and technical measures, optimising production process and elevating product quality, the Company further reduces production costs. The Company also actively carries out technical marketing, strengthens the development of medium and high-end special steel customers, improves the supply capacity to the high-end special steel market, and accelerates the pace of transformation and upgrade.

At present, with the full relaxation of pandemic control and the rapid improvement of the domestic economic situation in the PRC, governments at all levels are accelerating the full recovery of economic development. The recovery of the economy of China will stimulate the growth of steel demand, and the steel industry is expected to usher in a positive market in 2023. Steel demand is expected to improve as infrastructure construction and the real estate market are recovering. In addition, with the continuous advancement of “carbon peak” and “carbon neutrality”, industries such as new energy vehicles and wind power have maintained rapid growth, and the development of these industries will also drive the growth of steel demand.

The Company will continue to deepen the strategic cooperation with the IMR. With the help of the research and development strength of the IMR, the Company will continue to develop new high-end special steel products of “special, refined and high quality”, continue to optimise the variety structure of all production lines, and gradually eliminate products with low profitability. The Company will focus on the development of special steels such as high-end bearing steel, railway steel, marine engineering steel, large-scale roll special steel, large-scale high-pressure container steel, large-scale wind power steel, tool steel, and steel for special fields, to realise a sustainable and high-quality development of the enterprise by adjusting the industrial layout.

III. 業務前景

在經營情況日趨困難下，公司堅持深入推進精細化管理，改革管理體制，強化行業對標，建立直採體系，深挖降本潛力，通過加強技改技措、優化工藝流程，提升產品品質，本公司進一步降低生產成本。本公司還積極開展技術營銷，加強中高端特鋼客戶開發，提升向高端特鋼市場的供貨能力，加快轉型升級步伐。

當前，隨著疫情管控全面放開，中國國內經濟形勢迅速好轉，各級政府加快推進經濟發展全面恢復。中國經濟的復蘇將刺激鋼鐵需求的增長，預計鋼鐵行業將在2023年迎來積極的行情。隨著基礎設施建設和房地產市場的復蘇，預計鋼鐵需求將得到提高。此外，隨著「碳達峰」與「碳中和」工作的不斷推進，新能源汽車、風力發電等產業保持高速增長，這些產業發展也將帶動鋼鐵需求的增長。

公司將繼續深化與中科院金屬所的戰略合作，借助中科院金屬所的研發實力，不斷研發「特、精、高」高端特殊鋼新產品，持續優化各生產綫品種結構，逐步淘汰盈利水平低的產品，本公司重點發展高端軸承鋼、鐵路用鋼、海洋工程用鋼、大型軋輥特殊鋼、大型高壓容器用鋼、大型風電用鋼、工模具用鋼、特殊領域用鋼等特種鋼，通過調整產業佈局，實現企業可持續高質量發展。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

During the Year, the Group has been granted the official approval for establishing the Shandong Provincial Special Steel New Material Technology Innovation Centre (the “TIC”). The TIC is the only special steel new material technology innovation centre in Shandong Province. Bearing the core objective of research and development as well as application of commonly-used key technology in the industry, it aims to overcome the technological “bottlenecks”. The TIC undertakes national and provincial scientific research and development projects in various fields in respect of special steel new materials, and strives to solve the “bottleneck” technological issues of special steel segment, so as to fulfill the demand on materials for highly sophisticated and precised products in the high-end equipment field, and centralise the resources for innovation of the special steel new material industry, while enhancing the technological level and innovative capability of the special steel new material industry in Shandong Province.

IMPACT OF COVID-19 OUTBREAK ON THE GROUP'S PERFORMANCE

Effect of the COVID-19 pandemic on the Group's operations

During the Year, the Group experienced three times of lock-down in Zouping City where the Group carries on its business and operations principally. Though the Group did not completely stop its production during the lock-downs, the Group's suppliers and customers might not be able to meet their schedules as expected. The lockdowns and controlling measures led to difficulties in logistics and transportation, which materially affected the Company's production and operations. The large-scale closures and closures in the country in response to the COVID-19 epidemic have also affected the downstream demand in the steel market of China in 2022. Restrictions on travelling hindered the sales personnel to contact the customers or potential customers directly. The Group incurred losses of approximately RMB149 million due to the occasion suspension of production.

於本年度，本集團正式獲批設立山東省特殊鋼新材料技術創新中心(「技術創新中心」)。技術創新中心為山東省內唯一的特殊鋼新材料技術創新中心，將以行業共性關鍵技術研發與應用為核心，帶著攻克「卡脖子」技術使命。技術創新中心承擔著多領域特殊鋼新材料國家、省級科技研發項目，致力於解決特殊鋼細分領域「卡脖子」技術難題，滿足高端裝備領域高精尖產品的材料需求，使特殊鋼新材料產業能夠將創新資源集聚，同時提升山東省特殊鋼新材料產業整體技術水平和創新能力。

COVID-19 疫情對本集團業績的影響

COVID-19 疫情對本集團營運的影響

於本年度，本集團在本集團主要業務經營及營運地鄒平市經歷了三次封城。儘管本集團在封鎖期間並未完全停止生產，但本集團的供應商和客戶可能無法按預期時間表運行。封控措施導致物流運輸困難，使得公司生產經營受到較大影響。於2022年，中國為應對COVID-19疫情而實施的國內大面積的封控、封城也使得鋼材市場下游需要受到影響。旅行限制阻礙了銷售人員直接聯繫客戶或潛在客戶。本集團因暫時停產事件產生虧損約人民幣149百萬元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

After relieving of the epidemic situation of the COVID-19 and restoration of normal business operations in the PRC, it is expected the chance of imposing travel bans, closure of public utilities and large scale of testing are highly unlikely happen in the future. The Group's sales personnel can promote the business as usual. The impact of COVID-19 will be less serious to the Group's operations in the year 2023.

The Group will not underestimate the impact of COVID-19 if there are new coronavirus variants. The new coronavirus can cause more severe disease than their predecessors. It may lead to significant increases in hospitalisations and deaths. If this is the case, the Group's operations may definitely be affected. The Group will continue to take preventive measures towards the COVID-19 such as wearing masks in the Group's premises and factories.

Risks or uncertainties that may materially affect the Group's future performance

Due to global high inflation, prices for bulk commodities, including raw materials for steel making, have stayed high, posing challenges to the world's economic recovery in the year 2023. Increase in raw material prices will increase the total cost of sales of the Group. The Group may not be able to completely mitigate the increased raw material prices by increasing finished product selling prices. As such, the risk of the rise in raw material prices will retain in the Group and may not be entirely transferred to the customers.

In 2022, the prices of major products in the PRC steel industry continued to fall after a slight rise boosted by the conflict between Russia and Ukraine at the beginning of the year. However, the prosperity of the domestic real estate-based downstream industry in China sagged sharply, which, coupled with the lingering pandemic, further put steel selling prices on the downward track since late April. The major sources of revenue of the Group are real estate developers in China. The poor downstream consumption has become the main factor of falling steel prices throughout the Year.

在中國 COVID-19 疫情緩解並恢復正常業務運營後，預期實施旅行禁令、關閉公共設施和大規模測試的情況未來在中國發生的可能性很小。本集團銷售人員可照常推廣業務。COVID-19 對本集團 2023 年運營的影響將減輕。

若出現新的冠狀病毒變種，本集團將不會低估 COVID-19 的影響。新型冠狀病毒可能引起更嚴重的疾病，可能導致住院和死亡人數顯著增加。如此，本集團的經營可能會受到影響。本集團將繼續針對 COVID-19 採取預防措施，例如在本集團的場所和工廠內佩戴口罩。

可能會嚴重影響本集團日後表現的風險或不確定因素

受全球高通脹影響，煉鋼原材料等大宗商品價格居高不下，對 2023 年世界經濟復甦復蘇構成挑戰，原材料價格上漲將增加本集團的總銷售成本。本集團未必能夠通過提高成品售價來完全緩解原材料價格上漲的影響。因此，原材料價格上漲的風險將保留在本集團，而不會全部轉嫁給客戶。

2022 年，中國鋼鐵行業主要產品價格在年初受俄烏衝突推動小幅上漲後繼續回落。但在中國國內以房地產為主的下游行業景氣度大幅下滑，加之疫情揮之不去，4 月下旬以來鋼材售價進一步走下行通道。本集團的主要收入來源為中國房地產開發商。下游消費不暢成為全年鋼材價格下跌的主要因素。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Looking forward to 2023, the domestic demand from the property developers in China may continue to be weak under the debt crunch situation and as many projects of the property developers have been postponed. Property developers adopted a de-stock and deleverage policy and were very conservative in embarking on new projects in the year 2022. The risks to property sector growth may shrink in 2023 with unfinished projects likely to be completed following stimulus measures imposed by the government recently. The Group anticipates that steel price may be less volatile in the year 2023.

China's steel market may remain under big pressure in the first half 2023 given poor steel demand and comparatively high steel production. However, most market sources believe the steel demand in the second half of 2023 to improve from one year ago and the first half of 2023, although it might not be able to rebound to late 2021 level. The Group will manage the risk carefully and be more cautious in cost control and hope the gross loss position can be improved in the year 2023.

Assessments of the liquidity positions and working capital sufficiency

The Company's financial performance deteriorated in terms of financing and operations in the Year. Firstly, due to the adverse effects of the COVID-19 epidemic, the Group was facing difficulties in soliciting new source of funds, including additional banking facilities with PRC financial institutions to further support the Group's funding needs. Also, the credit market in the PRC remained challenging as a result of tightened credit measures by the PRC government. Secondly, the impact of the Russo-Ukrainian war resulted in the violent fluctuation of the price of bulk commodities such as iron ore, coupled with the influence of factors such as sluggish demand in the domestic downstream market, which led to the deterioration of the Company's profitability and the increase of pressure on working capital.

Judging by the present situation, the impact of the COVID-19 pandemic on the Group in 2023 will be lessened. The recent "two sessions" of China set an economic growth target of 5% and a fiscal deficit rate of 3%, which indicates that China will implement a proactive fiscal policy in 2023, but the impact on the credit status of the Group requires further evaluation.

展望2023年，在債務緊縮的情況下，中國房地產開發商的內需可能繼續疲軟，許多房地產開發商的項目已推遲。房地產開發商採取了去庫存和去槓桿的政策，並在2022年開展新項目時非常保守。2023年房地產行業增長的風險可能會減少，在政府最近實施刺激措施後，未完成的項目可能會完成。本集團預期2023年鋼材價格波動可能會較小。

2023年上半年，中國鋼材市場仍將承壓，鋼材需求疲軟，鋼材產量相對較高。然而，大多數市場消息人士認為，2023年下半年的鋼鐵需求將比一年前和2023年上半年有所改善，儘管可能無法回升至2021年底的水平。本集團將審慎管理風險，在成本控制方面更加謹慎，希望2023年毛虧狀況能夠得到改善。

評估流動資金狀況及營運資金充足度

本年度本公司以財務及經營計的財務表現轉差。第一，由於COVID-19疫情的不利影響，本集團於獲得新資金來源(包括自中國金融機構獲得額外銀行融資以進一步支持本集團的資金需求)時面對困難。此外，由於中國政府更嚴格的信貸措施，中國的信貸市場仍然挑戰重重。第二，俄烏戰爭的影響使得鐵礦石等大宗商品的價格劇烈波動，疊加國內下游市場需求不振等因素影響，使得公司盈利能力轉差，營運資金壓力增大。

目前來看COVID-19疫情對本集團2023年的影響將減輕，剛剛於中國召開的「兩會」確定了5%的經濟增長目標和3%的財政赤字率，這表明中國將在2023年實行積極的財政政策，但對於本集團信貸狀況的影響尚需進一步評估。

Management Discussion and Analysis (Continued) 管理層討論及分析(續)

Measures such as cost control, funding of and adjustments to business plans taken or to be taken to manage the impact of the COVID-19 pandemic

The joint prevention and control mechanism of the State Council of the PRC announced in the press conference in February 2023 that, China's prevention and control situation is generally improving, and it has entered steadily the normalised prevention and control stage of "Class B and B Control". However, as the adverse impacts arising from the global pandemic are still being felt, the Group will continue to pay close attention to the key area, continue to improve various measures of "Class B and B Control", and improve normalised prevention and control and emergency response capabilities. Based on the Group's experience, the Group has formulated relevant contingency plans to enhance emergency responding capabilities and ensure stable business operations. Under the new prevention and control stage and the planning and deployment of the 20th National Congress of the Communist Party of China on economic recovery and high-quality development, the Group expects that upstream supply will improve and downstream demand will rebound. The Group will further optimise cost control, consolidate customer relationships, improve payment collection capabilities, concentrate resources to promote transformation and upgrade, search for new customers, improve profitability, and introduce new financing and strategic investment. Forming a stable and healthy development environment is the focus of the Group.

已採取或將採取以管理COVID-19疫情的影響之措施(包括成本控制、資金及業務計劃調整)

中國國務院聯防聯控機制於2023年2月舉行新聞發布會宣佈，中國防控形勢總體向好，平穩進入「乙類乙管」常態化防控階段。然而，由於全球疫情帶來的不利影響仍在持續，本集團將繼續密切關注重點領域，繼續完善「乙類乙管」各項措施，提升常態化防控和應急處置能力。本集團基於過往經驗，本集團制定相關預案，提升應急處突能力，確保業務的穩定運營。在新防控階段和二十大對經濟恢復和高質量發展的規劃部署下，本集團預計上游供應將改善，下游需求將回升。本集團將進一步優化成本控制，穩固客戶關係，提升收款能力，集中資源推進轉型升級，開闢新的客戶，提升盈利能力，引入新的融資及戰略投資，形成穩定健康的發展環境是本集團的工作重心。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintaining good corporate governance practices and procedures. The Company has adopted the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance. Save as otherwise disclosed herein, the Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Year.

The Board is committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the Shareholders. The Board is responsible for performing the duties on corporate governance function as set out below:

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

During the Year, the Board has reviewed the Company's corporate governance practices and the duties performed by the committees of the Board, including review of the revised terms of reference for the Remuneration Committee.

Set out below is a detailed discussion of the major corporate governance practices adopted and observed by the Company during the Year or where applicable, up to the date of this report.

本公司致力維持良好的企業管治常規及程序。本公司已採納上市規則附錄十四第二部分所載的企業管治守則作為其本身的企業管治守則。董事會認為，除本章節所披露者外，本公司於本年度一直遵守企業管治守則所載全部適用守則條文。

董事會致力維持本公司的企業管治，確保實行正規及具透明度的程序以保障及盡量提升股東權益。董事會負責履行下文所載的企業管治職能：

- 制訂及審閱本公司企業管治政策及常規；
- 審閱及監控董事及高級管理層培訓及持續專業發展；
- 審閱及監控本公司遵守法律及監管規定的政策及慣例；
- 制訂、審閱及監控僱員及董事適用的行為守則及合規手冊(如有)；及
- 審閱本公司遵守企業管治守則及企業管治報告所載披露的情況。

於本年度，董事會已審閱本公司的企業管治常規及董事委員會履行的職責，包括審閱薪酬委員會的經修訂職權範圍。

下文詳細列載本公司於本年度或截至本報告日期(如適用)所採納及遵守的主要企業管治常規。

Corporate Governance Report (Continued) 企業管治報告(續)

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix 14 of the Listing Rulers and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. Most of the new requirements under the amended Corporate Governance Code (the “**New Code Provisions**”) have been adopted by the Company as its corporate governance practices for a number of years. These are highlighted in the following table:

於2021年12月，聯交所刊發有關檢討上市規則附錄14企業管治守則及相關上市規則的諮詢總結。其中大部分修訂適用於2022年1月1日或之後開始的財政年度。經修訂企業管治守則(「**新守則條文**」)中的大部分新規定與本公司多年來一直採納的企業管治常規一致。有關情況於下表概述：

New Requirements 新規定	The Company's Practices 本公司實行的常規
Align the company's culture with its purpose, values and strategy (New Code Provision A.1.1)	A healthy corporate culture across the Group is vital for the Company to achieve its vision and mission towards sustainable growth. In the Company, it is the Board's role to foster a corporate culture with three core principles to guide the behaviors of its employees, and ensure that the Company's vision, values and business strategies are aligned to it.
確保公司的文化與公司的目的，價值及策略一致(新守則條文第A.1.1條)	集團上下健康的企業文化對本公司實現可持續發展的願景及使命至關重要。於本公司內，董事會的職責為培育具備三項核心原則指引的企業文化，以指導僱員的行為，並確保本公司的願景、價值觀及業務策略與之相一致。
Establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations (New Code Provision D.2.7)	The Group already introduced its anti-bribery and corruption policies during the Year.
制定促進和支持反貪污法律及規例的政策和系統(新守則條文第D.2.7條)	本集團已於本年度內採納反賄賂及反貪污政策。
Establish whistleblowing policy and system (New Code Provision D.2.6)	The Group already introduced its whistleblowing policies and system during the Year.
制定舉報政策及系統(新守則條例第D.2.6條)	本集團已於本年度內採納舉報政策及系統。

Corporate Governance Report (Continued) 企業管治報告(續)

New Requirements

新規定

Disclosure of the mechanism(s) to ensure independent views and input are available to the board, and annual review of the implementation and effectiveness of such mechanism(s) (New Code Provision B.1.4)

披露確保董事會可獲得獨立觀點及意見的機制，以及每年對該等機制的實施及成效進行檢討(新守則條文第B.1.4條)

Equity-based remuneration (e.g. share options or grants) with performance related elements should not be granted to independent non-executive directors (New Recommended Best Practice E.1.9)

不應向獨立非執行董事授予以股權為基礎並與績效相關的酬金(例如購股權或補貼)(新建議的最佳常規第E.1.9條)

Annually review the board diversity policy (New Code Provision B.1.3)

每年檢討董事會多元化政策(新守則條文第B.1.3條)

Nomination committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors (Listing Rule 3.27A)

提名委員會由獨立非執行董事擔任主席，且大部分成員為獨立非執行董事(上市規則第3.27A條)

Communications with shareholders and the relevant annual review (Paragraph L of the Mandatory Disclosure Requirement under the amended Corporate Governance Code)

與股東的通訊及相關年度檢討(經修訂企業管治守則下的強制性披露要求第L段)

The Company's Practices

本公司實行的常規

The Board is committed to assessing the independence of independent non-executive Directors annually and ensuring that independent views and input are made available to the Board.

董事會致力每年評估獨立非執行董事之獨立性，並確保董事會可獲提供獨立觀點及意見。

The Company has a long-established practice of a benchmarked approach in determining the independent non-executive Directors' fees, which does not involve equity based remuneration with performance-related elements. The level of fees payable to independent non-executive Directors is also subject to Shareholders' approval.

本公司長久以來採用基於對照基準的方法釐定本集團獨立非執行董事的酬金，當中不涉及以股權為基礎並與績效相關的酬金。應付予獨立非執行董事的酬金水平亦須經股東批准。

The Company has set up the board diversity policy. The policy is subject to annual review by the Nomination Committee.

本公司已推出董事會多元化政策。該政策每年須由提名委員會檢討。

The Company's Nomination Committee, which comprises a majority of independent non-executive Directors, has been chaired by an independent non-executive Director.

本公司的提名委員會由獨立非執行董事擔任主席，且大部分成員為獨立非執行董事。

The Company continuously reviewed its communication channels with the Shareholders.

Details already set out in L. Shareholders' Rights and Investor Relations of this Corporate Governance Report

本公司持續檢討其與股東的溝通渠道。
詳情載於本企業管治報告「L. 股東權利及投資者關係」

Corporate Governance Report (Continued) 企業管治報告(續)

New Requirements

新規定

Elaborate the linkage between corporate governance and ESG (Introductory paragraph in the amended Corporate Governance Code, New Principle D.2. Code Provisions D.2.2 and D.2.3)

闡述企業管治與環境、社會及管治之間的關聯(經修訂企業管治守則中的引言段落、新訂原則D.2條文第D.2.2及D.2.3條)

Publish ESG reports at the same time as publication of annual reports (Listing Rule 13.91(5)(d) and paragraph 4(2)(d) of the ESG Reporting Guide)

同時發佈年報與環境、社會及管治報告(上市規則第13.91(5)(d)條及環境、社會及管治報告指引第4(2)(d)段)

The Company's Practices

本公司實行的常規

The ESG Report includes the ESG governance structure. A separate ESG working group has been set up to implement and formulate the ESG strategy.

ESG報告包括環境、社會及管治的管理架構。本公司已成立獨立的ESG工作小組，以實施及制定ESG策略。

The ESG Report has been published at the same time as the Company's Annual Report since the year ended 31 December 2022.

自截至2022年12月31日止年度起，同時刊發本公司年報與ESG報告。

THE COMPANY'S CULTURE

The Company is committed to inclusive practices in the way we employ, develop and treat employees, underpinned by the corporate values of fairness, integrity, innovation and transparency with a focused people strategy to cultivate a safe and inclusive corporate culture where employees can positively contribute to the sustained growth of the Group.

The Group has been heavily investing its capital in quality production, in particular, the development of high-end special steel products. The steel industry in China is highly competitive and each manufacturer targets to upgrade its products while reducing the cost. The Group has been proactive in this area through its strategic cooperation with the CAS to research, develop and produce patented products with proprietary intellectual property rights. It includes the production of high-quality building materials under the new national standard that will be used in key projects in line with the national investment direction at a low cost, as well as advanced rail transit steel, high-end bearing steel, oceanic engineering steel, steel for special fields and other new products with higher profit margins, in order to build a national high-end special steel new material support base, further enhance the technical barriers of the Group, and contribute to the development of national high-end equipment manufacturing. During the Year, the Group invested approximately RMB379 million in research and development costs.

本公司的文化

本公司秉持公平、誠信、創新及透明的企業價值觀，致力於僱傭、培養及對待僱員時採取包容性做法，堅持以人為本策略，營造安全及包容的企業文化，讓僱員為本集團的持續增長作出積極貢獻。

本集團一直大力投入資金生產優質產品，尤其是發展高端特鋼產品。中國的鋼鐵行業競爭激烈，各製造商均希望在降低成本的同時升級產品。本集團在此方面積極行動，透過與中國科學院的戰略合作，研發和生產具有自主知識產權的專利產品。當中包括以低成本方式生產將用於符合國家投資方向的重點工程的高質量新國標精品建材，以及先進軌道交通用鋼、高端軸承鋼、海洋工程用鋼、特殊領域用鋼等利率較高的新產品，以打造國家高端特鋼新材料保障基地，進一步提升本集團的技術壁壘，為國家高端裝備製造發展貢獻力量。於本年度，本集團投入研發成本約人民幣379百萬元。

Corporate Governance Report (Continued) 企業管治報告(續)

The Group aims to enhance its competitiveness through its technological innovation platform to produce ingots, forged materials, rolled materials and building materials in a refined manner.

The Group continuously provides trainings to its employees and potential employees in order to help them understand their future career development in the steel industry. In the past years, the Group continuously strengthened its cooperations with various institutes such as the IMR, CAS and Lubei Technician College (魯北技師學院, formerly known as Binzhou Technical College).

The Group considers its people as its greatest asset. Apart from enhancing the skills of the employees, the Group also encourages the employees to maintain a work-life balance. The management believes employees can contribute to their full potential if they lead a happy, healthy and balanced life. At the Group, an individual is not just an employee, but a member of the family and a part of the bigger journey that is full of opportunities to discover his/her true potentials. There are innumerable examples of people who have been able to carry forward their interests here, always being encouraged to lead a life in their own unique way.

The management maintains an open mind set throughout the operations of the Group. The management acknowledges that they do not always know everything, and should be open enough to listen more, take in others' viewpoints and respect differing opinions.

A. DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the Year and up to the date of this report.

本集團旨在透過其科技創新平台，精心生產鋼錠、鍛材、軋材、建材產品，提升企業競爭力。

本集團不斷為僱員及潛在僱員提供培訓，以幫助彼等了解鋼鐵行業的未來職業發展。本集團已於過去數年不斷加強與中科院金屬所、中國科學院及魯北技師學院(前稱為濱州市技術學院)等多個研究所的合作。

本集團認為，人才乃本集團最大資產。除了提升僱員的技能外，本集團亦鼓勵僱員平衡工作與生活。管理層相信，如果員工過著快樂、健康和平衡的生活，彼等就能充分發揮其潛力。對本集團而言，每個人不僅僅是一名僱員，而是家庭的一員，亦為充滿機會發現其真正潛力的更大旅程的一部分。有無數人能夠在這裡發揚自己的興趣，始終被鼓勵以自己獨特的方式過生活。

管理層在本集團的整個運營過程中保持開放的心態。管理層承認他們並不總是無所不知。管理層應該足夠開放，多傾聽，吸收他人的觀點，倘不被贊同，亦應表示尊重。

A. 董事進行的證券交易

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易的標準守則。經作出特定查詢後，全體董事均確認，彼等於本年度及截至本報告日期一直遵守標準守則。

Corporate Governance Report (Continued)

企業管治報告(續)

B. BOARD OF DIRECTORS

(i) Board composition

The Board currently comprises four executive Directors and three independent non-executive Directors. During the Year and up to the date of this report, the Board consisted of the following Directors:

Executive Directors

Mr. ZHANG Jian (*Chairman and Chief Executive Officer*)
(appointed as Chairman with effect from
14 February 2023)

Mr. SUN Xinqu

Ms. LI Hai Xia

Mr. WANG Chaoqun

(appointed with effect from 14 February 2023)

Non-executive Director

Mr. WANG Di (*Chairman*)

(resigned with effect from 14 February 2023)

Independent Non-executive Directors

Mr. LEUNG Shu Sun Sunny

Mr. YU Kou

Mr. LI Bangguang

During the Year, the Board at all times met the requirements under Rule 3.10(1) and (2) and 3.10(A) of the Listing Rules that, at least one-third of members of the Board being independent non-executive Directors, with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

(ii) Appointment and re-elections of Directors

In accordance with the Articles, the Board is authorised to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an additional member of the Board. The Company has adopted the board diversity policy, being the guidelines to achieve diversity on the Board, and ensure the Board has a balance of skills, experience and knowledge in the industry and diversity of perspectives appropriate to the Company's business. The Nomination Committee ensures the

B. 董事會

(i) 董事會組成

董事會目前由四名執行董事及三名獨立非執行董事組成。於本年度及截至本報告日期，董事會包括下列董事：

執行董事

張健先生(主席及行政總裁)
(於2023年2月14日起獲
委任為主席)

孫新虎先生

李海霞女士

王超群先生

(於2023年2月14日起獲委任)

非執行董事

王棟先生(主席)

(於2023年2月14日起辭任)

獨立非執行董事

梁樹新先生

于叩先生

李邦廣先生

於本年度，董事會一直遵照上市規則第3.10(1)及(2)條與第3.10(A)條規定，即至少三分之一的董事會成員為獨立非執行董事，且至少一名獨立非執行董事具備合適的專業資格或會計及財務管理相關專長。

(ii) 董事的委任及重選

根據章程細則，董事會有權委任任何人士為董事，以填補董事會臨時空缺，或(經股東於股東大會授權)作為董事會新增成員。本公司採納董事會多元化政策作為達致董事會成員多元化的指引，確保董事會成員具備本行業技能、經驗及知識與適合本公司業務的多元化視角。提名委員會確保基於一系列多元化視角甄選

Corporate Governance Report (Continued) 企業管治報告(續)

selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee is responsible for monitoring the implementation of the Company's board diversity policy and review the same as appropriate.

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of Shareholders as a whole. One of the independent non-executive Directors, Mr. LEUNG Shu Sun Sunny, has over 30 years of experience in, among other things, accounting, treasury management, budgeting and corporate finance. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. The Company has received the annual written confirmations from each of Mr. LEUNG Shu Sun Sunny, Mr. LI Bangguang and Mr. YU Kou in respect of their independence respectively pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Board considers all independent non-executive Directors to be independent.

According to the Articles, additional Directors appointed by the Board are subject to re-election by shareholders at the next following annual general meeting. Directors, including non-executive Directors, shall be elected or replaced by the Company in general meeting and shall serve a term of office of 3 years. A Director may serve consecutive terms if re-elected by the Company in general meeting upon the expiration of his term.

In accordance with Clause 74.1 of the Articles, Mr. SUN Xihu, Mr. WANG Chaoqun, Mr. LEUNG Shu Sun Sunny and Mr. YU Kou will retire at the forthcoming 2023 annual general meeting of the Company and, being eligible, offer themselves for re-election.

候選人，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年限。提名委員會負責監察本公司董事會多元化政策的執行並對其進行檢討(如適用)。

根據上市規則第3.10(1)條，本公司已委任三名獨立非執行董事。董事會認為，全體獨立非執行董事具備適當及足夠的行業或財務經驗及資格以履行職責，保障股東整體利益。獨立非執行董事梁樹新先生於(其中包括)會計、財務管理、預算及企業融資方面擁有逾30年經驗，為特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。本公司已獲梁樹新先生、李邦廣先生及于叩先生各自根據上市規則第3.13條就獨立性發出的年度書面確認。根據該等確認，董事會認為全體獨立非執行董事均屬獨立。

根據章程細則，獲董事會委任的新增董事須於下屆股東週年大會經股東重選連任。董事(包括非執行董事)須由本公司於股東大會上選任或更換，任期為3年。倘獲本公司於股東大會重選，董事可於任期屆滿後連任。

根據章程細則第74.1條，孫新虎先生、王超群先生、梁樹新先生及于叩先生將於本公司應屆2023年股東週年大會辭任，並合資格且願意重選連任。

(iii) Continuous appointment of independent non-executive Directors who have served for more than nine years

Pursuant to the New Code Provision B.2.3, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders.

As at the date of this report, each of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou has served as an independent non-executive Director for more than nine years.

Notwithstanding that each of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou has served as independent non-executive Director for more than nine years, (i) the Board has assessed and reviewed the annual confirmations of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that each of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou remains independent; (ii) the Nomination Committee has assessed and is satisfied of the independence of each of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou; and (iii) the Board considers that each of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou remains independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment. In view of the aforesaid factors and the fact that the skills, expertise, background, qualifications, experience and knowledge of the relevant individuals, the Board is of the opinion that such independent non-executive Directors will continue to bring benefits to the Group and would recommend Mr. LEUNG Shu Sun Sunny and Mr. YU Kou for re-election at the AGM.

A separate resolution to be approved by the Shareholders will be proposed to re-elect Mr. YU Kou and Mr. LEUNG Shu Sun Sunny as independent non-executive Directors of the Company.

Biographical details of Mr. LEUNG Shu Sun Sunny and Mr. YU Kou are set out in the section headed "Directors and Senior Management" in this report.

(iii) 持續委任任職超過九年的獨立非執行董事

根據新守則條文B.2.3，倘若獨立非執行董事在任已超過九年，其是否獲續任應以獨立決議案形式由股東審議通過。

截至本報告日期，梁樹新先生及于叩先生各自已任職獨立非執行董事超過九年。

儘管梁樹新先生及于叩先生已任職獨立非執行董事超過九年；(i) 董事會已根據上市規則第3.13條的準則評估及審閱獨立性的年度確認，並確認梁樹新先生及于叩先生仍屬獨立人士；(ii) 提名委員會已評估並信納梁樹新先生及于叩先生各自的獨立性；及(iii) 董事會認為梁樹新先生及于叩先生各自仍獨立於管理層，亦不存在可能嚴重影響彼等作出獨立判斷之任何關係。鑒於上述因素及相關人士之技能、專長、背景、專業資格、經驗及知識，董事會認為該等獨立非執行董事將持續為本集團帶來裨益，並建議梁樹新先生及于叩先生於股東週年大會重選連任。

重選于叩先生及梁樹新先生為本公司獨立非執行董事的獨立決議案將被提呈，由股東審議通過。

梁樹新先生及于叩先生之履歷詳情載於本報告「董事及高級管理層」一節。

(iv) Responsibilities and contributions of the Board

The Board, with the assistance from the senior management, forms the core management team of the Company. The Board takes the overall responsibility for the management of the Company, formulating the business strategies development plan of the Company, making decisions on important issues, including but not limited to substantial mergers and acquisitions and disposals, Directors' appointments and significant operational and financial matters, and reviewing and approving of annual and interim results and reports of the Company. The senior management is responsible for executing the Board policies and strategies, including the provision of monthly updates of the Group's performance, position and prospects to the Board to enable the Board and each of the Directors to deliver and discharge their duties under the Listing Rules. Daily management, administration and operations of the Company are delegated to the management team of the Company. The Board has timely and full access to all relevant information of the Company and may, upon request, seek independent professional advices in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company. The Directors shall disclose the details of the companies in which they hold offices. The Board also has access to the advice and services of the company secretary and the company secretary provides advice and services and reports to the Board to ensure the Board complies with all the Board procedures and all applicable rules and regulations. Company secretary notifies the Board of rule amendments and updates in respect of corporate governance practices to assist the Directors to fulfill their responsibilities.

(iv) 董事會的責任及貢獻

董事會在高級管理層的協助下組成本公司核心管理隊伍。董事會整體負責本公司管理，制訂本公司業務策略發展計劃，就重大事項(包括但不限於重大合併及收購與出售、董事委任及重大營運及財務事宜)作出決策以及審閱及批准本公司年度及中期業績及報告。高級管理層負責執行董事會政策及策略，包括每月向董事會提供本集團的最新業績、經營狀況及前景，以讓董事會及每位董事根據上市規則執行及履行職責。本公司日常管理、行政及營運則交由本公司管理團隊負責。董事會可及時全面獲得本公司所有相關資料，且可於收到要求時在合適的情況下尋求獨立專業意見，費用由本公司承擔，以供彼等履行對本公司之職責。董事會亦有權獲得公司秘書的意見及服務，而公司秘書向董事會提供意見及服務並作出匯報，以確保董事會遵照所有董事會程序與一切有關規則及規例。公司秘書通知董事會有關企業管治常規的規則修訂及更新資料以協助董事履行責任。

Corporate Governance Report (Continued) 企業管治報告(續)

(v) Financial reporting

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2022, which should give a true and fair view of the state of affairs of the Group, and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The financial statements of the Company and the Group for the Year were prepared on a going concern basis. The Audit Committee has reviewed and recommended the Board to adopt the audited accounts for the Year. The statements of the Auditors with regard to their reporting responsibilities on the financial statements of the Company are set out in the Independent Auditors' Report on pages 111 to 114 of this report.

(vi) Relationship among members of the Board

Mr. WANG Di (resigned with effect from 14 February 2023), the former chairman and a non-executive Director of the Company is the son of Mr. WANG Yong, a former non-executive Director of the Company (resigned with effect from 5 July 2019). Save as disclosed, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between any of the Directors or chief executive officer during the Year. Each of Mr. WANG Yong, Mr. WANG Di and Mr. SUN Xinqu, among others, have entered into a voting agreement in respect of their shares held in Xiwang Holdings dated 27 September 2011 and a supplemental voting agreement dated 7 February 2012. Under these agreements, each of the shareholders of Xiwang Holdings shall only vote, when in the capacity of a shareholder of Xiwang Holdings, in accordance with the instruction of Mr. WANG Yong at any shareholders meetings of Xiwang Holdings.

(v) 財務報告

董事知悉其負責編製截至2022年12月31日止年度應真實而公平反映本集團事務狀況的財務報表，並確保財務報表已根據法定規定及適用會計準則編製。本公司及本集團截至本年度的財務報表按持續經營基準編製。審核委員會已檢討並建議董事會採納截至本年度的經審核賬目。核數師有關本公司財務報表的申報責任聲明載於本報告第111頁至114頁獨立核數師報告。

(vi) 董事會成員之間的關係

本公司前主席兼非執行董事王棟先生(於2023年2月14日起辭任)為本公司前非執行董事王勇先生(於2019年7月5日起辭任)之子。除所披露者外，於本年度，任何董事或行政總裁之間概無關係(包括財務、業務、家庭或其他重大／相關關係)。王勇先生、王棟先生及孫新虎先生連同其他人士於2011年9月27日各自就所持西王控股股份訂立表決協議，經日期為2012年2月7日的補充表決協議。根據該等協議，西王控股各股東在西王控股任何股東會議上僅可根據王勇先生的指示以西王控股股東身份投票。

Corporate Governance Report (Continued) 企業管治報告(續)

(vii) Continuous professional development of Directors

Induction materials of comprehensive guidance on directors' duties and liabilities are provided to Directors once they join the Board. Senior management of the Company provides briefings to all Directors for updates of their knowledge and skills of the industry of the Company. Company secretary provides updates of or amendments to the Listing Rules and other statutory regulations for Directors' fulfillment of their responsibilities and duties in the Company. During the Year, the Company provided the Directors with written materials for the updates of corporate governance practices, especially relating to the latest corporate governance rules and board of directors and directors' guide. All Directors have confirmed they have studied the materials provided by the Company.

(vii) 董事的持續專業發展

董事加入董事會時，本公司會向其派發有關董事職務及責任的綜合指引介紹材料。本公司高級管理層會為全體董事舉行簡介會，介紹有關本公司行業的知識及技能的最新資料。公司秘書會提供有關上市規則及其他法定法規的更新資料或修訂，以便董事履行彼等於本公司的責任及職責。於本年度，本公司向董事提供有關企業管治常規的最新書面資料，尤其是關於最新企業管治守則以及董事會及董事指引的資料。全體董事均確認已研究本公司所提供的資料。

**Studying
written materials
for the updates
of the Listing Rules
and/or corporate
governance practices
研究上市規則更新及/
或企業管治常規的書面材料**

WANG Di	王棣	✓
ZHANG Jian	張健	✓
SUN Xihu	孫新虎	✓
LI Hai Xia	李海霞	✓
LEUNG Shu Sun Sunny	梁樹新	✓
LI Bangguang	李邦廣	✓
YU Kou	于叩	✓

Corporate Governance Report (Continued) 企業管治報告(續)

(viii) Evaluation of the Board

The Board distributed self-evaluation questionnaire to the Directors during the Year to evaluate the overall performance of the Board. The Chairman examined the operations of the Board and its members along with its effectiveness, quality of decision and strategy making, and its relationship with the executive management. Directors' recommendations have been analysed, discussed and prioritised.

The Board is generally satisfied with the current Board composition. The Board comprised of members with diversified background ranging from accountant, lawyer to seasoned managers. The Board at present has three committees and performed their duties effectively. Succession planning is in place to ensure that the strategy of the Group can be fulfilled and performed as expected.

Executive Directors, being the employees of the Group, are subject to monthly evaluation which covers their punctuality and work completed during the previous month. The Chairman of the Board will evaluate and comment to help executive Directors understand the quality of work completed in the current month. Performance discussion is carried out on an ongoing basis and a formal evaluation is conducted at least once a year to review executive Directors' overall performance, achievements, and areas in need of improvement. Salary review would be based on individual's performance and subject to the Group's discretion and the recommendation from the Remuneration Committee.

The determination of remuneration packages of the Directors takes into consideration of the factors such as time commitment and responsibilities of the Directors and by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. At present, all executive Directors are not entitled to director's fee for working as the executive Directors of the Company. The Board will review this practice if there is a change in the responsibilities of the executive Directors.

(viii) 董事會評估

董事會於本年度向董事派發自我評估問卷，以評估董事會之整體表現。主席審查董事會及其成員的運作及其成效、決策制訂及策略的質量、以及其與執行管理層的關係。董事之建議已經過分析、討論及優先排序。

董事會整體而言對目前董事會的組成感到滿意。董事會由具有多元化背景的成員組成，從會計師、律師到經驗豐富的經理。董事會目前下設三個委員會，並有效地開展工作。繼任計劃已生效，確保本集團的策略能夠按預期實現並執行。

執行董事為本集團僱員，每月接受評估，涵蓋彼等於上一個月的守時情況及完成的工作。董事會主席將作出評估及評論，幫助執行董事了解當月完成的工作質量。持續討論表現，每年至少進行一次正式評估，審閱執行董事的整體表現、成就及有待改善的領域。薪酬檢討將根據個人表現並由本集團酌情決定及基於薪酬委員會的建議決定。

釐定董事薪酬待遇時，會考慮董事所投入的時間及責任等因素，並參考香港上市公司一般支付予具備可資比較能力及工作職責的董事的酬金水平，確保適宜、公平及有競爭力的薪酬待遇。目前，所有執行董事均無權因擔任本公司執行董事而收取董事袍金。倘執行董事的職責有變，董事會將檢討此常規。

C. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at the date of this report, Mr. ZHANG Jian is the chairman of the Company who is principally responsible for the formulation of plans and policies of the Group and Mr. ZHANG is also the chief executive officer of the Company. During the Year, Mr. WANG Di was the chairman of the Board and a non-executive Director. Effective from 14 February 2023, Mr. WANG Di ceased to be a non-executive Director and chairman of the Company and Mr. ZHANG Jian, an executive Director and the chief executive officer of the Company, was appointed as chairman of the Company.

The New Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the appointment of Mr. ZHANG as the chairman, Mr. ZHANG assumes the dual roles of the chairman and the chief executive officer of the Company. The Board believes that having the same individual in both roles as the chairman and the chief executive officer will continue to ensure that the Company has consistent leadership and the ability to make and implement the overall strategy of the Company effectively. The Board believes that this structure does not compromise the balance of power and authority between the Board and the management of the Company. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Company's circumstances.

D. BOARD COMMITTEES

The Group has established the following board committees in compliance with the CG Code. Independent non-executive Directors constitute majority of members of these committees appointed by the Board. The terms of reference of these committees based on the CG Code are posted on the websites of the Company and the Stock Exchange. Sufficient resources are provided to the Board committees for their discharge of their duties. They are able to seek independent professional advice, at the Company's expenses, upon reasonable requests and under appropriate circumstances.

C. 主席及行政總裁

於本報告日期，張健先生為本公司主席，主要負責制訂本集團的計劃及政策，張先生亦為本公司行政總裁。於本年度，王棣先生為董事會主席兼非執行董事。自2023年2月14日起，王棣先生不再擔任本公司非執行董事及主席職務，本公司執行董事及行政總裁張健先生獲委任為本公司主席。

新守則條文C.2.1規定，主席及行政總裁的角色應有區分，並不應由一人同時兼任。張先生獲委任為主席後，張先生將承擔本公司主席及行政總裁的雙重職務。董事會認為，由一人同時兼任本公司主席及行政總裁將繼續確保本公司具有一致的領導能力以及有效制定、實施本公司整體戰略的能力。董事會相信，此架構不會損害董事會與本公司管理層之間的權力及授權平衡。董事會將定期審查此架構的有效性，以確保其適合本公司的情况。

D. 董事委員會

本集團已遵照企業管治守則成立下列董事委員會。董事會所委任該等委員會的大部分成員由獨立非執行董事構成。該等委員會根據企業管治守則制訂的書面職權範圍已刊載於本公司及聯交所網站。本公司已向董事委員會提供充足資源以協助彼等履行職務。彼等亦可在適當情況下提出合理要求以尋求獨立專業意見，費用由本公司承擔。

(i) Audit Committee

In accordance with the written terms of reference of the Audit Committee, all members of the Audit Committee are non-executive Directors with majority of the members being independent non-executive Directors. At least one of them shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. Former partner of the Company's existing external auditor from time to time may not act as a member of the Audit Committee for a period of at least two years from the date of his ceasing (a) to be a partner of the firm or (b) to have any financial interest in the firm, whichever is later. As at 31 December 2022, the members of the Audit Committee comprised Mr. LEUNG Shu Sun Sunny (chairman), Mr. LI Bangguang and Mr. YU Kou, who are all independent non-executive Directors. The chairman of the Audit Committee has the appropriate professional qualifications as required under the Listing Rules and none of the members of the Audit Committee was a former partner of the Company's existing Auditors. The primary responsibilities of the Audit Committee are to monitor the integrity of the Group's financial statements and reports and review significant financial reporting judgements contained in them, to exercise independent judgment in reviewing and supervising the Company's financial reporting process and internal control procedures, to provide recommendations to the Board for the improvements of the Group's financial reporting system and internal control procedures and system, overseeing the independence and performance of the external auditors of the Company and to provide recommendations to the Board for the appointment and renewal of external auditors. The Audit Committee also supervises the internal investigation and reviewing of the anti-corruption policy and system and the whistleblowing policy and systems and other arrangements for employees of the Company to raise concerns about any possible inappropriate matters related to the Group. The terms of reference of the Audit Committee are available on the Company's website and the website of the Stock Exchange. Three meetings were held by the Audit Committee during the Year, including 2 meetings with the Auditors for audit

(i) 審核委員會

根據審核委員會的書面職權範圍，審核委員會所有成員為非執行董事，且大部分成員為獨立非執行董事；至少有一名成員應為擁有上市規則規定的適當專業資格或會計或相關財務管理專長的獨立非執行董事。本公司現任外聘核數師不時的前任合夥人在以下日期(以較後者為準)起計至少兩年內不能擔任審核委員會成員：(a) 其不再為該公司合夥人之日或(b) 其不再享有該公司財務利益之日。於2022年12月31日，審核委員會成員包括梁樹新先生(主席)、李邦廣先生及于叩先生，彼等為獨立非執行董事。審核委員會主席擁有上市規則規定的適當專業資格，且概無審核委員會成員為本公司現任核數師的前任合夥人。審核委員會的主要責任為監察本集團財務報表及報告的完整性，審閱財務報表及報告所載有關財務申報的重大判斷，就檢討及監督本公司財務申報過程及內部控制程序提供獨立判斷，就改進本集團財務申報系統及內部控制程序與系統向董事會提供推薦意見，監督本公司外聘核數師的獨立性及表現及就委任及續聘外聘核數師向董事會提出推薦意見。審核委員會亦監督內部調查，並檢討反貪污政策及制度、舉報政策及制度、以及本公司僱員提出有關本集團任何事宜中的涉嫌不當情況的其他安排。審核委員會職權範圍載於本公司網站及聯交所網站。於本年度，審核委員會曾舉行三次會議，包括兩次與核數師為審核計劃舉行的會議及年度業績。於本年度，審核委員會檢討本公司的財務申報系統及內部控制程序。審核委員會審閱並建議董事會採

planning and annual results. During the Year, the Audit Committee reviewed the Company's financial reporting system and internal control procedures. The Audit Committee reviewed and recommended the Board to adopt the audited accounts and final results announcement for the year ended 31 December 2021 and the unaudited accounts and interim results announcement for the six months ended 30 June 2022. It has also reviewed and recommended the Board for the re-appointment of external auditors. The Audit Committee has reviewed the Company's audited annual results for the Year at the meeting held on 24 March 2023 and its updates on the annual results on 3 April 2023.

(ii) Remuneration Committee

In accordance with the written terms of reference of the Remuneration Committee, majority of members of the Remuneration Committee shall be independent non-executive Directors, with the chairman must be an independent non-executive Director. The terms of reference of the Remuneration Committee are available on the Company's website and the website of the Stock Exchange. As at 31 December 2022, Mr. LI Bangguang (chairman), Mr. WANG Di and Mr. YU Kou are members of the Remuneration Committee, and Mr. LI Bangguang and Mr. YU Kou are independent non-executive Directors of the Company. As Mr. WANG Di ceased to be a Director from 14 February 2023, Mr. LEUNG Shu Sunny was appointed as a member of the Remuneration Committee on the same day. As at the date of this report, all the members of the Remuneration Committee are independent non-executive Directors.

The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the policy and structure of the Company for all directors and senior management remuneration, assess the performance of executive directors, review and approve the terms of executive Directors' service contracts and to review and recommend to the Board on the remuneration packages of individual executive director and senior management, by reference to the duties, responsibilities, experience and qualifications of each candidate. The Remuneration Committee also

納截至2021年12月31日止年度的經審核賬目與末期業績公告及截至2022年6月30日止六個月的未經審核賬目與中期業績公告。審核委員會亦已就重新委任外聘核數師作出檢討並向董事會提供推薦意見。審核委員會已於2023年3月24日舉行的會議上審閱本公司本年度的經審核年度業績及其於2023年4月3日更新的年度業績。

(ii) 薪酬委員會

根據薪酬委員會的書面職權範圍，薪酬委員會的大多數成員應為獨立非執行董事，而主席須為獨立非執行董事。薪酬委員會的職權範圍在本公司網站及聯交所網站可供查閱。於2022年12月31日，李邦廣先生(主席)、王棣先生及于叩先生均為薪酬委員會成員，其中李邦廣先生及于叩先生為本公司獨立非執行董事。由於王棣先生於2023年2月14日不再擔任董事，梁樹新先生於同日獲委任為薪酬委員會成員。於本報告日期，薪酬委員會全體成員均為獨立非執行董事。

薪酬委員會的主要職責為就本公司全體董事及高級管理層的薪酬政策及架構向董事會作出推薦意見，評估執行董事表現，審批執行董事服務合約的條款及審閱個別執行董事及高級管理層的薪酬組合併參考各候選人職務、責任、經驗及資格後就此向董事會提供推薦意見。薪酬委員會不時管理並監督本公司的購股權計劃，並審閱及批准向本集團任何

Corporate Governance Report (Continued) 企業管治報告(續)

administers and oversees the Company's Share Option Scheme from time to time, and reviews and approves the granting of share options to any staff of the Group. No material matter related to the share scheme under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Year.

Remuneration Policy

- The Board has taken into consideration a number of relevant factors when considering remuneration adjustments and annual bonuses, such as making references to the prevailing market conditions, local market practice, salaries paid by comparable companies, the financial performance of the Group, the levels of emolument of existing staff of the Company, job responsibilities, duties and scope, performance of individuals and the market demand for their skills. The Board seeks to obtain a balance of all the abovementioned factors.
- The Share Option Scheme is maintained for the purpose of providing incentives and rewards to eligible participants for their contribution or potential contribution to the Group so as to encourage them to participate in the long-term development of the Group.
- No individual or any other of his or her associates should participate in deciding his or her own remuneration.
- Each Director would sign an employment contract or appointment letter containing specific terms such as director's fee and length of employment when he or she joined the Board. The employment contract or appointment letter will be reviewed and approved by the Remuneration Committee.

Two meetings were held by the Remuneration Committee during the Year, (i) to review and recommend to the Board the remuneration packages of the Directors and company secretary, and (ii) to review and approve the revised terms of reference of the Remuneration Committee.

The remuneration of the Directors and key management personnel are set out in Notes 8 and 34, respectively, to the Company's consolidated financial statements for the Year as set out in this report.

員工授出購股權。於本年度，與上市規則第17章項下的股份計劃有關的重大事項無需由薪酬委員會審閱或批准。

薪酬政策

- 董事會在考慮薪酬調整及年度花紅時已考慮多項相關因素，例如參考現行市況、當地市場慣例、可資比較公司支付的薪金、本集團的財務表現、本公司現有員工的薪酬水平、工作職責、職責和範圍、個人表現以及市場對其技能的需求。董事會力求取得上述所有因素之平衡。
- 維持購股權計劃，旨在激勵及獎勵合資格參與者對本集團作出的貢獻或可能作出的貢獻，以鼓勵彼等參與本集團之長遠發展。
- 任何人士或其任何其他聯繫人不得參與決定彼自身的薪酬。
- 每位董事於加入董事會時均簽署一份僱傭合約或委任函，具體條款包括董事袍金及任職期限。僱傭合約或委任函將由薪酬委員會審核及批准。

於本年度，薪酬委員會曾召開兩次會議，(i) 審閱董事及公司秘書的薪酬組合併就此向董事會提供推薦意見；及(ii) 審閱及批准經修訂的薪酬委員會職權範圍。

董事及主要管理人員的薪酬分別載於本報告本年度本公司綜合財務報表附註8及34。

(iii) Nomination Committee

In accordance with the written terms of reference of the Nomination Committee, majority of members of the Nomination Committee shall be independent non-executive Directors, with the chairman must be the chairman of the Board or an independent non-executive Director. The terms of reference of the Nomination Committee are available on the Company's website and website of the Stock Exchange. As at 31 December 2022, Mr. LI Bangguang (chairman), Mr. WANG Di and Mr. YU Kou are members of the Nomination Committee, and Mr. LI Bangguang and Mr. YU Kou are independent non-executive Directors of the Company. As Mr. WANG Di ceased to act as a Director with effect from 14 February 2023, Mr. LEUNG Shu Sun Sunny was appointed as a member of the Nomination Committee on the same day. As at the date of this report, all the members of the Nomination Committee are independent non-executive Directors.

The primary responsibilities of the Nomination Committee are to determine the policy for the nomination of directors, review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, and make recommendations to the Board on the nominees for appointment as directors and senior management of the Group, by reference to the experience and qualification of each candidate, and in respect of the nomination of any proposed independent non-executive Directors, by reference to their eligibility, the perspective, skills and experience that the proposed independent non-executive Director can bring to the Board, and his/her contribution to diversity of the Board and ability to devote sufficient time to the Board and Board committees.

(iii) 提名委員會

根據提名委員會的書面職權範圍，提名委員會的大多數成員應為獨立非執行董事，而主席須為董事會主席或獨立非執行董事。提名委員會的職權範圍在本公司網站及聯交所網站可供查閱。於2022年12月31日，李邦廣先生(主席)、王棣先生及于叩先生均為提名委員會成員，其中李邦廣先生及于叩先生為本公司獨立非執行董事。由於王棣先生於2023年2月14日起不再擔任董事，梁樹新先生於同日獲委任為提名委員會成員。於本報告日期，提名委員會全體成員均為獨立非執行董事。

提名委員會的主要職責為決定董事提名政策，至少每年審閱董事會的架構、規模及組成(包括技能、知識及經驗)，就任何建議變動向董事會提出推薦意見以配合本公司的企業策略，以及經參考各候選人經驗及資格後就委任獲提名人士為本集團董事及高級管理層向董事會提供推薦意見；而就任何建議獨立非執行董事的提名，則會參考該建議獨立非執行董事能為董事會帶來的資格、觀點、技能及經驗、對董事會多元化的貢獻及能否為董事會及董事委員會投入充足時間。

Corporate Governance Report (Continued) 企業管治報告(續)

The Nomination Committee is also responsible for ensuring that the Director selection process is transparent and fair, and that it considers a broad range of candidates who are outside the Board's circle of contacts and in accordance with the Company's board diversity policy. The Nomination Committee is also responsible for developing and maintaining a policy concerning diversity of Board members, reviewing periodically and disclosing the policy on diversity or a summary of the policy in the Company's corporate governance report and monitoring the implementation of the board diversity policy and reviewing the same as appropriate. The Board has also adopted a board diversity policy. Below is a summary of the policy:

"The Board recognises that board diversity is an essential element contributing to the sustainable development of the Company and enhances Board effectiveness and corporate governance. In determining the optimum composition of the Board, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board aims to maintain a board which has an appropriate mix of diversity, skills, experience and expertise, as well as a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is also independent element on the Board."

The Board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives, as required under Para J(a) of Part A of Appendix 14 of the Listing Rules, are as follows:

The Group has followed the Company's board diversity policy, which highlights the benefits of diversity with respect to the Board's effectiveness and decision-making process, its succession planning and development, and attainment of the Group's strategic objectives. It also sets out the Board's commitment to gender diversity and other diversity aspects, with the ultimate goal of achieving gender parity on the Board.

提名委員會亦負責確保甄選董事程序公開和公正，並根據本公司的董事會多元化政策考慮董事會圈子以外的廣泛候選人。提名委員會亦負責制定及維持董事會成員的多元化政策、定期檢討及於本公司的企業管治報告內披露有關多元化的政策或政策概要和監察董事會多元化政策的執行並對其進行檢討(如適用)。董事會亦已採納董事會成員多元化政策。下文為政策的概要：

「董事會認同董事會多元化為貢獻本公司可持續發展以及提升董事會效率及企業管治的重要元素。董事會所有委任將以用人唯才為原則，並於考慮人選時以客觀條件充分顧及董事會成員多元化的裨益。董事會旨在建設融合多元化、技能、經驗及專長的董事會，並維持執行董事與非執行董事(包括獨立非執行董事)的數量均衡以使董事會具備獨立元素。」

按上市規則附錄十四第A部分第J(a)段所規定，董事會的政策或董事會成員多元化政策的概要，包括其為執行政策而設定的任何可計量目標以及達致該等目標的進度，如下：

本集團已跟從本公司之董事會成員多元化政策，其強調董事會成員多元化對於董事會效能及決策程序、其繼任計劃及發展以及實現本集團戰略目標等方面的裨益。該政策亦列明董事會對於在性別方面以及其他不同層面達致多元化所作出的承諾，並以董事會達至性別均等為最終目標。

Corporate Governance Report (Continued) 企業管治報告(續)

During the Year and up to the date of this report, the Group had one female Director, and the Board will take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

The Board considered its diversity of gender as at the date of this report was appropriate and no additional measurable objective was necessary in this respect. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity in the future.

As at 31 December 2022, as set out in the section headed “Employees” in the ESG Report, among 3,202 employees (including senior management) of the Group, the percentages of male employees and female employees are approximately 89% and 11%, respectively. Due to the industry characteristics, there are relatively fewer female workers in the steel industry in the PRC. The Board considers that the Group’s workforce (including senior management) is composed of an appropriate gender diversity. The Group will continue to increase the ratio of female workers in the future with a target of 13% in the next five years.

The Nomination Committee is also responsible for developing and maintaining a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee or the Company to identify, select and recommend candidates for directorship during the Year, and reviewing periodically and disclosing the policy or a summary of the policy in the Company’s corporate governance report and the progress made towards achieving the objectives as set out in the policy.

於本年度及直至本報告日期，本集團有一名女性董事，日後若有適合人選，董事會將增加女性董事的比例。

於本報告日期，董事會認為其性別多樣性是適當的，在這方面，無需額外的可衡量目標。本公司將確保在招募中高級員工時考慮性別多樣性，並確保有足夠的資源可用於提供適當的培訓和職業發展，以培養董事會的繼任者，並在未來保持性別多樣性。

於2022年12月31日，在環境、社會及管治報告中「僱員」一節所載，在本集團3,202名員工(包括高級管理人員)中，男性僱員和女性僱員的比例分別約為89%及11%。由於行業特徵，相對較少的女性員工在中國鋼鐵行業擔任工人。董事會認為本集團的員工(包括高級管理人員)擁有適宜的性別多元化。本集團未來將繼續提高女性僱員比率，目標為在未來五年內提高至13%。

提名委員會亦負責制定及維持董事會成員的提名政策，包括提名程序和提名委員會或本公司在年內識別、甄選及推薦董事候選人的程序及準則，以及定期檢討及於本公司的企業管治報告內披露政策或政策概要和達致提名政策中所制定的目標的進度。

Corporate Governance Report (Continued) 企業管治報告(續)

Nomination Policy

The Company has adopted a nomination policy which sets out the following selection criteria and process and the board succession planning considerations in relation to the nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at the Board level:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Willingness to devote adequate time to discharge duties as a member of the Board;
- Board diversity policy and any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; and
- Such other perspectives appropriate to the Company's business or as suggested by the Board.

The above factors are for reference only, and not meant to be exhaustive or decisive. The Nomination Committee has the discretion to nominate any person to the Board, as it considers appropriate.

提名政策

本公司已採納提名政策，其中載列有關本公司董事提名及委任的下列甄選準則及程序及董事會繼任計劃之考慮因素，旨在確保董事會在技能、經驗及多元化方面取得平衡，適合本公司及董事會的連續性，以及在董事會層面上合適的領導：

- 人格及操守；
- 資歷，包括專業資格、技能、知識及有關本公司業務與公司策略的經驗；
- 願意投放足夠的時間履行其身為董事會成員的職責；
- 董事會多樣性政策及就達致董事會多樣性的任何可衡量目標；
- 董事會根據上市規則委任獨立董事之規定，以及相關候選人經參照上市規則所載之獨立性指引會否被視為獨立；
- 適合本公司業務或董事會建議的其他觀點。

上述因素只供參考，並不旨在涵蓋所有因素，也不具決定性作用。提名委員會可酌情決定提名任何其認為適當的任何人士。

Nomination procedures

- (a) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The Board shall have the ultimate responsibility for selection and appointment of Directors.
- (b) The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out in the selection criteria to determine whether such candidate is qualified for directorship.
- (c) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (d) For any person that is nominated by a Shareholder for election as a director at the general meeting of the Company pursuant to the Articles, the Nomination Committee shall evaluate such candidate based on the criteria as set out in the selection criteria to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to the Shareholders in respect of the proposed election of director at the general meeting.

提名程序

- (a) 如要填補臨時空缺，提名委員會須推薦人選供董事會考慮及批准。如要建議人選在股東大會上參選，提名委員會須向董事會提名供其考慮及推薦參選。董事會對董事的甄選及任命有最終責任。
- (b) 提名委員會應在收到關於任命新董事的提案及人選的履歷資料(或相關細節)後，根據甄選準則所載的準則評估該人選，以確定該人選是否合資格擔任董事。
- (c) 如提名程序產生一個或多個理想的人選，提名委員會應根據公司的需要及每個人選的背景調查(如適用)按優先順序對其進行排名。
- (d) 對於任何由股東根據本公司章程細則提名在本公司股東大會上選舉為董事的人選，提名委員會應根據甄選準則所載的準則對該人選進行評估，以確定該人選是否合資格擔任董事，且在適當情況下，提名委員會及/或董事會須在股東大會上就該董事選舉向股東提出建議。

Corporate Governance Report (Continued) 企業管治報告(續)

Re-election of Directors at General Meetings

The Nomination Committee shall review the overall contribution and service to the Company of the retiring Director(s) including his/her attendance of the Board meetings and, where applicable, the Company's general meetings, and the level of participation and performance on the Board.

The Nomination Committee shall also review and determine whether the retiring Director(s) continue to meet the selection criteria aforementioned.

Two meetings were held by the Nomination Committee during the Year. The Nomination Committee performed annual review of the structure of the Board, and the appointment of company secretary, and the independence of the independent non-executive Directors of the Company.

The Nomination Committee has reviewed the implementation and effectiveness of the Company's board diversity policy and the nomination policy and considered that they remain effective and appropriate for the Company.

在股東大會上重選董事

提名委員會應審查退任董事對本公司的整體貢獻及服務，包括彼出席董事會會議的記錄，以及(如適用)本公司股東大會的次數，以及其在董事會的參與水平及表現。

提名委員會亦應審查並確定退任董事是否繼續符合上述甄選準則。

於本年度，提名委員會曾召開兩次會議。提名委員會對董事會架構進行年度審閱，委任公司秘書並重新評估本公司獨立非執行董事的獨立性。

提名委員會已檢討本公司董事會多元化政策及提名政策的執行情況及有效性，並認為其對本公司而言仍屬有效且適當。

Corporate Governance Report (Continued) 企業管治報告(續)

(iv) Attendance record of the Board and Board Committee meetings and General Meetings

All Directors are given an opportunity to include matters in the agenda for the Board meetings.

All Directors are entitled to have access to Board papers and related materials. Management is responsible for providing the Board and Board Committees with adequate and timely information. These papers and related materials shall be in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it.

The details of Directors' attendance of the Board and Board Committee meetings and general meetings held during the Year are set out in the following table:

(iv) 董事會及董事委員會會議與股東大會出席紀錄

所有董事均有機會將事項納入董事會會議的議程。

所有董事均有權查閱董事會文件及相關資料。管理層負責向董事會及董事委員會提供充分且及時的資訊。該等文件及相關材料的形式及質量應足以使董事會能夠就有關事項作出知情決定。

董事於本年度所舉行董事會、董事委員會會議及股東大會的出席紀錄詳列如下：

		No. of meetings attended/no. of meetings eligible to attend 出席會議次數/合資格出席會議次數				
		Board Meeting 董事會會議	Audit Committee Meeting 審核委員會會議	Remuneration Committee Meeting 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	General Meeting 股東大會
Executive Directors:	執行董事：					
Mr. ZHANG Jian (chief executive officer)	張健先生 (行政總裁)	22/22	N/A 不適用	N/A 不適用	N/A 不適用	2/2
Mr. SUN Xinhu	孫新虎先生	22/22	N/A 不適用	N/A 不適用	N/A 不適用	2/2
Ms. LI Hai Xia	李海霞女士	22/22	N/A 不適用	N/A 不適用	N/A 不適用	2/2
Non-executive Director:	非執行董事：					
Mr. WANG Di (Chairman)	王棟先生(主席)	22/22	N/A 不適用	2/2	2/2	2/2
Independent Non-executive Directors:	獨立非執行董事：					
Mr. LEUNG Shu Sun Sunny	梁樹新先生	22/22	3/3	N/A 不適用	N/A 不適用	2/2
Mr. YU Kou	于叩先生	22/22	3/3	2/2	2/2	2/2
Mr. LI Bangguang	李邦廣先生	22/22	3/3	2/2	2/2	2/2

Besides the above Board meetings, the then chairman of the Board, Mr. WANG Di held one Directors' meeting with the independent non-executive Directors without the presence of other Directors during the Year.

除上述董事會會議外，時任董事會主席王棟先生於年內與獨立非執行董事召開了一次董事會議，該次會議並無其他董事出席。

Corporate Governance Report (Continued) 企業管治報告(續)

E. REMUNERATION OF SENIOR MANAGEMENT

The number of non-director senior management (whose biographical details are set out in the section headed “Directors and Senior Management” in this report) whose remuneration fell within the following bands is as follows:

	Number of senior management 高級管理層人數
Nil to RMB1,000,000	零至人民幣 1,000,000 元
	3

F. AUDITORS' REMUNERATION

A breakdown of the remuneration of the Group's external auditors is as follows:

	For the year ended 31 December 2022 截至 2022 年 12 月 31 日止年度 (RMB'000) (人民幣千元)
Service rendered	所提供服務
Annual audit services	年度審核服務
Non-audit services	非審核服務
	1,500
	564

The Audit Committee reflected their views to the Board that the remuneration paid/payable to the Company's Auditors was reasonable and fair in all circumstances and there had been no major disagreement between the Auditors and the management of the Company during the Year.

In respect of each significant non-audit service assignment performed by the Auditors during the Year, it mainly included the preparation of the comfort letters in connection with the working capital sufficiency and statement of indebtedness for preparing the circulars of the Company.

E. 高級管理層酬金

酬金介乎以下範圍的非董事高級管理層(彼等的履歷詳情載於本報告「董事及高級管理層」一節)人數如下:

F. 核數師酬金

本集團的外聘核數師酬金明細如下:

審核委員會已向董事會表示,其認為已付/應付本公司核數師之酬金全部屬公平合理,而本年度內核數師與本公司管理層並無重大意見分歧。

就核數師於本年度執行的各重大非審核服務而言,主要包括編製與營運資金充足度及債務聲明有關的告慰函,以編製本公司之通函。

G. INTERNAL CONTROL

Anti-corruption Policy and Whistleblowing Policy

The Group has set up the anti-corruption policy and whistleblowing policy in order to promote and support the fairness in all business transactions of the Group. For details of the Group's anti-corruption policy and whistleblowing policy, please refer to the section headed "Anti-corruption" in the ESG Report.

Risk Management and Internal Control

Maintaining sound risk management and internal control systems is pivotal to the fulfillment of the Group's business objectives and its long-term sustainable growth. The Board acknowledges its overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems to safeguard shareholders' investment and the Group's assets. To this end, the Board continuously reviews the effectiveness and makes improvements in its risk management and internal control framework. During the Year, the Group had set up an internal audit department and conducted a comprehensive review of the adequacy and effectiveness of the Group's internal control and risk management, resulting in an enhanced enterprise risk management ("ERM") framework through a robust and inclusive system that manages risks at all levels of the organisation.

In recent years, there has been increasing recognition of the importance of ESG factors in risk management. ESG-related risks can have significant impacts on a company's financial performance, reputation, and ability to operate. The Group's risk management and internal control processes therefore take into account potential impacts of ESG factors on the Group's operations, reputation, and financial performance.

G. 內部控制

反貪污政策及舉報政策

本集團制訂反貪污政策及舉報政策，以促進並支持本集團所有業務交易的公平。有關本集團反貪污政策及舉報政策的詳情，請參閱本集團環境、社會及管治報告「反貪污」一節。

風險管理及內部監控

維持穩健之風險管理及內部監控系統乃達致本集團業務目標及長遠可持續增長之關鍵所在。董事會確認其有整體責任評估及釐定本集團為達成策略性目標所願承擔之風險性質及程度，並確保本公司建立和維持合適而有效之風險管理及內部監控系統，以保障股東投資及本集團之資產。為此，董事會持續檢討有效性並改善其風險管理及內部監控框架。年內，本集團已設立內部審計部，全面檢討本集團之內部監控及風險管理的充分性及有效性，透過穩健及完善之系統管理公司各個層面之風險，加強企業風險管理（「企業風險管理」）框架。

近年，大眾越來越認識到在風險管理中考慮環境、社會及管治因素的重要性。環境、社會及管治相關風險可對本公司的財務業績、聲譽及營運能力造成重大影響。因此，本集團的風險管理及內部控制流程考慮環境、社會及管治因素對本集團營運、聲譽及財務業績的潛在影響。

Corporate Governance Report (Continued) 企業管治報告(續)

Risk Management Framework

The Group's risk management system is aligned with the internal control framework of international body consisting of the five elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group and can provide reasonable, but no absolute assurance against material misstatement or loss. The systems are made of two essential features, the risk governance structure and process.

Risk Governance Structure

The Group's risk governance structure is based on the "3 lines of defence" model comprised of day-to-day operational management and control, risk and compliance oversight, and independent assurance. The ERM policy formalised by the Group clearly defines roles and responsibilities of each of the multiple layers of the structure, including the Board, the Audit Committee, management, department heads, operational level and internal audit.

Risk Management Process and Scope — The Group's ERM approach is a structured mechanism and a continuous process of identifying, evaluating, prioritising, managing and monitoring of the risks that the Group faces. The key process of the Group's ERM is illustrated below:

風險管理框架

本集團之風險管理系統符合國際組織之內部監控框架，由五項元素(即監控環境、風險評估、監控活動、資訊與溝通及監督)組成。本公司之風險管理及內部監控系統旨在管理而非消除本集團未能達成業務目標之風險，並可合理(而非絕對)保證不會出現重大錯誤陳述或虧損。該等系統由兩大不可或缺之部分組成，分別是風險管治架構及程序。

風險管治架構

本集團之風險管治架構以「三道防線」模式為基礎，包括日常運作管理及監控、風險及合規監察以及獨立保證。本集團已規範其企業風險管理政策，清晰界定架構內多個層面(包括董事會、審核委員會、管理層、部門主管、營運層面及內部審計)各自之角色及責任。

風險管理程序及範圍 — 本集團之企業風險管理方針具有結構分明之機制，持續識別、評估、安排優先處理次序、管理及監察本集團所面對之風險。本集團企業風險管理之主要程序列示如下：



Corporate Governance Report (Continued) 企業管治報告(續)

The ERM adopted by the Group is embedded in its strategy development, business planning and day-to-day operations. The Group adopts a control and risk self-assessment methodology and continuously assesses and manages its risk profile on a regular basis. Risks that are relevant to the Group's business are identified, assessed and ranked according to their likelihood, financial consequences and reputational impact on the Group. The ERM system uses risk indicators and red flags to monitor the priority risks identified. As a process used to review the effectiveness of the risk management and internal control system, risk owners are required to submit risk alerts with risk mitigation plan promptly and regular risk reports are presented to the management and the Audit Committee for ongoing review and monitoring. The quality of the management's on-going monitoring of risks and of internal control system is considered satisfactory. The key risks identified, managed and monitored during the Year included sale and marketing process and material storage. Action plans were formulated and implemented during the Year to address the areas of concern effectively. The internal audit department has risk management and internal control reviews covering operational, financial and compliance controls of the Group. The Group's internal audit function reports directly to the Audit Committee. It carries out independent reviews of key business processes and controls in accordance with its annual audit plan approved by the Audit Committee. The head of internal audit meets the Audit Committee at least once a year to report the key findings and recommendations for improvement of audit issues and enable it to assess the effectiveness of control and risk management of the Company.

本集團所採納之企業風險管理已應用於其策略發展、業務規劃及日常營運之中。本集團採納監控及風險自我評估方法，並持續對風險狀況進行定期評估及管理。本集團根據各風險事項發生之可能性、財務後果以及對本集團聲譽造成之影響，辨識、評估及排序與本集團業務相關之風險。企業風險管理系統運用風險指標及預警信號監察已識別之優先處理風險。作為用於檢討風險管理及內部監控系統有效性的程序，風險負責人須即時上報風險預警及採取風險減緩計劃，並須向管理層及審核委員會提交定期風險報告，以便進行持續檢討及監察。管理層持續監察風險及內部監控系統的質量被認為令人滿意。年內已識別、管理及監察之主要風險包括銷售及營銷流程及物料儲存。年內亦已制定及實施行動計劃，以有效處理所需關注之事宜。內部審計部進行涵蓋本集團營運、財務及合規控制之風險管理及內部監控檢討工作。本集團之內部審計職能直接向審核委員會匯報，並按照獲審核委員會批准之年度審核計劃，對主要業務過程及監控進行獨立檢討。內部審計部主管與審核委員會每年至少舉行一次會議，以匯報主要調查結果及就改善審計事宜提出建議，及使其能夠評估本公司監控及風險管理的有效性。

Corporate Governance Report (Continued)

企業管治報告(續)

Annual Review of System Effectiveness

The Board, through the Audit Committee, had conducted annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2022. Heads of key business units and functional departments are required to confirm the effectiveness of the risk management and internal control system of their responsible areas during the Year. The Board has received a confirmation from the management on the effectiveness of the systems and no significant areas of concern have been identified and considered the systems and the Company's processes for financial reporting and Listing Rule compliance effective and adequate. During the annual review, the Audit Committee has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting function is in place.

The task of annual review of the internal audit of the Company during the Year had been completed and had the following results:

Business risks: The business risks the Group mainly faces in respect of its operations in the PRC include macro-environmental risks such as the epidemic, supply chain risks and products risks. The Board regularly reviews and identifies potential risks of the Group, and adjusts strategies and policies in a timely manner, to ensure that the business risks are controlled and managed.

Financial risks: The Group has adopted financial risk management policies to control the Group's financial risk exposure, such as interest rate risks, liquidity risks and financial reporting risks. Also, the Board monitors the financial results and key operating statistics with the assistance of the Group's internal finance department on a regular basis.

Compliance risks: The Group has adopted internal procedures to monitor the Group's compliance risks to ensure that the Group has in all material respects complied with the laws and regulations of the regions where the Group conducts business in particular the environmental risks and safety risks.

系統有效性之年度檢討

董事會已透過審核委員會就本集團截至2022年12月31日止年度之風險管理及內部監控系統之有效性進行年度檢討。主要業務單位及職能部門之主管必須確認於本年度內彼等負責範圍內之風險管理及內部監控系統之有效性。董事會已接獲管理層就系統有效性作出之確認，並無發現需關注之重大事宜，故此認為系統及本公司財務報告程序以及上市規則的合規情況屬有效充分。在進行年度檢討時，審核委員會亦已考慮本公司已有之內部審計、會計及財務匯報職能方面之資源、員工資歷及經驗，以及培訓課程及有關預算是否充足。

本年度本公司內部審核的年度審閱工作已經完成，成果如下：

業務風險：本集團在中國經營業務，面臨的業務風險包括疫情等宏觀環境風險、供應鏈風險及產品風險。董事會定期檢討並識別出潛在風險，及時調整策略和政策來應對，確保業務風險已受控制及管理。

財務風險：本集團已採納財務風險管理政策，以控制本集團的財務風險，例如利率風險、流動資金風險及財務報告風險。而且，董事會在本集團內財務部門協助下，定期監督財務業績及主要營運數據。

合規風險：本集團已採納內部程序，監管本集團的合規風險，以確保本集團在所有重大方面均已遵守本集團業務經營所在地區的法律及法規，尤其是環境風險與安全風險。

H. INSIDE INFORMATION

The Company takes seriously its obligations under the Part XIVA of the Securities and Futures Ordinance and the Listing Rules with respect to procedures and internal controls for the handling and dissemination of inside information. The Group's disclosure policy sets out guidelines and procedures to the Directors and officers of the Group to ensure inside information of the Group is to be disseminated to the public in equal and timely manner. Under the Disclosure Policy, the Company's disclosure team comprising executive Directors and members of senior management have the overall delegated authority to decide whether the information reported is inside information and requires disclosure and refers the subject matter to the Board for decision. Measures are in place to preserve the confidentiality of inside information and to ensure that its recipients recognise their obligations to maintain confidentiality. In communicating with external parties, only designated officers are authorised to respond to enquiries in allocated areas of issues. Briefing session is held regularly for officers to facilitate their understanding and compliance with the Company's disclosure policy.

I. COMPANY SECRETARY

The company secretary of the Company is a full-time employee of the Group and has day-to-day knowledge of the Company's affairs. The company secretary provides advice and services and reports to the Board in relation to the compliance with all the Board procedures and all applicable rules and regulations. The company secretary notifies the Board of rule amendments and updates in respect of corporate governance practices, to assist the Directors to fulfill their responsibilities. The Company has appointed Ms. FUNG Nga Fong ("Ms. FUNG") as its company secretary on 6 May 2022^{Note}. Ms. FUNG has sufficient relevant professional training during the Year as required under Rule 3.29 of the Listing Rules.

Note: Mr. YU Chi Kit has tendered his resignation as the company secretary with effect from 1 April 2022 due to his personal career development.

H. 內幕資料

本公司高度重視其於證券及期貨條例XIVA部及上市規則下有關處理及發放內幕資料之程序及內部監控之責任。本集團之披露政策載列對本集團董事及高級人員之指引及程序，以確保本集團之內幕資料公平並及時地公開。根據披露政策，由執行董事及高級管理人員組成之本公司披露小組獲全面授權決定所匯報的資訊是否構成內幕資料及須予以披露，並將有關事項提交董事會審議。本公司已制定措施維持內幕資料保密及確保獲發資訊者明白其對有關資訊須維持保密的責任。涉及對外界之溝通，只有授權人員才可就指定的相關範疇的問題作出回應。本集團定期為高級人員舉行簡報會，協助彼等了解及遵守本公司之披露政策。

I. 公司秘書

本公司之公司秘書為本集團的全職僱員，熟知本公司的日常事務。公司秘書向董事會在合規方面提供建議及服務並作出匯報，確保董事會遵從所有董事會程序與所有適用規則及規例。公司秘書知會董事會有關企業管治常規的規則修訂及最新資料，協助董事履行職責。於2022年5月6日^{附註}，本公司委任馮雅芳女士(「馮女士」)為公司秘書。馮女士於本年度已根據上市規則第3.29條規定接受充足的相關專業培訓。

附註：余志傑先生因其個人事業發展已提請辭任本公司公司秘書之職，自2022年4月1日起生效。

Corporate Governance Report (Continued) 企業管治報告(續)

J. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has taken out liability insurance to indemnify its Directors and senior management for their liabilities arising from the performance of their duties. The insurance coverage is reviewed by the Company on an annual basis. No claim has been made against the Directors or senior management of the Company during the Year.

K. DIVIDEND POLICY

The Company adopted its dividend policy on 23 November 2017. It aims to manage its capital efficiently and generate long-term sustainable value for Shareholders, while balancing operational, regulatory, rating agency and policyholder requirements. It also aims to grow its dividends in line with its business growth and to share the benefits of its success with the Shareholders.

The Company intends to share its profits with Shareholders in the form of annual dividend in an amount that is expected to be of 30% of the Group's annual consolidated net profit attributable to the owners of the Company, subject to the criteria set out below:

The declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to any restrictions under the Laws of Hong Kong and the Articles.

In proposing any dividend payout, the Board shall take into account of the following factors, inter alia:

- the general financial conditions of the Group;
- the Group's current and future operations;
- liquidity position and capital requirements of the Group;
- dividends received from the Company's subsidiaries; and
- any other factors that the Board deems appropriate.

J. 董事及高級人員的責任保險

本公司已為董事及高級管理層於履行職責中所引致的責任投購責任保險。本公司每年檢討保險的承保範圍。本公司董事或高級管理層於本年度概無遭到任何索賠。

K. 股息政策

本公司於2017年11月23日採納股息政策，旨在有效管理其資本並為股東創造長期可持續價值，同時平衡營運、監管、評級機構及投保人要求。政策亦旨在使股息隨業務之增長而增加，並與股東分享其成功之裨益。

本公司擬以年度股息形式與股東分享溢利，每年派息總額不少於股東應佔本集團年度綜合收益淨額之30%，惟須受以下標準所限：

股息的宣佈及派付應由董事會全權酌情決定，且必須符合香港法例及章程細則規定。

建議任何派息時，董事會應考慮下列因素，其中包括：

- 本集團的整體財務狀況；
- 本集團目前及未來營運；
- 本集團的流動資金狀況及資本規定；
- 收取本公司附屬公司的股息；及
- 董事會認為合適的任何其他因素。

Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. No assurance that a dividend will be proposed or declared in any given period.

L. SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company's Shareholders' communication policy is to maintain transparency and provide timely information of the Group's material developments to Shareholders and investors. General meetings of the Company are formal channels for communication between Shareholders and the Board. The chairman of the Board and the Board committees are invited to attend the general meetings to have direct communication with the Shareholders. External auditors of the Company also attend annual general meetings to answer Shareholders' enquires where appropriate. To safeguard the Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at the general meetings, including the election of individual director. All resolutions put forward at the general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange, respectively, after each general meeting. Save as disclosed in this corporate governance report, the Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the Year.

本公司宣派任何末期股息必須經本公司股東於股東周年大會上以普通決議案予以批准，且不得超過董事會所建議之金額。概無保證股息將於任何特定期內被建議或宣派。

L. 股東權利及投資者關係

本公司的股東溝通政策旨在保持透明度，並及時向股東及投資者提供有關本集團重大發展的資料。本公司股東大會是股東與董事會溝通的正式渠道。董事會及董事委員會主席獲邀出席股東大會與股東直接溝通。本公司的外聘核數師亦出席股東週年大會，以適時回答股東提問。為保障股東的利益及權利，應在股東大會上就每項實質獨立的問題提出單獨的決議案，包括選舉個人董事。於股東大會上提呈的所有決議案將根據上市規則以投票方式表決，投票結果將於每次股東大會後刊登於本公司及聯交所的網站。除於本企業管治報告所披露者外，董事會認為，本公司於本年度一直遵守企業管治守則所載所有適用守則條文。

Corporate Governance Report (Continued) 企業管治報告(續)

During the Year, an annual general meeting and an extraordinary general meeting was held on 14 June 2022 and 23 December 2022, respectively, at which all the Directors attended either by person or by means of electronic facilities to communicate with the Shareholders of the Company. Notices and circulars related to the general meetings had been properly and timely despatched to the Shareholders. In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. Having considered the multiple channels of communication and above specific measures in place, the Board considers that the Company's shareholders communication policy is effective during the Year.

During the Year, pursuant to clause 50.2 of the Articles and section 566 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), shareholders holding not less than 5% of the total voting rights of all the members having a right to vote at general meeting of the Company may by written requisition to the Board for convening and putting forward proposals at an extraordinary general meeting. The procedures for Shareholders to convene extraordinary general meetings and put forward proposal are as follows:

1. The requisitionist(s) must sign a written request stating the objects of the meeting to be convened, and deposit the same at the registered office of the Company situated at Unit 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the company secretary. The written request may consist of several documents in like form, each signed by one or more requisitionist(s).
2. The Company will then verify the particulars of the requisitionist(s) in their written request with the Company's share registrar, and upon confirmation from the Company's share registrar that the written request is in order, the company secretary will arrange with the Board to convene an extraordinary general meeting by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements and the provisions in the Articles.

於本年度，本公司分別於2022年6月14日及2022年12月23日舉行股東週年大會及股東特別大會，全體董事均親身出席或透過電子方式出席會議以與本公司股東進行溝通。與股東大會有關的通告及通函已妥善及時寄發予股東。此外，所有企業通訊及監管公告均由本公司及時刊發於其網站及聯交所網站。考慮到多種溝通渠道和上述具體措施，董事會認為本公司股東通訊政策於本年度仍屬有效。

於本年度，根據章程細則第50.2條以及香港法例第622章新公司條例第566條，持有不少於所有有權投票的成員之總投票權5%的股東可書面要求董事會召開股東特別大會並於會上提呈建議。股東召開股東特別大會及提呈建議的程序如下：

1. 請求人士必須簽署書面請求，註明將召開會議的目的，並送達本公司註冊辦事處公司秘書，地址為香港灣仔港灣道25號海港中心21樓2110室。書面請求須一式多份且每份經一名或多名請求人士簽署的文件組成。
2. 本公司隨後將與股份過戶登記處核實請求人士書面請求的詳情，在取得本公司股份過戶登記處確認該書面請求為適當後，公司秘書將安排董事會召開股東特別大會，並根據一切相關法定及規管要求與章程細則條文向所有已登記股東發送足夠通告。

Corporate Governance Report (Continued) 企業管治報告(續)

3. In the event that the written request has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, an extraordinary general meeting will not be convened as requested.
 4. If the Directors do not within 21 days from the date of the deposit of the written request proceed duly to convene an extraordinary general meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitioner(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after the expiration of 3 months from the date of deposit of the written request.
3. 倘書面請求獲核實為不適當，將告知有關股東此結果，因此不會根據請求召開股東特別大會。
 4. 倘董事並無於收到書面請求當日起21日內及發出召開大會通告當日後不超過28日正式召開股東特別大會，則請求人士或彼等當中的任何人士(佔彼等全部投票權總數一半以上)可自行召開股東特別大會，惟就此召開的股東特別大會不可於遞交書面請求當日起計三個月屆滿之後舉行。

The investor relations and corporate communication department of the Company maintains regular communication and dialogues with shareholders, investors and analysts. It can be accessed during normal business hour by phone (Telephone: 86 543 813 8066/852 3188 4518). Shareholders can also send their written enquiries or suggestions on the business of the Company to company secretary at the Company's business address in Hong Kong. The Board and senior management of the Company will seriously consider the Shareholders' enquiries and address them accordingly in accordance with the Listing Rules. Shareholders and investors can also visit the Company's website at www.xiwangsteel.com and the Stock Exchange's website for the Company's announcements, circulars, financial information, corporate governance practices, annual reports, interim reports and other corporate information and updates of business development and operations. Pursuant to rule 13.90 of the Listing Rules, the Company has published on the Company's website and the website of the Stock Exchange its Articles. During the Year, no amendments were made to the constitutional documents of the Company.

The procedures for proposing a candidate for election as a Director are available on the website of the Company.

本公司的投資者關係及企業溝通部門與股東、投資者及分析師經常保持溝通及對話。閣下可於正常營業時間致電該部門(電話：86 543 813 8066/852 3188 4518)。股東亦可按本公司香港營業地址向公司秘書發出書面查詢或對本公司業務提出建議。本公司董事會及高級管理層將認真考慮股東查詢並根據上市規則作出回應。股東及投資者亦可瀏覽本公司網站 www.xiwangsteel.com 及聯交所網站，獲取本公司公告、通函、財務資料、企業管治常規、年報、中期報告及其他公司資料與業務發展及營運的最新資料。根據上市規則第13.90條，本公司已在本公司及聯交所網站刊登章程細則。本年度內，本公司組織章程文件並無修訂。

關於提名董事候選人事宜之程序，請參閱本公司網站。

M. COMPLIANCE OF NON-COMPETITION UNDERTAKING

The Company has entered into a deed of non-competition dated 30 January 2012 (the “**Non-competition Deed**”) with each of the controlling shareholders of the Company named therein (the “**Controlling Shareholders**”), pursuant to which each of the Controlling Shareholders has jointly and severally undertaken to the Company (for itself and for the benefit of other members of the Group) that each of them will not, and procure that its/his/her associates will not, whether as principal or agent and whether undertaken directly or indirectly (including through any of their respective associate, subsidiary, partnership, joint venture or other contractual arrangement) and whether for profit or otherwise, carry on, engage, invest, participate or otherwise be interested in any business which is, in each case, the same as, similar to or in direct or indirect competition with any business relating to steel manufacturing and such other business conducted or carried on by any member of the Group from time to time. Details of the Non-competition Deed are set out in the paragraph headed “Non-competition Undertaking” in the section headed “Relationship with Controlling Shareholders” of the prospectus of the Company dated 13 February 2012.

The Company has received the annual confirmation from all of its Controlling Shareholders regarding their respective compliance with the terms of the Non-competition Deed. The independent non-executive Directors have reviewed the annual confirmation from the Controlling Shareholders relating to the compliance with the non-competition undertaking by the Controlling Shareholders under the Non-competition Deed and are satisfied that the same has been complied with by the Controlling Shareholders in accordance with the Non-competition Deed. For details of the corporate governance measures adopted by the Company to manage the conflicts of interests arising from any competing business and to safeguard the interests of the Shareholders, please refer to the paragraph headed “Corporate Governance Measures” in the section headed “Relationship with Controlling Shareholders” of the prospectus of the Company dated 13 February 2012.

M. 遵守不競爭承諾

本公司於2012年1月30日與本公司每名控股股東(「**控股股東**」)訂立不競爭契據(「**不競爭契據**」)，該等控股股東的名稱載於不競爭契據，據此，每名控股股東共同及個別向本公司(為其本身及本集團其他成員公司的利益)承諾，彼等各自不會且促使其聯繫人不會(不論作為主事人或代理、不論直接或間接承諾(包括透過彼等各自的任何聯繫人、附屬公司、合夥人、合營企業或其他合約安排)以及不論是為溢利或其他)經營、從事、投資、參與任何與製鋼有關(就上述任何一項而言，與有關製鋼的任何業務相同、類似或直接或間接競爭)的業務或本集團任何成員公司不時從事或經營的其他業務，或以其他方式擁有當中的權益。不競爭契據詳情載於本公司日期為2012年2月13日的招股章程「與控股股東的關係」一節「不競爭承諾」一段。

本公司已從所有控股股東接獲彼等各自遵守不競爭契據條款的年度確認。獨立非執行董事已審閱控股股東有關控股股東遵守不競爭契據之不競爭承諾的年度確認，並信納控股股東已根據不競爭契據遵守有關承諾。有關本公司採納企業管治措施以管理任何競爭業務所產生利益衝突及保障股東利益的詳情，請參閱本公司日期為2012年2月13日的招股章程「與控股股東的關係」一節「企業管治措施」一段。

N. MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (“GOING CONCERN UNCERTAINTY”)

Details of the Going Concern Uncertainty

For the year ended 31 December 2022, the Group had incurred a net loss of approximately RMB1,329 million and the Group’s current liabilities exceeded its current assets by approximately RMB6,549 million as at 31 December 2022. At the same time, as at 31 December 2022, the Group was in negotiation with one bond subscriber about the redemption schedule of the Bonds and the loan repayment schedule and consequently, the related approximately outstanding bonds of approximately RMB100 million (the “**Outstanding Borrowings**”) became repayable on demand. In addition, as at 31 December 2022, bank and other borrowings of the Group which were past due within one year amounted to approximately RMB3,573 million. These conditions, together with other matters disclosed under the section headed “Basis for Disclaimer of Opinion – Multiple uncertainties relating to going concern basis” in the Independent Auditors’ Report and in Note 2.1 to the Company’s consolidated financial statements for the Year as set out in this report, indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

Accordingly, the Auditors, HLB Hodgson Impey Cheng Limited, considered that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

N. 與持續經營有關的重大不確定因素(「持續經營不確定因素」)

持續經營不確定因素之詳情

截至2022年12月31日止年度，本集團淨虧損約人民幣1,329百萬元，截至2022年12月31日，本集團的流動負債超過其流動資產約人民幣6,549百萬元。同時，截至2022年12月31日，本集團正與一名債券認購人就債券贖回時間表及貸款償還時間表進行磋商，因此，相關未償還債券及其他計息借款約人民幣100百萬元(「**未償還借款**」)變為可按要求償還。此外，截至2022年12月31日，本集團一年內逾期的銀行及其他借款約人民幣3,573百萬元。該等情況連同本報告所載本公司獨立核數師報告中「不表示意見基準—與持續經營基準相關的多項不確定因素」一節及本年度本公司綜合財務報表附註2.1中所披露的其他事宜顯示存在重大不確定因素，可能對本集團以持續經營基準經營的能力構成重大存疑。

因此，核數師國衛會計師事務所有限公司認為存在重大不確定因素，可能對本集團以持續經營基準經營的能力構成重大存疑。

Mitigating measures of the Company

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Company has implemented, or is in the process of implementing, the following key plans and measures (the "Action Plan"):

- (i) Upon the gradual stabilisation of economic situation in the PRC, management has benchmarked to latest price level in the steel product market, together with rigorous cost control measures over its production, to generate enhanced positive operating cash flows. The Group has also reduced the production of ordinary steel which has less demand in the market and has lower profit margin. The Group has deployed more resources in enhancing its production works in special steel which has a higher profit margin.
- (ii) The Group has requested its lenders to extend the repayment dates of the outstanding bank and other borrowings falling due in the next twelve months for at least another twelve months upon their maturity during the coming year, all of which were included in the Group's current liabilities as at 31 December 2022. The Directors are confident in further extending the repayment dates of the principals of the bank and other borrowings, while the terms had not been finalised as at the date of approving these consolidated financial statements.
- (iii) The Group has received a written confirmation dated 3 April 2023 from Xiwang Group Company, the Company's ultimate holding company and the controlling shareholder, that it will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to Xiwang Group by the Group in the next twelve months from the date of this report.

本公司的緩和措施

為改善本集團的流動資金及現金流量以維持本集團持續經營，本公司已實施或正在實施以下主要計劃及措施(「行動計劃」)：

- (i) 中國經濟逐步穩定，管理層已以鋼鐵產品市場的最新價格水平為基準，並對產品生產採取嚴格的成本控制措施，以產生積極營運現金流量。本集團亦縮減市場需求較少且利潤率較低的普鋼產品。本集團已投放更多資源加強其利潤率較高的特鋼生產工作。
- (ii) 本集團已要求其貸款人將未來十二個月內到期的未償還銀行及其他借款的還款日期在來年到期後至少再延長十二個月，而該等借款均計入本集團於2022年12月31日的流動負債。儘管董事有信心進一步延長銀行及其他借款的本金還款期，惟於批准刊發該等綜合財務報表當日，尚未落實有關條款。
- (iii) 本集團於2023年4月3日收到本公司最終控股公司兼控股股東西王集團公司的書面確認，表示其將持續向本集團提供財務支持，讓本集團在可預見未來能夠履行其到期的財務責任，並同意自本報告日期起未來十二個月，不會要求本集團償還任何應付西王集團的款項。

Corporate Governance Report (Continued) 企業管治報告(續)

- (iv) The Group is currently soliciting different sources of funds, including additional banking facilities with PRC financial institutions and strategic institutional investors, to further support the Group's funding needs should the aforesaid operating cash inflows turn out to be less than the amount forecasted in the Group's cash flows forecast prepared by the Group's management covering a period of 12 months from 31 December 2022 (the "Cash Flow Forecast").
- (v) The Group is reviewing the business operations for various new initiatives such as accelerating the sales of steel products to new customers and upgrading the existing products to improve the Group's profitability and is implementing various cost control measures to enhance the control over its costs of operation.
- (vi) The Group commenced renegotiations of the terms of defaulted other borrowings and defaulted guaranteed secured bonds. The Group offered revised repayment proposals to the relevant lenders and such proposals had been reviewed by them. As at the date of this report, the negotiations were still in progress. The Directors are confident that their negotiations with the lender/bondholder will ultimately reach a successful conclusion.
- (iv) 本集團目前正尋求不同的資金來源，包括來自中國金融機構及戰略機構投資者的額外銀行融資，以進一步支持本集團的資金需求，倘上述營運現金流入低於本集團管理層編製的自2022年12月31日起12個月的現金流量預測（「現金流量預測」）中的預測金額。
- (v) 本集團正檢討各項新舉措的業務營運，例如加速向新客戶銷售鋼材產品及升級現有產品，以提高本集團的盈利能力，並正在實施多項成本控制措施，以加強對營運成本的控制。
- (vi) 本集團已就拖欠的其他借款及拖欠的已擔保抵押債券的條款展開重新磋商。本集團向相關貸款人提出經修訂的還款建議，該建議已獲彼等審閱。於本報告日期，磋商仍在進行中。董事相信彼等與貸款人／債券持有人的談判最終將取得圓滿成功。

Corporate Governance Report (Continued) 企業管治報告(續)

Disclaimer of Opinion Issued by the Independent Auditors

The matters discussed under the section headed “Basis for Disclaimer of Opinion — Multiple uncertainties relating to going concern basis” in the Independent Auditors’ Report and other matters as described in Note 2.1 to the Company’s consolidated financial statements for the Year as set out in this report indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern. In particular, the validity of the going concern assumptions on which the consolidated financial statements for the Year have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

- (i) whether the Group is able to sell its products at the forecasted selling prices as the Group has benchmarked to latest price level in the steel product market, and whether the Group is able to control its operating costs in the forecast period based on the rigorous cost control measures planned to be undertaken by the Group over its production process, and hence whether the Cash Flow Forecast, which are showing positive operating cash flows, could be achieved by the Group. This is also dependent upon the gradual stabilisation of economic situation in PRC;
- (ii) whether the Group is able to successfully conclude its negotiations for extension of the repayment dates of the outstanding bank and other borrowings which have fallen due or are falling due in the next twelve months for at least another twelve months upon their maturity during the coming year, all of which were included in the Group’s current liabilities as at 31 December 2022;
- (iii) whether Xiwang Group Company, the ultimate holding company and the controlling shareholder, will be able to provide financial support to the Group despite the fact that the Group has received a written confirmation dated 3 April 2023 from Xiwang Group Company that it will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future from the date of approval for issue of the consolidated financial statements; and

獨立核數師出具的不發表意見

獨立核數師報告中「不表示意見基準 — 與持續經營基準相關的多項不確定因素」一節所討論的事項及本報告所載本公司本年度綜合財務報表附註2.1所述的其他事宜顯示存在重大不確定因素，可能對本集團持續經營的能力構成重大疑問。尤其編製綜合財務報表所依據的持續經營假設的有效性取決於該等措施的結果，而該等結果受多項不確定因素影響，包括：

- (i) 由於本集團已以鋼材產品市場的最新價格水平為基準，因此本集團能否按預測售價銷售其產品，以及本集團能否根據其生產過程中計劃採取的嚴格的成本控制措施，在預測期內控制其經營成本，因此本集團現金流量預測能否實現正的經營現金流，這也取決於中國經濟形勢的逐步穩定；
- (ii) 本集團能否成功完成談判，將已到期或將在未來十二個月內到期的未償還銀行借款及其他借款的還款日期在來年到期時至少再延長十二個月，該等借款於2022年12月31日均計入本集團流動負債；
- (iii) 儘管本集團已收到最終控股公司及控股股東西王集團公司日期為2023年4月3日的書面確認，其將向本集團提供財務支持，但西王集團公司是否能夠向本集團提供財務支持，使本集團能夠自批准發佈該等綜合財務報表之日起在可預見的未來履行其到期的財務義務；及

Corporate Governance Report (Continued) 企業管治報告(續)

(iv) whether the Group is successful in soliciting different sources of funds, including additional banking facilities with PRC financial institutions and strategic institutional investor, to further support the Group's funding needs should the operating cash inflows turn out to be less than the amount forecasted in the Cash Flow Forecast.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Company's consolidated financial statements for the Year as set out in this report. In view of the above, the Auditors do not express an opinion on the Group's consolidated financial statements for the Year.

The Management's and Audit Committee's View on the Disclaimer of Opinion

The Company has considered the rationale of the Auditors and understood its consideration in arriving at the disclaimer of opinion. The Directors have reviewed the Group's Cash Flow Forecast prepared by the Group's management covering a period of 12 months from 31 December 2022. The Directors have also considered the measures taken or to be taken by the Group in order to improve the Group's short-term liquidity and cash flows, details of which are set out in Note 2.1 to the Company's consolidated financial statements in this report. The Directors are of the opinion that, taking into account the above-mentioned Action Plan, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 31 December 2022.

(iv) 倘經營現金流入低於現金流量預測的預期金額，本集團能否成功爭取到不同的資金來源，包括與中國金融機構及戰略機構投資者的額外銀行融資，以進一步支持本集團的資金需求。

倘本集團無法持續經營，則須作出調整以將本集團資產的賬面值撇減至其可收回金額，為可能產生的任何進一步負債作出撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整的影響並未於本報告所載本公司本年度綜合財務報表中反映。鑒於上文所述，核數師並無就本集團本年度的綜合財務報表發表意見。

管理層及審核委員會對不發表意見的觀點

本公司已考慮核數師的理據，並了解其於達致不發表意見時的考慮因素。董事已審閱本集團管理層所編製涵蓋自2022年12月31日起計12個月期間本集團的現金流量預測。董事亦已考慮本集團已採取或將採取的措施，以改善本集團的短期流動資金及現金流量，有關詳情載於本報告本公司綜合財務報表附註2.1。董事認為，經考慮上述行動計劃，本集團將有足夠營運資金為其營運提供資金，並能夠履行其自2022年12月31日起計12個月內到期的財務責任。

Corporate Governance Report (Continued) 企業管治報告(續)

As at the date of this report, the Directors are of the opinion that based on the information currently available to them, the disclaimer of opinion does not have a material actual or potential impact on the financial position of the Group. The Group already reviewed its existing bond subscription agreements, bank loan agreements and other borrowings agreements, and confirmed that there are no terms or conditions that require the Group has to immediately repay the outstanding debts upon the forming of the disclaimer of opinion by the Company's auditors in respect of the Company's financial statements. As at the date of this report, no bondholders or lenders requested the Group to settle the relevant debts owed by the Group to them before their respective mature dates due to the issuance of the disclaimer of opinion. The Group's suppliers and customers also have not raised questions about the disclaimer of opinion or reduced or even ceased the transactions with the Group. The Group's operations are being carried on as normal.

The Directors are aware of the filing of the Petition against the Company in respect of an indebtedness allegedly due and payable by the Company. In response to it, the Company has already started the negotiation with the petitioner regarding repayment schedule of the indebtedness. The Directors revisited the Cash Flow Forecast in light of such Petition and the outstanding debt thereunder. Taking into account the outstanding amount and the sources available to the Group, in particular, the financial support to the Group committed by Xiwang Group Company and Xiwang Finance, the Directors are of the view that the Petition shall not have a material adverse effect on the operations of the Group and it should not become a material obstacle for the Auditors to remove the audit disqualification for the year ending 31 December 2023.

In consideration of the aforesaid, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the Year on a going concern basis.

於本報告日期，董事認為根據彼等目前可獲得的資料，免責聲明對本集團的財務狀況並無重大實際或潛在影響。本集團已審閱其現有的債券認購協議、銀行貸款協議及其他借款協議，並確認不存在要求本集團在本公司核數師就本公司財務報表發表免責聲明後立即償還未償還債務的條款或條件。截至本報告日期，並無任何債券持有人或債權人因發表免責聲明而要求本集團在各自到期日前清償本集團所欠其的相關債務。本集團的供應商及客戶亦無對免責聲明提出質疑或減少甚至停止與本集團的交易。本集團的業務正常進行。

董事知悉就據稱到期本公司應付的債務向本公司提出呈請。對此，本公司已與呈請人就債務償還時間表展開磋商。鑒於該呈請及其項下的未償還債務，董事重新審視了現金流量預測。考慮到本集團的未償還金額及可用資源，特別是西王集團公司和西王財務承諾向本集團提供的財務支持，董事認為，呈請不會對本集團的營運產生重大不利影響，亦不會成為核數師取消截至2023年12月31日止年度的審計資格的重大障礙。

考慮到上述情況，董事信納按持續經營基準編製本集團本年度綜合財務報表屬適當。

Corporate Governance Report (Continued) 企業管治報告(續)

The Audit Committee has objectively and critically reviewed the basis for the disclaimer of opinion, the Company's views concerning the basis for disclaimer of opinion and measures taken or to be taken by the Company in addressing the matters and issues underlying the basis for disclaimer of opinion. The Audit Committee has also discussed with the Auditors and management regarding the financial position of the Group, the measures taken and to be taken by the Company and the internal system of the Group in continuously monitoring the liquidity and cash flow needs of the Group. The Audit Committee has considered the rationale of the Auditors and understood its consideration in arriving at the disclaimer of opinion. Based on the above, the Audit Committee agreed with the Company's view in respect of the disclaimer of opinion and the preparation of the consolidated financial statements for the Year on a going concern basis.

The Audit Committee has carefully reviewed the Petition and discussed with the management regarding the position of the Group, the measures taken and to be taken by the Company in this report. The Audit Committee understood that the Company will oppose the Petition vigorously.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve the plans and measures as described above in the Action Plan. The Group, the Directors and the management will proactively resolve matters relating to the disclaimer of opinion throughout the financial year ending 31 December 2023.

On behalf of the Board

ZHANG Jian
Chairman

Hong Kong, 3 April 2023

審核委員會已客觀及嚴格地審閱不發表意見的基準、本公司對有關不發表意見的基準的觀點以及本公司為解決不發表意見的基準而採取或將會採取的措施。審核委員會亦與核數師及管理層討論了本集團的財務狀況、本公司已採取及將採取的措施以及本集團持續監察本集團流動資金及現金流量需要的內部系統。審核委員會已考慮核數師的理據及理解其於達致不發表意見時的考慮因素。基於上文所述，審核委員會同意本公司有關不發表意見並同意按持續經營基準編製本年度綜合財務報表。

審核委員會已仔細審閱呈請，並就本集團的狀況、本公司已採取及就此將要採取的措施與管理層進行討論。審核委員會明白本公司將強烈反對該呈請。

儘管上文所述，本集團管理層能否實現上述行動計劃中所述的計劃及措施仍存在重大不確定因素。本集團、董事及管理層將於截至2023年12月31日止財政年度內積極解決有關不表示意見的事宜。

代表董事會

主席
張健

香港，2023年4月3日

DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

EXECUTIVE DIRECTORS

Mr. ZHANG Jian (張健)

Mr. ZHANG, aged 41, was appointed as an executive Director and the chief executive officer of the Company on 14 October 2015. He was appointed as an authorised representative of the Company with effect from 1 April 2022 and resigned on 6 May 2022. Mr. ZHANG was further appointed as the Chairman of the Company on 14 February 2023. He obtained his Bachelor of Engineering from Yanbian University (延邊大學) in 2004 and Master of Engineering from Qilu University of Technology (齊魯工業大學) in 2013. He joined the production department of Shandong Xiwang Sugar from February 2004 to August 2004. From August 2004 to October 2014, he held several managerial positions including director of general manager office, manager of supply department, project manager, deputy managers and general managers within Xiwang Group and its subsidiaries, including Shandong Xiwang Steel Co., Ltd. (山東西王鋼鐵有限公司), Shandong Xiwang Biochemical Technology Co., Ltd. (山東西王生化科技有限公司), Shandong Xiwang Sugar, Shandong Youhuo Fructose Co., Ltd. (山東西王悠活果糖有限公司) and Xiwang Pharmaceutical Company Limited (西王藥業有限公司). Since October 2014, he has been the general manager of Xiwang Metal Science, a wholly-owned subsidiary of the Company.

Mr. SUN Xihu (孫新虎)

Mr. SUN, aged 49, was appointed as a non-executive Director in June 2011 and re-designated to executive Director on 16 April 2015. Mr. Sun has been serving as vice general manager since he joined Xiwang Group Company in March 2003. Mr. Sun earned his master's degree in food science from Southern Yangtze University (江南大學) in July 2004 and bachelor's degree in food science from Shandong Polytechnic University (山東輕工業學院) in July 1997. Mr. Sun was an executive director of Xiwang Property, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited under stock code 2088, since December 2008 and re-designated as a non-executive director in July 2012. Mr. Sun has also been a director of Xiwang Foodstuffs, a company listed on the Shenzhen Stock Exchange under stock code 000639, since 2010 and the vice chairman of the board of Xiwang Foodstuffs since June 2014. Mr. Sun was the secretary of the board of Xiwang Foodstuffs from 2010 to October 2013.

執行董事

張健先生

張先生，41歲，於2015年10月14日獲委任為本公司的執行董事兼行政總裁。彼獲委任為本公司的授權代表，自2022年4月1日生效，並於2022年5月6日辭任。張先生於2023年2月14日再獲委任為本公司主席。彼於2004年取得延邊大學工程學士學位，及於2013年取得齊魯工業大學工程碩士學位。彼於2004年2月至2004年8月期間加入山東西王糖業生產部。由2004年8月至2014年10月，彼於西王集團及其附屬公司（包括山東西王鋼鐵有限公司、山東西王生化科技有限公司、山東西王糖業、山東西王悠活果糖有限公司及西王藥業有限公司）擔任多個主管職位，包括總經理辦公室主任、供應部經理、項目經理、副經理及總經理。彼自2014年10月起出任本公司全資附屬公司西王金屬科技總經理。

孫新虎先生

孫先生，49歲，於2011年6月獲委任為非執行董事，並於2015年4月16日重新獲委任為執行董事。孫先生自2003年3月加入西王集團公司以來一直擔任副總經理。孫先生於2004年7月取得江南大學食品科學碩士學位，於1997年7月取得山東輕工業學院食品科學學士學位。孫先生自2008年12月起擔任西王置業，一間於香港聯合交易所有限公司主板上市的公司（股份代號：2088）執行董事，於2012年7月調任非執行董事。孫先生亦自2010年起擔任西王食品，一間於深圳證券交易所上市的公司（證券代碼：000639）董事，並自2014年6月起擔任西王食品副董事長。孫先生於2010年至2013年10月擔任西王食品董事會秘書。

Directors and Senior Management (Continued) 董事會及高級管理層 (續)

Ms. LI Hai Xia (李海霞)

Ms. LI, aged 41, was appointed as an executive Director of the Company on 14 October 2015. She graduated from the Party School of the Central Committee of C.P.C (中共中央黨校) with a bachelor degree in Economics and Management in 2009. She worked in Shandong Xiwang Sugar from December 2003 to July 2015, during which she was the finance manager from May 2013 to July 2015. She has been the deputy finance general manager of Xiwang Metal Science since August 2015.

Mr. WANG Chaoqun (王超群)

Mr. WANG, aged 38, was appointed as an executive Director of the Company on 14 February 2023. Mr. Wang graduated from Qingdao Open University (青島開放大學) (previously named Qingdao Radio and Television University (青島廣播電視大學)) in 2007, majoring in business administration. Since May 2007, he has worked in Xiwang Metal Science. From November 2014 to August 2022, he has been a factory manager of Xiwang Metal Science. Since August 2022, he has been the deputy general manager of Xiwang Metal Science. Since January 2023, he has held directorship in several subsidiaries of the Company, including Xiwang Metal Science, Special Steel Company, Xiwang Recycling Resources and Zhongke Xiwang. Mr. WANG shall hold office until the forthcoming AGM and shall be eligible for re-election at such meeting. His appointment will also be subject to retirement by rotation and the re-election at the annual general meeting in accordance with the articles of association of the Company.

NON-EXECUTIVE DIRECTOR

Mr. WANG Di (王棣)

Mr. WANG, aged 40, was appointed as a non-executive Director in November 2007 and was appointed as the chairman of the Company in October 2014. Mr. WANG resigned as a non-executive Director and chairman of the Company on 14 February 2023. He is the son of Mr. WANG Yong, the controlling shareholder and a former non-executive Director of the Company. He has been serving as the head of branding of the Group since March 2010. Mr. WANG attended the bachelor's degree course of information conflict from the Electronic Engineering Institute of the Chinese People's Liberation Army (中國人民解放軍電子工程學院) from 2001 to 2005.

李海霞女士

李女士，41歲，於2015年10月14日獲委任為本公司執行董事。彼於2009年畢業於中共中央黨校，獲頒經濟及管理學士學位。彼於2003年12月至2015年7月期間任職於山東西王糖業，當中於2013年5月至2015年7月出任財務部經理。彼自2015年8月起出任西王金屬科技副財務總經理。

王超群先生

王先生，38歲，於2023年2月14日獲委任為本公司執行董事。彼2007年畢業於青島開放大學(前稱青島廣播電視大學)工商管理專業。自2007年5月起，彼任職於西王金屬科技。自2014年11月至2022年8月，彼為西王金屬科技之廠長。自2022年8月起，彼出任西王金屬科技副總經理。自2023年1月起，彼於本公司多家附屬公司(包括西王金屬科技、特鋼公司、西王再生資源及中科西王)擔任董事職務。任期至即將舉行的股東週年大會為止，並有資格於該大會上重選連任。其委任亦須根據本公司組織章程細則於股東週年大會上輪值退任及重選連任。

非執行董事

王棣先生

王先生，40歲，於2007年11月獲委任為非執行董事，並於2014年10月獲委任為本公司主席。王先生於2023年2月14日辭任本公司非執行董事及主席職務。彼為王勇先生的兒子，本公司控股股東及前任非執行董事。彼自2010年3月起一直擔任本集團品牌部主管，於2001年至2005年修讀中國人民解放軍電子工程學院信息對抗學士學位課程。

Directors and Senior Management (Continued) 董事會及高級管理層(續)

Mr. WANG joined Xiwang Group in August 2005 and has been in charge of the international trading business of Xiwang Group for more than eight years. Mr. WANG has been granted various awards and honours, including outstanding worker for enterprise education and training of Shandong Province of the PRC in 2006, labour model of Binzhou City of Shandong Province of the PRC, labour model of Shandong Province, the PRC and outstanding entrepreneur in food industry of Shandong Province of the PRC. He was appointed as the executive director of Xiwang Property in November 2010 and the deputy chairman in July 2012, and was re-designated as the chairman and a non-executive director of Xiwang Property on 15 July 2013. Mr WANG resigned as a non-executive director and chairman of Xiwang Property with effect from 14 February 2023. Mr. WANG was appointed an chairman of Xiwang Group Company in October 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Shu Sun Sunny (梁樹新)

Mr. LEUNG, aged 60, was appointed as an independent non-executive Director commencing from 23 February 2012. He is the chairman of the Audit Committee. Mr. LEUNG was also appointed as a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among other things, accounting, treasury management, budgeting and corporate finance. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. Mr. LEUNG is an independent non-executive director of China Arts Financial Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1572), since October 2016. Mr. LEUNG is an independent non-executive director of Pan Asia Environmental Protection Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 556), since December 2007. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Property. From 2001 to date, he was a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key finance position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987

於2005年8月加入西王集團，負責西王集團的國際貿易超過8年。王先生獲頒多個獎項及榮譽，包括2006年中國山東省企業教育培訓先進工作者、中國山東省濱州市勞動模範、中國山東省勞動模範及中國山東省食品工業傑出企業家。彼於2010年11月獲委任為西王置業執行董事，於2012年7月擔任副主席，於2013年7月15日調任西王物業主席兼非執行董事。王先生於2023年2月14日辭任西王置業非執行董事及主席職務。王先生於2013年10月獲委任為西王集團公司主席。

獨立非執行董事

梁樹新先生

梁先生，60歲，自2012年2月23日起獲委任為獨立非執行董事。彼為審核委員會主席。梁先生亦獲委任為提名委員會及薪酬委員會成員。彼於(其中包括)會計、財務管理、預算及企業融資等方面擁有逾20年經驗，為特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。梁先生自2016年10月起擔任聯交所主板上市公司中國藝術金融控股有限公司(股份代號：1572)獨立非執行董事。梁先生自2007年12月起擔任聯交所主板上市公司泛亞環保集團有限公司(股份代號：556)獨立非執行董事。彼於2005年至2007年曾擔任西王置業的財務總監、合資格會計師兼公司秘書，於2001年至今在一家提供會計、稅務及企業融資服務的公司出任董事，於1999年至2001年曾擔任一家香港上市公司的重要財務職位，於1998年至1999年在一家主要提供網絡基礎架構解決方案的公司擔任財務總監，於1993年至1998年在一家主要從事物業投資、交易及證券業務的公司擔任財務總監，於1987年至1990年任職於多家國際會計師行，負責處理核數、稅務及會計事宜。梁先生於1994年11月取得香港理工大

Directors and Senior Management (Continued) 董事會及高級管理層(續)

to 1990, he had worked in international accounting firms, handling audit, tax and accounting matters. Mr. LEUNG received a professional diploma in accountancy from Hong Kong Polytechnic University in November 1994 and obtained a master's degree in business administration, which is a long distance course from the University of South Australia in 1997.

Mr. YU Kou (于叩)

Mr. YU, aged 75, was appointed as an independent non-executive Director commencing from 23 February 2012. Mr. YU is the deputy secretary general of China Special Steel Enterprise Association (中國特鋼企業協會) since 2008. He served as vice general manager of Shougang Company and the vice general manager of the sales company of Shougang Group (首鋼集團) from 2005 to 2008, and was with Shougang Group since 1983. Mr. YU has worked in the steel industry since 1969. He studied in the master program at the Party School of the Central Committee of C.P.C. (中共中央黨校) in economics and management from September 2004 to July 2007. Mr. YU received a professional diploma in industrial management from Beijing Institute of Economic Management (北京市經濟管理幹部學院) in December 1986.

Mr. LI Bangguang (李邦廣)

Mr. LI, aged 50, was appointed as an independent non-executive Director commencing from 31 March 2016. Mr. LI is a qualified PRC lawyer. Mr. LI graduated from Shandong University (山東大學) in 2005 majoring in law. Mr. LI worked as sales manager at Zouping Health Products Company (鄒平保健品有限公司) from June 1994 to October 2000 and as an attorney at Zouping Cheng Zhong Legal Services Office (鄒平城中法律服務所) from October 2000 to May 2005. Since May 2005, Mr. LI joined Shandong Li Zhi Law Office (山東勵志律師事務所) and is working as a practicing lawyer there.

SENIOR MANAGEMENT

Mr. ZHANG Qingsheng (張慶生)

Mr. ZHANG, aged 45, was appointed as the vice president of the technical department of the Group in November 2008 and was re-designated as the deputy general manager of production department on 7 October 2013. Mr. ZHANG is responsible for the overall management and supervision for the technical support and issues related to the steel production process and the large bar rolling line project. Mr. ZHANG has served as the vice president of Special Steel Company since 2008. Mr. ZHANG worked for Xiwang Property

學專業會計文憑，並於1997年取得國立南澳大學工商管理碩士學位(遙距課程)。

于叩先生

于先生，75歲，自2012年2月23日起獲委任為獨立非執行董事。于先生自2008年起擔任中國特鋼企業協會副秘書長，於2005年至2008年出任首鋼公司副總經理兼首鋼集團銷售公司副總經理，於1983年加入首鋼集團，自1969年起進入鋼鐵行業。于先生於2004年9月至2007年7月攻讀中共中央黨校經濟與管理碩士課程，於1986年12月取得北京市經濟管理幹部學院工業管理專業文憑。

李邦廣先生

李先生，50歲，自2016年3月31日起獲委任為獨立非執行董事。李先生為合資格中國律師。李先生於2005年畢業於山東大學，主修法律。李先生於1994年6月至2000年10月在鄒平保健品有限公司擔任銷售經理，另於2000年10月至2005年5月在鄒平城中法律服務所擔任律師。自2005年5月起，李先生加入山東勵志律師事務所，在該所擔任執業律師。

高級管理層

張慶生先生

張先生，45歲，於2008年11月獲委任為本集團技術部副總裁，並於2013年10月7日調任生產部副總經理。張先生負責整體管理及監督技術支援和與鋼材生產過程及大型棒材軋製線項目相關的事宜。張先生自2008年起出任特鋼公司副總裁，於2005年至2008年擔任西王置業副總裁，負責監督工廠的技術事宜。張先生於2002年7月取得遼寧

Directors and Senior Management (Continued) 董事會及高級管理層(續)

overseeing technical issues for its factories and was its vice president from 2005 to 2008. Mr. ZHANG obtained his bachelor's degree from Liaoning Shihua University (遼寧石油化工大學) in July 2002, and obtained a master's degree in materials engineering from Qilu University of Technology (齊魯工業大學) in June 2017.

Mr. LI Dian Zhong (李殿中)

Mr. LI, aged 54, was appointed as the technical director of the Group commencing from 16 April 2015. He graduated from Harbin Institute of Technology (哈爾濱工業大學) with a doctorate degree in engineering in 1998. Mr. Li is a researcher and doctoral supervisor and the director of the Materials Process Modeling Division of Shenyang National Laboratory for Materials Science, Institute of Metal Research of Chinese Academy of Sciences. In 1998, he was admitted to the "Hundred Talents Program (百人計劃)" of CAS. He mainly engages in the research of optimising the key material composition and alloy phase control for heavy castings and forgings products and high-quality special steel; material modeling and defect control; simulation of nucleation during metal solidification; computer simulation of structural evolution under deformation condition for steel; real-time observation and computer simulation of liquid metal flows, etc. He has won the National Outstanding Science and Technology Worker in 2014, State Scientific and Technological Progress Award (Second Class) in 2012, Outstanding Achievement Award in Science and Technology from the CAS in 2009, and Ho Leung Ho Lee Foundation Prize for Scientific and Technological Innovation in 2007. He has published more than 100 papers on periodicals such as Acta Mater, and registered more than 30 patents and 2 software licenses.

Mr. WANG Jianxiang (王建翔)

Mr. WANG, aged 39, graduated from The University of Newcastle, Australia with a master's degree in international trade. Mr. Wang was appointed as the investor relations director of the Group in 2017. Mr. Wang was a business manager of Xiwang International Trade Co., Ltd. from September 2009 to October 2010, and served in the investment department of Xiwang Group Company since October 2010. From October 2013 to June 2017, he served as the securities affairs representative of Xiwang Foodstuffs.

石油化工大學的學士學位，並於2017年6月取得齊魯工業大學材料工程專業碩士學位。

李殿中先生

李先生，54歲，自2015年4月16日起獲委任為本集團技術總監。彼於1998年畢業於哈爾濱工業大學，取得工學博士學位。李先生為研究員、博士生導師，中國科學院金屬研究所瀋陽材料科學國家(聯合)實驗室材料加工模擬研究部主任。1998年入選中科院「百人計劃」。彼主要從事大型鑄鍛件和高品質特殊鋼關鍵材料成分優化和合金相控制研究，材料成形和缺陷控制研究，金屬凝固過程形核生長動力學模擬，鋼在變形條件下組織演變的計算機模擬，以及金屬液流動過程的實時觀察和計算機模擬等。2014年獲全國優秀科技工作者稱號，2012年獲國家科學技術進步二等獎，2009年獲得中科院傑出科技成就獎，2007年獲何梁何利科學與技術創新獎。在Acta Mater等期刊上發表論文100餘篇，獲授權發明專利30餘項，軟件授權2項。

王建翔先生

王先生，39歲，畢業於澳大利亞紐卡斯爾大學，取得國際貿易專業碩士學位。王先生於2017年獲委任為本集團投資者關係總監。王先生於2009年9月至2010年10月任職西王國際貿易有限公司業務經理，2010年10月至今任職西王集團公司投資部，彼於2013年10月至2017年6月任職西王食品證券事務代表。

The Board is pleased to present its annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group is a leading high-end special steel manufacturer located in Shandong Province of China. The Group's products mainly consist of ordinary steel products that are primarily used in buildings and infrastructures, as well as special steel products that are used in automobile, shipbuilding, chemical and petrochemical, machinery and equipment sectors. The Group also engages in commodities trading business, mainly iron ore trading.

DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2022 (Previous Year: Nil).

There was no arrangement under which any Shareholder has waived or agreed to waive any dividend during the Year.

BUSINESS REVIEW

Business review of the Company and a discussion and analysis of the Group's performance during the Year, the material factors underlying its results and financial position, and an indication of the likely future development of the Company's business are set out in the Management Discussion and Analysis on pages 10 to 32 of this report. An analysis of the Group's performance using financial key performance indicators is provided in the Management Discussion and Analysis on pages 12 to 16 of this report. These discussions form part of this Directors' report.

1. Major Risks and Uncertain Factors

A. Risk of Raw Material Price Increase

The supply of raw materials had a material impact on the prices of iron and steel, and the fluctuation in raw material prices also brought uncertainty to the Company's market strategy formulation and implementation as well as impacted the cost control of the Company.

董事會欣然提呈本集團截至2022年12月31日止年度之年度報告及經審核綜合財務報表。

主要業務

本集團是位於中國山東省的領先高端特鋼製造商。本集團的產品主要包括主要用於建築及基建項目的普通鋼產品，以及用於汽車、造船、化工及石油化工、機械及設備領域的特鋼產品。本集團亦從事主要為鐵礦石貿易的大宗商品貿易業務。

股息

董事會並無建議派發任何截至2022年12月31日止年度的末期股息(過往年度：無)。

本年度概無任何股東已放棄或同意放棄任何股息的安排。

業務回顧

本公司之業務回顧及本集團於本年度表現之討論及分析、其業績及財務狀況相關的重大因素以及本公司業務大概的未來發展方向載於本報告第10頁至第32頁的管理層討論及分析內。使用財務關鍵績效指標計算的本集團業績分析載於本報告第12頁至第16頁的管理層討論及分析內。該等討論構成本董事會報告書的一部分。

1. 主要風險及不確定因素

A. 原材料價格上漲的風險

原材料供給對鋼鐵價格影響較大，原材料價格的波動對本公司的市場策略制定和實施也會帶來不確定性，也將影響本公司的成本控制。

Directors' Report (Continued) 董事會報告書(續)

During the first half of the Year, various macroeconomic factors squeezed the profit margins of the Group. As a consequence of the outbreak of the ongoing Russo-Ukrainian conflict and the policies implemented by the People's Bank of China including the lowering of deposit reserve requirement and lending interest rate, the domestic market in the PRC saw a surge in the prices of the major raw materials for the Group's production, including iron ore and coking coal. In the meantime, the reduction in the demand for steel in the domestic market which was caused by the COVID-19 pandemic also significantly affected the Group's revenue.

During the second half of the Year, the U.S. Federal Reserve adjusted the federal fund rate frequently which had led to global price pressure. The selling prices of raw materials (such as iron ore) and steel products fell rapidly. As the prices of steel products dropped more significantly than the prices of raw materials, the profit margins of the Group's products of the Year decreased.

於上半年，各種宏觀因素擠壓本集團業務及產品的利潤空間。由於俄烏戰爭持續及中國人民銀行實施下調存款準備金及貸款利率等政策，本集團生產的主要原材料(包括鐵礦石及焦煤)的中國國內市場價大幅上漲。同時，COVID-19疫情導致國內市場鋼產品需求減少，嚴重影響本集團收入。

於下半年，美國聯邦儲備局頻繁調整聯邦基金利率，導致全球價格承壓。原材料(例如鐵礦石)及鋼產品售價快速下跌。由於鋼產品價格跌幅遠大於原材料價格，本集團產品於本年度的利潤率下降。

B. Market Risks

The Group bears market risks such as risks of interest rate and currency rate. Since the PRC steel industry is a capital intensive industry, the operations of the Group need to be supported by external financing. As mentioned, the U.S. Federal Reserve had been actively adjusting its benchmark interest rate during the Year. Increase in the loan interest rate will increase the financial cost borne by the Group, in particular, when reviewing the Group's loan agreements. Some businesses of the Group involve the use of foreign currencies and thus the Group is subject to the risk of exchange losses under adverse fluctuation of the relevant exchange rates as well. The Group has proactively communicated with some financial institutions which have fixed the exchange rates for some businesses of the Group.

C. Risk of New Products

The Group is proactively carrying out industrial upgrade and transformation, and gradually increasing the ratio of the more profitable special steel products in the Group's product portfolio. Despite making such efforts, the Group may nevertheless be unable to maintain stable sales in the fierce market competition.

The various financial risks that the Group is facing are disclosed in Note 37 to the Company's consolidated financial statements for the Year as set out in this report.

B. 市場風險

本集團承受利率風險、匯率風險等市場風險。由於中國鋼鐵行業屬於資本密集型，本集團運營需要外部融資的支援。如前所述，美國聯邦儲備局於本年度一直積極調整基準利率。貸款利率的上升會導致本集團應承擔的融資成本增加的負擔，尤其是審查本集團的貸款協議時。本集團部分業務涉及到外匯，匯率的不利波動會使本集團面對匯兌損失，本集團已經與部分金融機構進行積極的溝通，已對部分業務進行了匯率固定。

C. 新產品風險

本集團積極進行產業升級和轉型，逐步提高有相對較高利潤效益的特鋼產品的比例，為此本集團可能會面對增長的資本投入和生產成本，也無法確保在激烈的市場競爭中取得較理想的銷量。

此外，本集團所面臨的各項金融風險已於本報告所載的本年度本公司綜合財務報表附註37披露。

2. Environmental Policies and Performance

The Ministry of Industry and Information Technology of the PRC, together with other authorities, established the Standard Conditions for Iron and Steel Industry which prescribe the specific standards for the production scale, equipment and environmental protection of steel enterprises. Upon review of the relevant competent authorities, the Group has complied with the requirements and qualifications set forth in the Standard Conditions for Iron and Steel Industry. The Group discharges pollutants in strict compliance with the requirements of the permit for pollutant discharge, the requirements of China's environmental protection laws and regulations and the requirements of competent environmental protection authorities. The Group strives to be an environmentally-friendly enterprise by investing large amount of funds to install environmental protection facilities and proactively recycling and reusing wastes. The Group has implemented a number of policies to encourage employees on duty to streamline and remove the procedures which generate waste of raw materials and energy, to minimise the waste of raw materials and to improve the effectiveness in the use of raw materials and energy. Meanwhile, the Group also urges and encourages employees on duty to reduce the use of energy and paper. The ultimate purpose for all of the above is to conserve resources and minimise costs, protect the environment and promote the overall profitability of the Group.

3. Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself was incorporated in Hong Kong and is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong and the Listing Rules. During the Year and up to the date of this report, to the knowledge of the Company, save as disclosed in this report, the Group has complied with all the relevant laws and regulations in the PRC and Hong Kong that have a significant impact on the Group in all material respects.

2. 環境政策及表現

中國工業和信息化部聯合其他部門共同制定了《鋼鐵行業生產經營規範條件》，對鋼鐵企業生產規模、設備、環境保護方面提出明確標準。經過相關部門的審查，本集團已經符合《鋼鐵行業生產經營規範條件》內載明的規定和資格。本集團嚴格按照污染物排放許可證要求排放污染物，嚴格遵守中國環保法律法規和相關環保機構的規定。本集團重視培養及提高僱員珍惜資源、高效利用能源的意識，積極推動環境保護。本集團近年已落實多項政策，鼓勵生產崗位的員工精簡及移除會產生原材料及能源浪費的程序，以盡量減少原材料浪費，提高原材料及能源的有效利用。同時也督促及鼓勵在崗員工節約能源及用紙。最終目的旨在節省資源及成本，保護環境，同時提升本集團的整體利潤。

3. 遵守法律及法規

本集團的業務主要由本公司於中國的附屬公司進行，而本公司本身於香港註冊成立並於聯交所上市。因此，本集團的成立及營運須遵守中國及香港的有關法律及法規以及上市規則。就本公司所知，於本年度及直至本報告日期，除於本報告所披露者外，本集團在所有重大方面已遵守對本集團造成重大影響的中國及香港所有有關法律及法規。

4. Notes on Important Relationship with Employees, Customers and Suppliers

The Group promotes a people-oriented management culture and emphasises the value of employees as it believes its employees are very important resources for enhancing the Company's productivity and core competency. Providing employees with competitive remunerations and opportunities to receive skill trainings is closely connected to the realisation of the employees' individual values as well as the Group's strategic goals.

The Group relies on the constant patronage of its major customers as its stable source of income. Many of the Group's customers are distributors who sell the Group's products to the downstream steel producers, real estate developers and construction contractors. They contribute to a substantial portion of the Group's earnings and are influential to the Group's business performance. Maintaining good cooperative relationship with customers will promote the Group's business performance and enable the Group to achieve solid and sustainable results.

The Group also pays close attention to the relationship with its suppliers. Being able to secure sufficient supply of raw materials at competitive prices is an important safeguard for the Group to maintain steady production schedule and fulfill commitments to its customers. The Group is committed to entering into purchase agreements with its existing suppliers and in the meantime proactively seeking to expand its supplier network. The Group also maintains timely communications with suppliers to establish good relationships in order to ensure that the productions are in line with the planned schedules.

The Group holds annual meeting(s) every year, and distributes questionnaires to share its achievements with employees, customers and suppliers. The Group also discusses the defects in the past and strives to identify any room of improvement in order to create closer mutually beneficial relationship.

4. 與僱員、客戶及供應商的重要關係的說明

本集團提倡以人為本的管理文化，重視僱員的價值，認為僱員是提高公司生產力和核心競爭力的很重要的資源。提供給僱員具有競爭力的薪酬待遇，提供給僱員接受技能培訓的機會，使僱員的個人價值的實現與本集團戰略目標的達成緊緊結合在一起。

本集團依賴主要客戶的不斷惠顧而取得經常性收入，本集團許多客戶是向下游鋼鐵生產商、房地產開發商及建築承包商銷售本集團產品的分銷商，貢獻本集團很大一部分的收益及經營業績。維護好與客戶的合作關係會積極推進本集團業務表現，取得穩定且健康增長的業績。

本集團亦十分重視與供應商的關係。能獲得足夠數量且有競爭力價格的原材料是本集團維持生產進度表及兌現對客戶承諾的重要保障。本集團積極與現有供應商簽訂採購協議，同時也積極運作去擴大供應商網絡，及時與供應商進行溝通，制定維持良好關係和解決問題的方案，為計劃的生產進度提供有力保障。

每年本集團都會召開年會，也會發放調查問卷，與僱員、客戶和供應商分享本集團的成績，也探討過去的時間裡存在的不足，努力發現任何可以改善的空間，創造更加緊密且互利共贏的關係。

Directors' Report (Continued) 董事會報告書(續)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 13 to the Company's consolidated financial statements for the Year as set out in this report.

BORROWINGS

Details of the Group's borrowings as at the end of the Year are set out in Note 23 to the Company's consolidated financial statements for the Year as set out in this report.

SHARE CAPITAL

Details of movements in the Company's share capital for the Year are set out in Note 26 to the Company's consolidated financial statements for the Year as set out in this report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 259 of this report.

SHARE OPTION SCHEME

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants for their contribution or would-be contribution to the Group so as to encourage them to participate in the long-term development of the Group and to share common interests and objectives with the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group. The Share Option Scheme became effective on 3 September 2014 (the "Effective Date"), no share options were exercised during the Year. The remaining life of the Share Option Scheme is less than 2 years.

Any options that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Share Option Scheme and the applicable award agreement between the Company and the participant.

物業、廠房及設備

本集團的物業、廠房及設備於本年度的變動詳情載於本報告所載的本年度本公司綜合財務報表附註13。

借款

本集團於本年度末的借款詳情載列於本報告所載的本年度本公司綜合財務報表附註23。

股本

本公司於本年度的股本變動詳情載於本報告所載的本年度本公司綜合財務報表附註26。

五年財務概要

本集團過去五個財政年度的業績和資產及負債概要載於本報告第259頁。

購股權計劃

本集團設有一項購股權計劃，以激勵及獎勵已對或將對本集團作出貢獻的合資格參與者，從而鼓勵其參與本集團長期發展並與本集團擁有相同的利益及目的；及／或幫助本集團招攬及挽留高素質僱員並吸引對本集團有價值的人力資源。購股權計劃於2014年9月3日（「生效日期」）生效。於本年度，並無購股權獲行使。購股權計劃的剩餘年期少於兩年。

根據購股權計劃的條款及本公司與參與者之間適用的獎勵協議，任何於生效日期十週年尚未行使的購股權將維持有效。

(1) Eligible Participants to the Share Option Scheme

The Directors may, at their absolute discretion, invite any eligible participants (the “**Eligible Participants**”), to take up options (the “**Options**”) to subscribe for ordinary shares at a price calculated in accordance with paragraph (7) below for such number of shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any of the Eligible Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and any invested entity.

(2) Maximum Number of Shares Available for Exercise

- (a) The maximum number of shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent of the total number of shares in issue from time to time.
- (b) The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 200,000,000 shares (the “**General Scheme Limit**”), representing 10 per cent of the shares in issue as at the date of the passing of the relevant ordinary resolution.

The maximum number of ordinary shares that may be issued under the Share Option Scheme is 200,000,000 Shares which represents approximately 8.44% of the Company's total issued Shares as at the date of this report.

- (c) Subject to paragraph (a) above and without prejudice to paragraph (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not

(1) 購股權計劃的合資格參與者

董事可按其絕對酌情權邀請任何合資格參與者(「合資格參與者」)承購購股權(「購股權」)並按根據下文第(7)段所計算的價格認購按購股權計劃條款決定數額的普通股。任何合資格參與者有關獲授出任何購股權的資格應由董事不時根據其對本集團及任何投資實體之發展及成長之貢獻決定。

(2) 可行使的最大股份數量

- (a) 在購股權計劃及本公司任何其他購股權計劃下所有已授出未行使且有待行使的購股權獲行使時可發行的最大股份數量不得超出不時已發行股份總數的30%。
- (b) 在購股權計劃及本公司任何其他購股權計劃下所有已授出購股權獲行使時可發行的最大股份數量不得超出200,000,000股(「一般計劃上限」),即相關普通決議案通過之日已發行股份的10%。

根據購股權計劃可發行的普通股數目上限為200,000,000股,佔本報告之日本公司已發行股份總數的約8.44%。

- (c) 在遵守上文(a)段而不違反下文(d)段規定的情況下,本公司可在股東大會上徵求股東批准更新一般計劃上限,前提是在根據購股權計劃及本公司任何其他購股權計劃將予授出的所有購股權獲行使時可發行的股份總數不得超出一般計劃上限批准日期已發行股份

Directors' Report (Continued) 董事會報告書(續)

exceed 10 per cent of the Shares in issue as at the date of approval of the General Scheme Limit. For the purpose of calculating the General Scheme Limit, Options previously granted (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of the Company) will not be counted.

- (d) Subject to paragraph (a) above and without prejudice to paragraph (c) above, the Company may issue a circular to the Shareholders and seek separate Shareholders' approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in paragraph (c) above to the Eligible Participants specifically identified by the Company before such approval is sought.

(3) Maximum Entitlement of each Eligible Participant

The total number of Shares in issue and which may fall to be issued upon exercise of the Options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding Options) to each Eligible Participant in any 12-month period shall not exceed 1 per cent of the total number of the relevant class of Shares (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such Eligible Participant and his associates abstaining from voting.

(4) Grant of Options to Connected Persons

- (a) Any grant of Options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must comply with the requirements of Rule 17.04 of the Listing Rules and must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). In the event of any change in the terms of Options granted to a substantial Shareholder or an independent non-executive Director of the Company; or where any grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their

的10%。為計算一般計劃上限，之前已授出(包括根據購股權計劃及本公司任何其他購股權計劃未行使、已取消、已失效或已行使)的購股權不算在內。

- (d) 在遵守上文(a)段而不違反上文(c)段的情況下，本公司可向股東發出通函並在股東大會上另行徵求股東批准超出一般計劃上限(或在適用情況下超出上文(c)段所述上限)向徵求批准前本公司已特別認可的合資格參與者授出購股權。

(3) 每名合資格參與者的最大額度

在任何12個月期間，在根據購股權計劃及本公司任何其他購股權計劃授出的購股權(包括已行使、已取消及未行使之購股權)獲行使時，已向及可能會向每名合資格參與者發行的股份總數不得超過相關股份類別總數的1% (「個人上限」)。在任何12個月期間(直至及包括進一步授出當日)超出個人上限進一步授出購股權應經股東發佈通函並於本公司股東大會上通過，合資格參與者及其聯繫人不得於大會上投票。

(4) 向關連人士授出購股權

- (a) 按購股權計劃向本公司董事、最高行政人員、主要股東或其各自聯繫人授出購股權應遵守上市規則第17.04條並由獨立非執行董事批准(作為購股權承授人的獨立非執行董事除外)。若向本公司主要股東或獨立非執行董事授出的購股權條款有變動；或向本公司主要股東或獨立非執行董事或其各自任何聯繫人授出購股權將導致所有已授出及將授出的購

respective associates, would result in the Shares 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 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent of the total number of Shares in issue;
- (ii) having an aggregate value on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of Options must be approved by the Shareholders. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(5) Time of Acceptance and Exercise of an Option

An offer of grant of an Option may be accepted by an Eligible Participant within 28 days from the date of the offer of grant of the Option. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an Option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date on which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof and to the minimum period for which the Option has to be held before it can be exercised as the Directors may at their discretion determine ("Option Period"). No minimum period for which the Option has to be held before it can be exercised is specified in the Share Option Scheme.

股權(包括已行使、已取消及未行使的購股權)獲行使後,已發行及將發行給該人員的股份數量在授出日期前(含當日)12個月期間:

- (i) 合共超過已發行股份總數的0.1%;
- (ii) 授出當日股份收市價總值超過5百萬港元;

則授出更多購股權須經股東批准。本公司須向股東發佈通函。本公司所有關連人士不得在該股東大會上投票,惟任何關連人士可在股東大會上就其相關決議案投反對票(其意圖須在通函中陳述)。股東大會上對授出購股權的批准須以投票方式表決。

(5) 接受及行使購股權時間

授出購股權的要約應在授出購股權的要約日期起計28日內由合資格參與者接受。接受授出購股權要約時應付1.00港元的代價。購股權可在董事決定並告知承授人的期間隨時按購股權計劃條款行使,該期間可由授出購股權要約日期起計,惟在任何情況下須在授出購股權的日期起計10年內終止,期間須遵守有關提前終止的規定及可由董事酌定有關購股權被行使前必須持有的最短期限(「購股權期限」)。購股權計劃中並無規定購股權獲行使前必須持有的最短期限。

Directors' Report (Continued) 董事會報告書(續)

(6) Performance Targets

Unless otherwise determined and stated by the Directors in the offer of the grant of Options to an Eligible Participant, an Eligible Participant is not required to achieve any performance targets before any Options granted under the Share Option Scheme can be exercised.

(7) Subscription Price for Shares

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotation sheeting for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share (if applicable). Without prejudice to the generality of the foregoing, the Directors may grant Options in respect of which the subscription price is fixed at different prices for different periods during the Option Period provided that the subscription price for Shares for each of the different periods shall not be less than the subscription price determined in the aforesaid manner.

(8) Restrictions on the Time of Grant of Options

A grant of Option under the Share Option Scheme shall not be made after inside information has come to the knowledge of the Company until the information has been announced. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such is first notified to the Exchange in accordance with the Listing Rules) for approval of the Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half year under the Listing Rules, or quarterly or any other interim period (whether or not under the Listing Rules), no Option should be granted. The Directors may not grant any Option to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company.

(6) 業績目標

除非董事在向合資格參與者提出授出購股權要約時另行決定及聲明，按購股權計劃授出的任何購股權獲行使前，合資格參與者無須達到任何業績目標。

(7) 股份認購價

購股權計劃下的股份認購價應由董事決定，惟不得低於以下更高者：(i) 授出要約日期(必須為交易日)聯交所每日報價表上股份收市價；(ii) 緊接授出要約日期前五個交易日聯交所每日報價表上股份平均收市價；以及(iii) 股份面值(如適用)。在不影響上述一般性規定的前提下，董事可授出認購價在購股權期間不同時間會定在不同價格的購股權，惟各不同期間的股份認購價不得低於以上述方式釐定之認購價。

(8) 授出購股權時間限制

按購股權計劃授出購股權在本公司獲知內部信息後直至信息被公佈前不得進行。具體來說，自緊接以下更早者一個月起期間不得授出購股權：(i) 批准本公司任何年度、半年、季度或其他中期業績(無論是否由上市規則規定)的董事會會議日期(根據上市規則先告知聯交所)；以及(ii) 本公司按上市規則公佈其任何年度或半年業績(或季度及任何其他中期業績，無論是否由上市規則規定)的截止日期。董事不得向當時根據標準守則或本公司採納的任何相應守則或證券交易限制被禁止交易股份的董事授出購股權。

(9) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional. As at 31 December 2022, no Options were outstanding.

(9) 購股權計劃期限

購股權計劃自其成為無條件之日起10年內有效。於2022年12月31日，沒有未行使的購股權。

Grantee	Date of grant	Number of Share Options				As at 31 December 2022	Exercise price per Share (HK\$)	Vesting period	Exercise period
		As at 1 January 2022	Granted	Exercised	Lapsed				
承授人	授出日期	於2022年 1月1日	授出	行使	失效	於2022年 12月31日	每股行使價 (港元)	歸屬期	行使期間
Employees ⁽¹⁾ 僱員 ⁽¹⁾	12 April 2017 ⁽¹⁾ 2017年4月12日 ⁽¹⁾	200,000	-	-	(200,000)	-	1.38	12/4/2017 - 12/4/2019 2017年4月12日至 2019年4月12日	12/4/2019-11/4/2022 2019年4月12日至 2022年4月11日

Note:

(1) The closing price of the Shares immediately before the date on which the Options were granted (namely, 11 April 2017) was: HK\$1.39.

附註：

(1) 於緊接購股權授出日期(即2017年4月11日)前股份之收市價為1.39港元。

For details of the fair value of the Options at the date of grant and the accounting standard and policy adopted, please refer to Note 2 and Note 27 to the Company's consolidate financial statements for the Year as set out in this report.

有關購股權授予的公平值以及採用會計準則及政策詳情，請參閱本報告所載的本年度本公司綜合財務報表附註2及附註27。

EQUITY-LINKED AGREEMENT

Save as disclosed in this report regarding the Share Option Scheme, the Company has not entered into any equity-linked agreement during the Year and no equity-linked agreement subsisted as at the end of the Year.

股權掛鈎協議

除本報告中有關購股權計劃所披露者外，本公司於本年度並未簽訂任何股權掛鈎協議，且於本年度末並無股權掛鈎協議存續。

Directors' Report (Continued) 董事會報告書(續)

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company and/or its subsidiaries during the Year.

SHARES AND DEBENTURES ISSUED DURING THE YEAR

No shares or debentures was issued during the Year.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of movements in the reserves of the Company during the Year are set out in Note 40 to the Company's consolidated financial statements for the Year as set out in this report. As at 31 December 2022, the reserves of the Company available for distribution (i.e. retained profits), calculated in accordance with the provision of sections 291, 297 and 299 of the Companies Ordinance, amounted to approximately RMB39 million (Previous Year: RMB117 million).

優先購買權

本公司的細則或香港(即本公司註冊成立所在的司法權區)法例並無有關優先購買權的條文以規定本公司須按比例向現有股東發售新股份。

稅項減免

就本公司所知，概無股東因持有本公司證券而獲得任何稅務減免。

購買、出售或贖回本公司證券

本公司或其任何附屬公司於本年度概無購買、出售或贖回本公司及／或其附屬公司的任何上市證券。

年內發行的股份及債權證

於本年度並無發行股份或債權證。

本公司的可供分派儲備

本公司儲備於本年度的變動詳情載於本報告所載的本年度本公司綜合財務報表附註40。於2022年12月31日，本公司根據香港公司條例第291、297及299條規定計算的可供分派儲備(即保留溢利)約為人民幣39百萬元(過往年度：人民幣117百萬元)。

MAJOR CUSTOMERS AND SUPPLIERS

The procurement from the Group's five largest suppliers accounted for approximately 68% (Previous Year: 74%) of the Group's total cost of purchase for the Year. The procurement from the largest supplier accounted for approximately 44% (Previous Year: 48%) of the Group's total cost of purchase. The sales to the Group's five largest customers accounted for approximately 82% (Previous Year: 84%) of the Group's total revenue for the Year. The sales to the largest customer accounted for approximately 60% (Previous Year: 65%) of the Group's total revenue for the Year.

To the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) owned any direct or indirect interest in the Company's suppliers and customers mentioned above during the Year.

DONATIONS

During the Year, the Group did not make charitable or other donations (Previous Year: Nil).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. ZHANG Jian (*Chairman and chief executive officer*)
(appointed as Chairman on 14 February 2023)
Mr. SUN Xinhui
Ms. LI Hai Xia
Mr. WANG Chaoqun (appointed on 14 February 2023)

Non-executive Director

Mr. WANG Di (*Chairman*) (resigned on 14 February 2023)

Independent Non-executive Directors

Mr. LEUNG Shu Sun Sunny
Mr. YU Kou
Mr. LI Bangguang

主要客戶及供應商

於本年度，本集團向五大供應商的採購額佔本集團採購總成本約68%（過往年度：74%）。向最大供應商的採購額佔本集團採購總成本約44%（過往年度：48%）。於本年度，本集團來自五大客戶的營業額佔本集團總營業額約82%（過往年度：84%）。於本年度，來自最大客戶的營業額佔本集團總營業額約60%（過往年度：65%）。

據董事所知，概無董事、彼等各自的緊密聯繫人或任何股東（據董事所知擁有本公司5%股本以上）於本年度於本公司上述供應商及客戶中擁有任何直接或間接權益。

捐款

於本年度，本集團並無作出慈善或其他捐款（過往年度：無）。

董事及董事服務合約

本年度及截至本報告日期的董事如下：

執行董事

張健先生（主席及行政總裁）
（於2023年2月14日獲委任為主席）
孫新虎先生
李海霞女士
王超群先生（於2023年2月14日獲委任）

非執行董事

王棣先生（主席）（於2023年2月14日辭任）

獨立非執行董事

梁樹新先生
于叩先生
李邦廣先生

Directors' Report (Continued) 董事會報告書(續)

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service agreement with the Company for a term of three years. Each of these service agreements may be terminated by either party by giving to the other not less than three months' prior notice in writing. None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Board considered each of the independent non-executive Directors to be independent.

執行董事、非執行董事及獨立非執行董事已各自與本公司訂立為期三年的服務協議。上述各服務協議可由一方向另一方發出不少於三個月的事先書面通知終止。董事概無與本公司或其任何附屬公司訂立本集團不可於一年內免付賠償(法定賠償除外)而予以終止的服務合約。本公司已從每位獨立非執行董事接獲彼等根據上市規則第3.13條發出的年度獨立性確認書，董事會認為各獨立非執行董事為獨立人士。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

董事及高級管理層的履歷

Biographical details of the Directors and the senior management of the Group are set out on pages 74 to 78 of this report.

本集團董事及高級管理層的履歷詳情載於本報告第74頁至78頁。

DIRECTORS OF SUBSIDIARIES

附屬公司董事

The directors of the Company's subsidiaries during the Year and up to the date of this report were:

本年度及直至本報告日期本公司附屬公司的董事為：

Company 公司	Director 董事
XIWANG METAL SCIENCE 西王金屬科技	Mr. WANG Yong, Mr. WANG Di, Mr. WANG Dong, Mr. WANG Liang, Mr. SUN Xihu, Mr. ZHANG Jian, Ms. GUO Zhenjing, Mr. WANG Chaoqun (appointed with effect from 9 January 2023) 王勇先生、王棟先生、王棟先生、王亮先生、孫新虎先生、張健先生、郭真晶女士、王超群先生(於2023年1月9日起獲委任)
SPECIAL STEEL COMPANY 特鋼公司	Mr. WANG Yong, Mr. WANG Di, Mr. WANG Dong, Mr. WANG Liang, Mr. SUN Xihu, Mr. ZHANG Jian, Mr. ZHANG Qingsheng, Ms. GUO Zhenjing, Mr. WANG Chaoqun (appointed with effect from 9 January 2023) 王勇先生、王棟先生、王棟先生、王亮先生、孫新虎先生、張健先生、張慶生先生、郭真晶女士、王超群先生(於2023年1月9日起獲委任)

Directors' Report (Continued) 董事會報告書(續)

Company 公司	Director 董事
<p>XIWANG RECYCLING RESOURCES</p> <p>西王再生資源</p>	<p>Mr. WANG Hongxiang (resigned with effect from 9 January 2023) Mr. WANG Chaoqun (appointed with effect from 9 January 2023)</p> <p>王紅祥先生(於2023年1月9日起辭任) 王超群先生(於2023年1月9日起獲委任)</p>
<p>XIWANG INTERNATIONAL TRADE (QINGDAO) CO., LTD.</p> <p>西王國貿(青島)有限公司</p>	<p>Mr. WANG Wei, Ms. WANG Dan, Mr. WANG Jiudi</p> <p>王偉先生、王丹女士、王金迪先生</p>
<p>WIN GOAL TRADING LIMITED</p> <p>榮成貿易有限公司</p>	<p>Mr. WANG Di (resigned with effect from 10 February 2023), Mr. Wang Yong (appointed with effect from 10 February 2023)</p> <p>王棟先生(於2023年2月10日起辭任)、王勇先生(於2023年2月10日起獲委任)</p>
<p>XIWANG SPECIAL STEEL ECONOMIC AND TRADE CO., LTD.</p> <p>西王特鋼經貿有限公司</p>	<p>Mr. WANG Di (resigned with effect from 21 November 2022), Mr. ZHANG Jian (appointed with effect from 21 November 2022)</p> <p>王棟先生(於2022年11月21日起辭任)、張建先生(於2022年11月21日起獲委任)</p>
<p>ZHONGKE XIWANG</p> <p>中科西王</p>	<p>Mr. WANG Chao (appointed with effect from 10 November 2022 and resigned with effect from 9 January 2023), Mr. LI Dianzhong, Mr. SUN Xinhui, Mr. HUANG Liang, Mr. ZHANG Jian, Mr. WANG Chaoqun (appointed with effect from 9 January 2023)</p> <p>王超先生(於2022年11月10日起獲委任並於2023年1月9日起辭任)、 李殿中先生、孫新虎先生、黃糧先生、張健先生、王超群先生 (於2023年1月9日起獲委任)</p>
<p>SHANDONG XIWANG SPECIAL STEEL NEW MATERIALS TECHNOLOGY INNOVATION CENTRE COMPANY LIMITED</p> <p>山東省西王特殊鋼新材料技術創新中心 有限公司</p>	<p>Mr. ZHANG Jian (appointed with effect from 14 April 2022), Mr. ZHANG Chenglian (appointed with effect from 14 April 2022), Mr. ZHANG Lingtong (appointed with effect from 14 April 2022)</p> <p>張建先生(於2022年4月14日起獲委任)、張成連先生(於2022年4月14日起獲委任)、張靈通先生(於2022年4月14日起獲委任)</p>

Directors' Report (Continued) 董事會報告書(續)

Company 公司	Director 董事
SHANDONG XIWANG EQUIPMENT MANUFACTURING COMPANY LIMITED 山東西王裝備製造有限公司	Mr. WANG Di (appointed on 23 November 2022), Mr. WANG Dong (appointed on 23 November 2022), Mr. WANG Liang (appointed on 23 November 2022), Mr. SUN Xinqu (appointed on 23 November 2022), Mr. ZHANG Jian (appointed on 23 November 2022) 王棟先生(於2022年11月23日獲委任)、王棟先生(於2022年11月23日獲委任)、王亮先生(於2022年11月23日獲委任)、孫新虎先生(於2022年11月23日獲委任)、張健先生(於2022年11月23日獲委任)

CONTRACT OF SIGNIFICANCE

Saved as disclosed in the paragraph headed “Connected Transactions” below and in Note 34 to the Company’s consolidated financial statements for the Year as set out in this report, there was no contract of significance between the Company or one of its subsidiaries on the one hand, and a controlling shareholder or any of its subsidiaries on the other, subsisting during or at the end of the year ended 31 December 2022. Saved as disclosed in the paragraph headed “Connected Transactions” below and in note 34 to the consolidated financial statements for the Year as set out in this report, there was also no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries during or at the end of the Year.

DIRECTORS’ INTEREST IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the paragraph headed “Connected Transactions” below and in Note 34 to the Company’s consolidated financial statements for the Year as set out in this report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party subsisting during or at the end of the Year.

重大合約

除下文「關連交易」一段及本報告所載的本年度本公司綜合財務報表附註34所披露者外，於截至2022年12月31日止年度內或年底時，本公司或其附屬公司(作為一方)與控股股東或其任何附屬公司(作為另一方)概無訂有任何重大合約。除下文「關連交易」一段及本報告所載的本年度本公司綜合財務報表附註34所披露者外，於本年度末，亦概無控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務的其他重大合約。

董事於重大合約的權益

除下文「關連交易」一段及本報告所載的本年度本公司綜合財務報表附註34所披露者外，概無董事於本年度或本年度末直接或間接於本公司、其控股公司或其任何附屬公司所訂立對本集團業務有重大影響的合約中擁有重大權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries or the holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors had any interest in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

PERMITTED INDEMNITY

Pursuant to the Articles, every Director shall be indemnified out of the assets of the Company against all liabilities which he/she may incur in the execution and discharge of his/her duties or otherwise in relation thereto. The Company has kept in force insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors of the Company.

MANAGEMENT CONTRACTS

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

董事購買股份或債權證的權利

除上文所披露者外，本公司或其任何附屬公司或控股公司或本公司控股公司的附屬公司於本年度概無訂立任何安排，以使董事可藉購買本公司或任何其他法人團體的股份或債權證而獲得利益。

董事於競爭業務中的權益

於本年度及直至本報告日期，概無董事於本集團業務以外與本集團業務直接或間接競爭或可能競爭的業務中擁有權益。

獲准許的彌償

根據細則，每名董事應就其在執行、行使其職務或與之相關方面可能遭致的任何責任由本公司資產中獲得彌償。本公司已就本公司董事可能遭致的責任及可能面臨的任何法律程序有關成本方面購買保險。

管理合約

於本年度，並無訂立或存在與本公司全部或任何大部分業務之管理及行政有關的合約。

Directors' Report (Continued) 董事會報告書(續)

REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

The remuneration policy of the Group is set on the basis of the employees' merit, qualifications and competence and reviewed by the Remuneration Committee periodically. The remuneration package of the Directors are reviewed and recommended by the Remuneration Committee and approved by the Board, with consideration to the Group's operating results, individual performance and comparable market statistics. The Group has also adopted the Share Option Scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The Group has joined the mandatory MPF Scheme for all eligible employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance of Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules of the MPF Scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. No forfeited contribution is available to reduce the contribution payable under the above schemes.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the Directors or chief executive of the Company and their respective associates had the following interests in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

薪酬政策及退休福利計劃

本集團的薪酬政策乃基於僱員的功績、資格及能力而定，並由薪酬委員會定期審閱。經考慮本集團經營業績、個人表現及可比較市場數據，董事薪酬組合乃由薪酬委員會審閱及提供推薦意見，並獲董事會批准。本集團亦已採納購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團為所有合資格香港僱員參與強制性強積金計劃。強積金計劃是根據香港強制性公積金計劃條例向強制性公積金計劃管理局登記。根據強積金計劃，僱主及僱員在強積金計劃下都須作相應數額之供款，供款率為強積金計劃之規則而規定。本公司於中國成立之附屬公司為由中國政府營運之國營退休計劃之成員。該等附屬公司需按薪酬成本之一定比率貢獻至該退休計劃。並無已沒收的供款可用以削減須根據上述計劃支付的供款。

董事於本公司及其相聯法團的 股份、相關股份及債權證中的 權益

於2022年12月31日，董事或本公司最高行政人員及彼等各自的聯繫人於本公司及其相聯法團(定義見證券及期貨條例第XV部)根據證券及期貨條例第XV部第7分部及第8分部的條文須通知本公司及聯交所(包括根據《證券及期貨條例》的該等條文認為或視為持有的權益及淡倉);或根據證券及期貨條例第352條規定備存的登記冊中記錄;或根據標準守則向本公司及聯交所發出通知的權益如下:

Directors' Report (Continued) 董事會報告書(續)

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested ⁽¹⁾	Approximate percentage shareholding in the same class of securities in the relevant corporation as at 31 December 2022 於2022年12月31日 佔相關法團 相同類別證券的 股權概約百分比
董事姓名	公司／相聯 法團的名稱	身份	持有／擁有權益的 證券數目及類別 ⁽¹⁾	相同類別證券的 股權概約百分比
WANG Di 王棣	Company 本公司	Beneficial owner 實益擁有人	9,333,333 shares (L) 9,333,333 股股份 (L)	0.39%
	Xiwang Holdings 西王控股	Beneficial owner 實益擁有人	177 shares (L) 177 股股份 (L)	0.09%
	Xiwang Group Company 西王集團公司	Beneficial owner 實益擁有人	RMB35,460,000 (L) 人民幣35,460,000元 (L)	1.44%
	Xiwang Property 西王置業	Beneficial owner 實益擁有人	3,000,000 share options (L) 3,000,000 份購股權 (L)	0.21%
SUN Xinhu 孫新虎	Xiwang Holdings 西王控股	Beneficial owner 實益擁有人	89 shares (L) 89 股股份 (L)	0.04%
	Xiwang Group Company 西王集團公司	Beneficial owner 實益擁有人	RMB35,460,000 (L) 人民幣35,460,000元 (L)	1.44%
	Xiwang Property 西王置業	Beneficial owner 實益擁有人	3,000,000 share options (L) 3,000,000 份購股權 (L)	0.21%

Note:

附註：

(1) The letter "L" represents the Director's long position in the shares of the relevant corporation.

(1) 字母「L」代表董事於相關法團股份的好倉。

Directors' Report (Continued) 董事會報告書(續)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

根據證券及期貨條例第XV部須披露彼等權益的主要股東及其他人士

(a) Substantial shareholders of the Company

As at 31 December 2022, so far as it is known to the Directors, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

(a) 本公司主要股東

於2022年12月31日，就董事所知，下列人士(董事及本公司最高行政人員除外)於本公司股份及相關股份中擁有或視為或當作擁有須記錄於本公司根據證券及期貨條例第336條規定備存的登記冊中的權益或淡倉如下：

Name of substantial shareholder	Capacity	Number of shares of the Company held/ interested ⁽¹⁾	Approximate percentage of interest in the Company as at 31 December 2022 ⁽²⁾
主要股東名稱	身份	持有／擁有權益的本公司股份數目 ⁽¹⁾	於2022年12月31日佔本公司權益概約百分比 ⁽²⁾
Xiwang Investment (in liquidation) 西王投資(清盤中)	Beneficial owner ⁽³⁾ 實益擁有人 ⁽³⁾	868,093,000 ordinary shares (L) 868,093,000股普通股(L)	36.64%
Xiwang Holdings 西王控股	Interest of a controlled corporation ⁽⁴⁾ 受控制法團的權益 ⁽⁴⁾	868,093,000 ordinary shares (L) 868,093,000股普通股(L)	36.64%
Xiwang Hong Kong 西王香港	Interest of controlled corporations ⁽⁴⁾ 受控制法團的權益 ⁽⁴⁾	868,093,000 ordinary shares (L) 868,093,000股普通股(L)	36.64%
Xiwang Group Company 西王集團公司	Interest of controlled corporations ⁽⁴⁾ 受控制法團的權益 ⁽⁴⁾	868,093,000 ordinary shares (L) 868,093,000股普通股(L)	36.64%

Directors' Report (Continued) 董事會報告書(續)

Name of substantial shareholder	Capacity	Number of shares of the Company held/ interested ⁽¹⁾	Approximate percentage of interest in the Company as at 31 December 2022 ⁽²⁾ 於2022年12月31日 佔本公司權益 概約百分比 ⁽²⁾
主要股東名稱	身份	持有／擁有權益的 本公司股份數目 ⁽¹⁾	
Mr. WANG Yong 王勇先生	Interest of controlled corporations ⁽⁴⁾ 受控制法團的權益 ⁽⁴⁾	868,093,000 ordinary shares (L) 868,093,000 股 普通股(L)	36.64%
Ms. ZHANG Shufang 張樹芳女士	Interest of spouse ⁽⁵⁾ 配偶權益 ⁽⁵⁾	868,093,000 ordinary shares (L) 868,093,000 股 普通股(L)	36.64%
Haitong International Finance 海通國際財務	Other ⁽⁶⁾ 其他 ⁽⁶⁾	849,875,000 ordinary shares (L) 849,875,000 股 普通股(L)	35.87%
Haitong International Securities 海通國際證券	Interest of a controlled corporation ⁽⁷⁾ 受控制法團的權益 ⁽⁷⁾	849,875,000 ordinary shares (L) 849,875,000 股 普通股(L)	35.87%
Haitong International Holdings 海通國際控股	Interest of a controlled corporation ⁽⁷⁾ 受控制法團的權益 ⁽⁷⁾	849,875,000 ordinary shares (L) 849,875,000 股 普通股(L)	35.87%
Haitong Securities 海通證券	Interest of a controlled corporation ⁽⁷⁾ 受控制法團的權益 ⁽⁷⁾	849,875,000 ordinary shares (L) 849,875,000 股 普通股(L)	35.87%

Directors' Report (Continued) 董事會報告書(續)

Notes:

- (1) The letter "L" represents the entity's long position in the shares of the Company.
- (2) These percentages are calculated based on 2,369,110,999 listed Shares in issue as at 31 December 2022.
- (3) As at 31 December 2022, Xiwang Investment (in liquidation) was the registered Shareholder of 868,093,000 Shares. The Company was informed by a letter from the Official Receiver's Office of Hong Kong dated 21 March 2023 that a winding-up order was made against Xiwang Investment and the Official Receiver is now the provisional liquidator of Xiwang Investment. For further details, please refer to the Company's announcement dated 30 March 2023.
- (4) As at 31 December 2022, Xiwang Investment (in liquidation) was directly wholly-owned by Xiwang Holdings, which in turn was directly held as to 95% by Xiwang Hong Kong and as to 5% by Mr. WANG Yong and 22 individuals, respectively. Xiwang Hong Kong is in turn wholly-owned by Xiwang Group Company. As at 31 December 2022, Xiwang Group Company was owned as to 25.24% by Mr. WANG Yong, 32.33% by 20 individuals (including Mr. WANG Di and Mr. Sun Xihu, each a Director) and the remaining 42.43% by other shareholders. Further, the 20 individuals are accustomed to act in accordance with the directions of Mr. WANG Yong in respect of the exercise of their voting rights held as shareholders of Xiwang Group Company. Therefore, Mr. WANG Yong, Xiwang Group Company, Xiwang Hong Kong and Xiwang Holdings are deemed to be interested in the number of shares of the Company held by Xiwang Investment (in liquidation).

The Company was informed by a letter from the Official Receiver's Office of Hong Kong dated 21 March 2023 that a winding-up order dated 20 March 2023 was made against Xiwang Investment. The Official Receiver is now the provisional liquidator of Xiwang Investment. For further details, please refer to the Company's announcement dated 30 March 2023.

- (5) Ms. ZHANG Shufang, being the spouse of Mr. WANG Yong, is deemed to be interested in all the shares of the Company in which Mr. WANG Yong is deemed to be interested in.
- (6) Based on the disclosure of interests notice filed by Haitong International Investment Solutions on 30 April 2021, the substantial shareholder of the Company entered into a security agreement and pledged the Shares of the Company to Haitong International Investment Solutions. Upon occurrence of event of default, Haitong International Investment Solutions exercised the right to dispose of pledged Shares partially (i.e. forced liquidation) on 27 April 2021. To the best knowledge of the Directors, such Shares of the Company held by Haitong International Investment Solutions have been assigned to Haitong International Finance.
- (7) Based on the disclosure of interests notices filed by Haitong Securities, Haitong International Holdings, Haitong International Securities and Haitong International Finance on 13 September 2021, Haitong International Finance is a wholly-owned subsidiary of Haitong International Securities, which in turn is 64.4% owned by Haitong International Holdings, which in turn is wholly-owned by Haitong Securities. Therefore, Haitong Securities, Haitong International Holdings and Haitong International Securities are deemed to be interested in the number of Shares in the Company held by Haitong International Finance.

附註：

- (1) 字母「L」代表實體於本公司股份的好倉。
- (2) 該等百分比乃根據於2022年12月31日已發行之2,369,110,999股上市股份計算。
- (3) 於2022年12月31日，西王投資(清盤中)為868,093,000股股份的註冊股東。本公司獲香港破產管理署日期為2023年3月21日的函件告知，西王投資已獲清盤令，而破產管理署現為西王投資的臨時清盤人。詳情請參閱本公司日期為2023年3月30日的公告。
- (4) 於2022年12月31日，西王投資(清盤中)由西王控股直接全資擁有，而西王香港以及王勇先生及22名個人分別直接持有西王控股之95%及持有5%。西王香港由西王集團公司全資擁有。於2022年12月31日，西王集團公司25.24%權益由王勇先生擁有、32.33%權益由20名個人(包括王棟先生及孫新虎先生，各自為一名董事)持有，而餘下42.43%權益則由其他股東持有。此外，該20名個人習慣根據王勇先生的指示行使彼等作為西王集團公司股東擁有的投票權。因此，王勇先生、西王集團公司、西王香港及西王控股被視為於西王投資(清盤中)持有的本公司股份數目中擁有權益。

本公司獲香港破產管理署日期為2023年3月21日的函件告知，西王投資於2023年3月20日進行清盤。破產管理署現為西王投資的臨時清盤人。詳情請參閱本公司日期為2023年3月30日的公告。

- (5) 張樹芳女士(王勇先生的配偶)被視為於王勇先生被視為擁有權益的本公司全部股份中擁有權益。
- (6) 根據海通國際策略投資於2021年4月30日已存檔之披露權益通告，本公司主要股東訂立抵押協議，並抵押本公司之股份予海通國際策略投資。於發生違約事件時，海通國際策略投資於2021年4月27日行使出售部分已抵押股份的權利(即強制平倉)。據董事所深知，由海通國際策略投資持有的本公司該等股份已轉讓予海通國際財務。
- (7) 根據海通證券、海通國際控股、海通國際證券及海通國際財務於2021年9月13日已存檔之披露權益通告，海通國際財務為海通國際證券的全資附屬公司，而海通國際控股擁有海通國際證券64.4%的權益，而海通國際控股由海通證券全資擁有。因此，海通證券、海通國際控股及海通國際證券均被視為於海通國際財務持有的本公司股份數目的權益。

(b) Other persons who are required to disclose their interests pursuant to Part XV of the SFO

Save as disclosed in the paragraph headed "Directors' interests in shares, underlying shares and debentures of the Company and its associated corporations" and paragraph (a) above, as at 31 December 2022, to the knowledge of the Directors, no other person had interests or short positions in the shares or underlying shares of the Company which are recorded in the register required to be kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

Related party transactions and connected transactions

The Group entered into certain related party transactions with related parties during the Year which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in Note 34 to the Company's consolidated financial statements for the Year as set out in this report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for these connected transactions entered into during the Year.

(b) 根據證券及期貨條例第 XV 部須披露權益的其他人士

除「董事於本公司及其相聯法團的股份、相關股份及債權證中的權益」一段及上文(a)段所披露者外，於2022年12月31日，就本公司董事知悉，概無其他人士於本公司股份或相關股份中擁有須記錄於本公司根據證券及期貨條例第336條規定存置的登記冊內的權益或淡倉。

關連交易

關聯方交易及關連交易

於本年度，本集團與關聯方進行若干關聯方交易，其構成本集團的關連交易或持續關連交易，詳情載於本報告所載的本年度本公司綜合財務報表附註34。本公司已就此等於本年度訂立的關連交易根據上市規則第14A章遵守披露規定。

Directors' Report (Continued)

董事會報告書(續)

The Group has entered into various transactions during the Year which constituted continuing connected transactions of the Group under Chapter 14A of the Listing Rules. The transaction information of each of the non-exempt continuing connected transactions of the Group for the Year is set out below:

根據上市規則第14A章，本集團已於本年度訂立多項構成本集團持續關連交易的交易。於本年度，本集團非豁免持續關連交易的交易信息如下：

Connected Person	Nature of transaction	Transaction Amount for the Year (RMB)	Maximum Balance for the Year (RMB)	Annual Cap for the Year (RMB)
關連人士	交易性質	本年度交易金額(人民幣元)	本年度最高結餘(人民幣元)	本年度年度上限(人民幣元)
Xiwang Logistics 西王物流	— Delivery of steel ^{(1) (6)}	1.4 million	N/A	118 million
	— 運送鋼材 ^{(1) (6)}	1.4 百萬	不適用	118 百萬
	— Delivery of ore powder ⁽¹⁾	0.9 million	N/A	299 million
	— 運送礦粉 ⁽¹⁾	0.9 百萬	不適用	299 百萬
Xiwang Finance 西王財務	— Deposit services ^{(2) (6)}	N/A	628.5 million	2,100 million
	— 存款服務 ^{(2) (6)}	不適用	628.5 百萬	2,100 百萬
	— Bill discounting services ⁽²⁾	— million	N/A	2,000 million
	— 票據貼現服務 ⁽²⁾	— 百萬	不適用	2,000 百萬
	— Bill acceptance services ⁽²⁾	659.1 million	N/A	2,000 million
— 票據承兌服務 ⁽²⁾	659.1 百萬	不適用	2,000 百萬	
Zouping Power Branch 鄒平動力分公司	— Sales of steam ^{(3) (6)}	27.7 million	N/A	30 million
	— 出售熱能 ^{(3) (6)}	27.7 百萬	不適用	30 百萬
	— Procurement of electricity (including VAT) ^{(4) (6)}	986.3million	N/A	1,661 million
	— 購買電力(含增值稅) ^{(4) (6)}	986.3 百萬	不適用	1,661 百萬
	— Prepayment of electricity charge (including VAT) ⁽⁵⁾	N/A	306.7 million	328 million
— 預付電力款項(含增值稅) ⁽⁵⁾	不適用	306.7 百萬	328 百萬	
Xiwang Group (excluding the Group) 西王集團(不包括本集團)	— Guarantee services provided to Xiwang Group ^{(5) (6)}	N/A	4.2 billion	5 billion
	— 向西王集團提供擔保服務 ^{(5) (6)}	不適用	42 億	50 億

Other connected transactions included in Note 34 to the Company's consolidated financial statements for the Year as set out in this report are exempt continuing connected transactions under Chapter 14A of the Listing Rules.

Notes:

- (1) Xiwang Metal Science entered into a steel delivery services agreement and a ore powder delivery services agreement with Xiwang Logistics, a non-wholly owned subsidiary of Xiwang Group Company on 4 November 2021. Xiwang Logistics agreed to provide delivery service to Xiwang Metal Science for the delivery of the Group's (1) steel to Shandong Province and other provinces in the PRC and (2) ore powder from Shandong Province and other provinces in the PRC to Xiwang Metal Science for a term of three years commencing on 1 January 2022

For details of the abovementioned steel delivery services agreement and the ore powder delivery services agreement, please refer to the announcement and circular of the Company dated 4 November 2021 and 30 November 2021, respectively.

- (2) The Company entered into a financial services agreement with Xiwang Finance with a term of three years commencing from 1 January 2022, pursuant to which, Xiwang Finance provides the Company and the Qualified Subsidiaries (as defined in the announcement of the Company dated 4 November 2021) with deposit services, loan services, bill discounting services and bill acceptance services. Apart from these services, Xiwang Finance may also provide the Company and the Qualified Subsidiaries with other financial services approved by the China Banking and Insurance Regulatory Commission. Other financial services to be provided under such financial services agreement will be on normal commercial terms and on terms similar to or even more favourable than those offered by other independent commercial banks in the PRC.

For details of the financial services agreement, please refer to the announcement and circular of the Company dated 4 November 2021 and 30 November 2021, respectively.

- (3) Xiwang Metal Science and Zouping Power Branch entered into a steam supply agreement on 31 December 2019 for the supply of steam for a period of three years commencing on 1 January 2020 and ending on 31 December 2022.

Pursuant to such steam supply agreement, Zouping Power Branch would be responsible for lining or modifying the steam pipeline network and installing the steam gauge, while Xiwang Metal Science would be responsible for supplying steam to Zouping Power Branch. Both Xiwang Metal Science and Zouping Power Branch would record the volume of steam at the end of each month, Zouping Power Branch was responsible for ensuring the accuracy of the steam gauge, while Xiwang Metal Science would perform checks from time to time.

根據上市規則第14A章，本報告所載的本年度本公司綜合財務報表附註34內的其他關連交易為獲豁免持續關連交易。

附註：

- (1) 於2021年11月4日，西王金屬科技與西王集團公司之全資附屬公司西王物流訂立鋼材運送服務協議及礦粉運送服務協議。西王物流同意向西王金屬科技提供運送服務，以運送(1)本集團的鋼材至中國山東省及其他省份及(2)由中國山東省及其他省份運送本集團的礦粉至西王金屬科技，自2022年1月1日起為期三年。

有關上述鋼材運送服務協議及礦粉運送服務協議的詳情，請參閱本公司日期分別為2021年11月4日及2021年11月30日的公告及通函。

- (2) 本公司與西王財務訂立財務服務協議，自2022年1月1日起為期三年。據此，西王財務向本公司及其合資格附屬公司(定義見本公司日期為2011年11月4日的公告)提供存款服務、貸款服務、票據貼現服務及票據承兌服務。除此等服務外，西王財務亦將向本公司及其合資格附屬公司提供中國銀行保險監督管理委員會批准的其他財務服務。根據該財務服務協議將予提供的其他財務服務將按一般商業條款進行，該等條款與中國其他主要商業銀行所提供者相似或更為優惠。

有關財務服務協議的詳情，請參閱本公司日期分別為2021年11月4日及2021年11月30日的公告及通函。

- (3) 於2019年12月31日，西王金屬科技與鄒平動力分公司就供應蒸汽訂立蒸汽供應協議，自2020年1月1日起至2022年12月31日止為期三年。

根據該蒸汽供應協議鄒平動力分公司將負責鋪設或改建蒸汽管道網絡及安裝蒸汽壓力錶，而西王金屬科技將負責向鄒平動力分公司供應蒸汽。西王金屬科技及鄒平動力分公司均將於每月底記錄蒸汽量，鄒平動力分公司負責確保蒸汽壓力錶準確，而西王金屬科技則應不時進行檢查。

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For details of the abovementioned steam supply agreement, please refer to the announcements of the Company dated 16 December 2019 and 31 December 2019, respectively.

During the Year, the Group did not renew the abovementioned steam supply agreement with Zouping Power Branch. Xiwang Metal Science entered into a new steam supply agreement (the “**New Steam Supply Agreement**”) with Shandong Xiwang Sugar on 1 November 2022 for the provision of supply of steam service to Shandong Xiwang Sugar, with the major terms remaining substantially the same, except (1) Zouping Power Branch is substituted by Shandong Xiwang Sugar; (2) the revised price for steam per kcal and tonne (tax inclusive); and (3) that Xiwang Metal Science will be responsible for lining or modifying the steam pipeline network and installing the steam gauge. The New Steam Supply Agreement has a term for three years from 1 January 2023 to 31 December 2025.

For details of the New Steam Supply Agreement, please refer to the announcement and circular of the Company dated 1 November 2022 and 6 December 2022, respectively. The New Steam Supply Agreement and the transactions contemplated thereunder had been approved by the independent Shareholders of the Company at the Company's extraordinary general meeting held on 23 December 2022.

- (4) Xiwang Metal Science and Zouping Power Branch entered into an electricity purchase agency agreement on 21 August 2020 and, pursuant to which Xiwang Metal Science contracted Zouping Power Branch to provide agency services in relation to the electricity purchase from State Grid Shandong Electric Power Company Binzhou Power Supply Company (國網山東省電力公司濱州供電公司) (“**Binzhou Power**”), through Zouping Power Branch for the period from 1 January 2020 to 31 December 2022. Binzhou Power is a local power supply company which is an independent third party of the Company. According to the requirements of Binzhou Power, Xiwang Group Company and its affiliated companies are required to settle the electricity bills together. During the course of the electricity purchase, Xiwang Metal Science will also pay Zouping Power Branch a certain amount of prepaid electricity charge (the “**Prepaid Electricity Charge**”) for Zouping Power Branch to pay to Binzhou Power. Zouping Power Branch will charge Xiwang Metal Science for the electricity supplied to the Group at the original price charged by Binzhou Power, and the price must not be increased in any other way. Zouping Power Branch should not charge Xiwang Metal Science any service fees, commission or agency fee (except for any charges to be paid to Binzhou Power and/or other independent third parties). Electricity meters should be installed by the Group at each and every points of electricity supply, and meter reading should be recorded by Zouping Power Branch on the first day of each calendar month. Xiwang Metal Science should prepay Zouping Power Branch the Prepaid Electricity Charge, the amount of which should be no less than one month of the expected electricity charge. After each meter reading, the accrued electricity charge should be settled by setting off against the Prepaid Electricity Charge received by Zouping Power Branch.

The procurement of electricity for the Year under the abovementioned electricity purchase agency agreement was approximately RMB872.9 million and the relevant VAT paid was approximately RMB113.4 million.

For details of the electricity purchase agency agreement, please refer to the announcement and circular of the Company dated 21 August 2020 and 23 October 2020, respectively.

有關上述蒸汽供應協議的詳情，請參閱本公司日期分別為2019年12月16日及2019年12月31日的公告。

於本年度，本集團並無與鄒平動力分公司重續上述蒸汽供應協議。於2022年11月1日，西王金屬科技與山東西王糖業訂立新蒸汽供應協議（「**新蒸汽供應協議**」），內容有關向山東西王糖業提供蒸汽供應服務，除(1)鄒平動力分公司被山東西王糖業取代；(2)每千卡及每噸蒸汽之經修訂價格(含稅)；及(3)西王金屬科技將負責鋪設或改建蒸汽管道網絡及安裝蒸汽壓力錶外，協議的主要條款基本保持不變。新蒸汽供應協議自2023年1月1日至2025年12月31日為期三年。

有關新蒸汽供應協議的詳情，請參閱本公司日期分別為2022年11月1日及2022年12月6日的公告及通函。新蒸汽供應協議及其項下擬進行的交易已於2022年12月23日舉行的本公司股東特別大會上獲得本公司獨立股東批准。

- (4) 於2010年8月21日，西王金屬科技與鄒平動力分公司訂立電力購買代理協議，據此，西王金屬科技訂約要求鄒平動力分公司提供代理服務，服務內容有關自2020年1月1日至2022年12月31日期間透過鄒平動力分公司向國網山東省電力公司濱州供電公司（「**濱州供電**」）購買電力。濱州供電為一間地方供電公司，為本公司獨立第三方。根據濱州供電要求，西王集團公司及下屬公司需要統一結算電費。於電力購買過程中，西王金屬科技亦將向鄒平動力分公司支付一定數額的預付電費（「**預付電費**」），供鄒平動力分公司向濱州供電支付款項。鄒平動力分公司將就向本集團提供的電力按濱州供電所收取原價向西王金屬科技收取費用，且不得以任何其他方式增加有關價格。鄒平動力分公司不得收取西王金屬科技任何服務費、佣金或代理費（將向濱州供電及/或其他獨立第三方支付的任何費用除外）。本集團應於各電力供應點安裝電錶，且鄒平動力分公司應於每個曆月的第一天記錄電錶讀數。西王金屬科技應預付鄒平動力分公司預付電費，金額不得低於一個月的預計電費。每次進行電錶讀數後，透過抵銷鄒平動力分公司收取的預付電費結算應計電費。

本年度根據上述電力購買代理協議採購電力約為人民幣872.9百萬元，已繳相關增值稅約為人民幣113.4百萬元。

有關電力購買代理協議的詳情，請參閱本公司日期分別為2020年8月21日及2020年10月23日的公告及通函。

During the Year, Xiwang Metal Science renewed such electricity purchase agency agreement with Zouping Power Branch commencing from 1 January 2023 and ending on 31 December 2025 (both dates inclusive) on substantially same terms except for the term of the agreement. For details, please refer to the announcement and circular of the Company dated 1 November 2022 and 6 December 2022, respectively. The renewed electricity purchase agency agreement and the transactions contemplated thereunder had been approved by the Company's independent Shareholders at the extraordinary general meeting of the Company held on 23 December 2022.

- (5) The Company (and its subsidiaries) and Xiwang Group Company and the Relevant Subsidiaries entered into the Guarantee Agreement in relation to the provision of guarantee services, which was effective from 1 January 2021 to 31 December 2023 on 19 January 2021.

Pursuant to the Guarantee Agreement, the Group agreed to provide Xiwang Group Company and the Relevant Subsidiaries with guarantee services under which the Group shall undertake to guarantee and bear any obligations and liabilities of Xiwang Group Company and the Relevant Subsidiaries under the loan agreements to be entered between the lenders and Xiwang Group Company and/or the Relevant Subsidiaries, in accordance with the terms of the specific guarantee agreements to be entered between the lenders and the Group.

It was agreed that any loans repaid by the Group for and on behalf of Xiwang Group Company and the Relevant Subsidiaries pursuant to the Guarantee Agreement shall be deemed to be a repayment of (i) the loans payable by the Group to Xiwang Group Company or the Relevant Subsidiaries; or (ii) other amounts payable by the Group to Xiwang Group Company or the Relevant Subsidiaries. It was also agreed that if the guarantee amount to be provided by the Group to Xiwang Group Company and the Relevant Subsidiaries under the Guarantee Agreement exceeds the aggregate outstanding amount due from the Group to Xiwang Group plus the aggregate amount of the Group's borrowings which are guaranteed, secured or pledged by Xiwang Group Company and the Relevant Subsidiaries less the aggregate amount due from Xiwang Group Company and the Relevant Subsidiaries to the Group (the "**Outstanding Amount**"), (i) the Group reserves the right to unilaterally terminate the specific guarantee(s) for an amount no less than the amount exceeding the aggregate outstanding amount due from the Group to Xiwang Group; and (ii) a guarantee fee of 0.5% per annum on the Outstanding Amount shall be payable by Xiwang Group Company and/or the Relevant Subsidiaries to the Group for the amount exceeding the Outstanding Amount. Xiwang Group also undertook that it shall always continue to provide guarantees and loans to the Group and cannot unilaterally terminate any one of them without the Group's consent. The guarantee amount shall not exceed the Outstanding Amount during the Year, and shall be subject to a maximum cap of RMB5.0 billion.

於本年度，西王金屬科技與鄒平電力分公司重續該電力購買代理協議，自2023年1月1日起至2025年12月31日止(包括首尾兩日)，除協議期限外，條款基本相同。有關詳情，請參閱本公司日期分別為2022年11月1日及2022年12月6日的公告及通函。重續電力購買代理協議及其項下擬進行的交易已於2022年12月23日舉行的本公司股東特別大會上獲得本公司獨立股東批准。

- (5) 於2021年1月19日，本公司(及其附屬公司)與西王集團公司及相關附屬公司訂立有關提供擔保服務的擔保協議，自2021年1月1日至2023年12月31日生效。

根據擔保協議，本集團同意向西王集團公司及相關附屬公司提供擔保服務，據此，本集團應承諾根據放款人與本集團將予訂立之特定擔保協議的條款，就西王集團公司及相關附屬公司於放款人與西王集團公司及/或相關附屬公司將予訂立的貸款協議項下的任何責任及負債作出擔保及承擔。

訂約方協定，本集團根據擔保協議為及代表西王集團公司相關附屬公司償還的任何貸款應視為(i)本集團應付西王集團公司或相關附屬公司的貸款；或(ii)本集團應付西王集團公司或相關附屬公司的其他金額的還款。訂約方亦協定，倘本集團根據擔保協議將向西王集團公司及相關附屬公司提供的擔保金額超過本集團應付西王集團公司的未償還金額總額加上由西王集團公司及有關附屬公司擔保或質押的本集團借款總額，減去西王集團公司及有關附屬公司應付本集團的款項總額(「**未償還金額**」)，則(i)本集團保留單方面終止不少於超過本集團應付西王集團的未償還金額總額之數額的特定擔保的權利；及(ii)西王集團公司及/或相關附屬公司須就超出本集團應付西王集團公司的未償還金額總額的金額向本集團支付未償還金額每年0.5%的擔保費。西王集團亦承諾應始終繼續向本集團提供擔保及貸款，且未經本集團同意不得單方面終止其中任何一項承諾。於本年度，擔保金額不得超過未償還金額，且須受最高上限人民幣50億元的規限。

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During the Year, a guarantee fee of approximately RMB3.3 million had been received from Xiwang Group Company and the Relevant Subsidiaries.

For details of the Guarantee Agreement and relevant approvals, please refer to the announcements of the Company dated 19 January 2021 and 19 March 2021, respectively, and the circular of the Company dated 26 February 2021.

During the Year, the Company further renewed the Guarantee Agreement with Xiwang Group Company and the Relevant Subsidiaries earlier than the expiry of the Guarantee Agreement because Xiwang Group was negotiating new borrowings with the financial institutions in the PRC and the terms of these potential borrowings would cover the period from 1 January 2023 to 31 December 2025. Accordingly, Xiwang Group Company intends to renew the Guarantee Agreement in order to proceed the potential borrowings. For details of the renewal, please refer to the announcement and circular of the Company dated 1 November 2022 and 6 December 2022, respectively. The new guarantee agreement with Xiwang Group Company was entered into on 1 November 2022 and the entering into of which and the transactions contemplated thereunder had been approved by the Company's independent Shareholders at the Company's extraordinary general meeting held on 23 December 2022.

(6) Information for the connected persons:

Xiwang Group Company is a company incorporated in the PRC with limited liability on 24 April 2001 and the controlling shareholder of the Company and is principally engaged in investment holding.

Xiwang Logistics is a company incorporated in the PRC and is principally engaged in transportation of general goods and provision of logistics services in the PRC. It is an indirect non-wholly owned subsidiary of Xiwang Group Company.

Xiwang Finance is a non-wholly owned subsidiary of Xiwang Group Company and is owned as to 5% by the Company. Xiwang Finance is intended to provide the member companies of Xiwang Group, including but not limited to the members of the Group, with professional financial services, as well as to minimise financial risks and enhance the general competitiveness of Xiwang Group.

Zouping Power Branch is a branch company of Xiwang Group Company. The scope of business of Zouping Power Branch includes supply of power, gas, heat, water and electricity. It is also authorised to provide services in respect of installation of power facilities, sewage and water treatment, and involve in sale of iron ore, iron ore powder and coke.

Shandong Xiwang Sugar is a non-wholly owned subsidiary of Xiwang Group Company and is a leading provider of starch sugars, principally engaged in corn processing business with a focus on the production of starch sugars and corn co-products in the PRC, and the distribution and the sale of such products within and outside the PRC.

於本年度，已向西王集團公司及相關附屬公司收取擔保費約人民幣3.3百萬元。

有關擔保協議及相關批准的詳情，請參閱本公司日期分別為2021年1月19日及2021年3月19日的公告及本公司日期為2021年2月26日的通函。

於本年度，本公司與西王集團公司及其相關附屬公司於擔保協議屆滿前進一步重續擔保協議，乃由於西王集團與中國的金融機構磋商新借款，而該等潛在借款的條款將涵蓋2023年1月1日至2025年12月31日的期間。因此，西王集團擬續簽擔保協議，以繼續進行潛在借款。有關重續的詳情，請參閱本公司日期分別為2022年11月1日及2022年12月6日的公告及通函。與西王集團公司的新擔保協議於2022年11月1日訂立，該協議的訂立及擬進行的交易已於2022年12月23日舉行的股東特別大會上獲得本公司獨立股東批准。

(6) 有關關連人士的資料：

西王集團公司為一間於2001年4月24日在中國註冊成立的有限公司，並且為本公司的控股股東，主要從事投資控股。

西王物流為一間於中國註冊成立之公司，主要在中國從事普通貨物運輸業務及提供物流服務，為西王集團公司的間接非全資附屬公司。

西王財務為西王集團公司的非全資附屬公司，並由本公司擁有5%權益。西王財務有意向西王集團的成員公司(包括但不限於本集團的成員公司)提供專業財務服務，以及減低西王集團的財務風險及加強整體競爭力。

鄒平動力分公司為西王集團公司之分公司。鄒平動力分公司之業務範圍包括電力、燃氣、熱力及水電供應。鄒平動力亦獲授權提供有關電力設施安裝及污水處理之服務，並售賣鐵礦石、鐵礦粉及焦炭。

山東西王糖業為西王集團公司的一間非全資附屬公司，亦為領先的澱粉糖生產商，主要於中國從事玉米深加工業務，主力生產澱粉糖及玉米副產品，並於中國境內及境外進行分銷及銷售。

Continuing Connected Transactions

Confirmation from the independent non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the above continuing connected transactions and are of the opinion that the above continuing connected transactions have been (i) carried out in the usual and ordinary course of business of the Group (except for the Guarantee Agreement and the transactions contemplated thereunder); (ii) conducted on normal commercial terms; and (iii) entered into in accordance with the terms of the agreement which are fair and reasonable and in the interests of the Company's Shareholders as a whole. The Company has followed the pricing policies and guidelines when determining the price and terms of the above transactions conducted during the Year. Please refer to the announcements and circulars relating to the respective transactions for details.

Confirmation from the Auditors

The Company's Auditors were engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. For the purpose of Rule 14A.56 of the Listing Rules, the Auditors of the Company, have provided a letter to the Board confirming that nothing has come to their attention to cause them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) have exceeded the annual caps as set by the Company.

持續關連交易

來自獨立非執行董事的確認

根據上市規則第14A.55條，本公司獨立非執行董事已審閱上述持續關連交易並認為上述持續關連交易已(i)於本集團正常及日常業務過程中進行；(ii)按一般商業條款訂立(除擔保協議及其項下擬進行之交易外)；及(iii)根據公平合理的協議條款訂立，符合本公司股東整體的利益。於釐定上文本年度進行之交易的價格及條款時，本公司已遵守定價政策及指引(詳情請參閱有關各項交易之公告及通函)。

來自核數師的確認

本公司外聘核數師已獲本集團委聘按照香港會計師公會頒佈之香港核證工作準則第3000號(修訂本)「審計或審閱歷史財務資料以外的核證工作」之規定，並參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團之持續關連交易提交報告。根據上市規則第14A.56條，本公司核數師已向董事會發出函件，確認並無得悉任何資料，令其相信持續關連交易有以下情況：

- (i) 未獲董事會批准；
- (ii) 未有在各重大方面按本集團的定價政策進行(指在交易涉及由本集團提供商品及服務的情況下)；
- (iii) 未有在各重大方面根據規管該等交易的相關協議訂立；及
- (iv) 已超逾本集團設定的上限。

Directors' Report (Continued) 董事會報告書(續)

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 33 to 73 of this report.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three Directors, namely, Mr. LEUNG Shu Sun Sunny, Mr. LI Bangguang and Mr. YU Kou who are independent non-executive Directors. Mr. LEUNG Shu Sun Sunny serves as the chairman of the Audit Committee. The major duties of the Audit Committee under its written terms of reference include monitoring the integrity of the financial statements and reports, overseeing the independence and performance of the external auditor of the Company, reviewing the Group's financial reporting system and internal control procedures. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the Year.

For the Audit Committee's view on the Auditors' disclaimer of opinion regarding the Company's financial statements, please refer to the section headed "Corporate Governance Report – N. Material uncertainty related to going concern" in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and as far as the Directors are aware, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this report.

企業管治

本公司採納的主要企業管治常規報告載於本報告第33頁至第73頁。

審核委員會

本公司審核委員會由三名董事組成，包括梁樹新先生、李邦廣先生及于叩先生(彼等為獨立非執行董事)。梁樹新先生擔任審核委員會主席。審核委員會於書面職權範圍內的主要職責包括監控財務報表及報告的完整性、監督本公司外部核數師的獨立性及表現、審視本集團的財務報告系統及內部控制程序。審核委員會已與管理層審閱本集團採納的會計政策及慣例，並與管理層討論本公司的內部控制及財務報告事宜，包括審閱本集團本年度經審核綜合財務業績。

對於審核委員會對財務報表中有關核數師對本公司財務報表不表示意見的看法，請參閱本報告中「企業管治報告 – N. 持續經營相關的重大不確定性」一節。

充足的公眾持股量

根據本公司可得的資料及就董事所知，本公司於本報告日期維持上市規則規定的足夠公眾持股量。

EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to the date of this report, the important events affecting the Group were the following:

- (i) Mr. Wong Di resigned as the non-executive Director and chairman of the Company, and Mr. ZHANG Jian and Mr. WANG Chaoqun were appointed as the chairman and executive Director of the Company, respectively, with effect from 14 February 2023. For further details, please refer to the Company's announcement dated 14 February 2023.
- (ii) Merlion Macro Firm Ltd. (formerly known as Merlion Marco Fund), one of the subscribers of the Bonds, on 17 February 2023, filed the Petition with the Court against the Company. The Petition was filed against the Company in respect of an indebtedness allegedly due and payable by the Company in the amount of US\$5,000,000 and default interest accrued thereon arising from the Bonds. The Court has set the first hearing date for the Petition on 3 May 2023.
- (iii) The Company received a letter dated 21 March 2023 from the Official Receiver's Office of Hong Kong which stated that, inter alia, a winding-up order was made on 20 March 2023 against Xiwang Investment (in liquidation), which, as at the date of this report, directly holds a total of 868,093,000 ordinary Shares of the Company, representing approximately 36.64% of the Company's total issued share capital. The Company was requested to remit a sum of RMB9,957,000 to them as a sum allegedly due by the Company to Xiwang Investment as at 30 June 2021 within the next 21 days from the date of the letter.

Further details in relation to the abovementioned items (ii) and (iii) in this section can be found in the Company's announcement dated 30 March 2023. Saved as disclosed above, there were no other important events affecting the Group subsequent to the reporting period and up to the date of this report.

報告期後事項

於報告期後及直至本報告日期，影響本集團的重大事項如下：

- (i) 王棣先生辭任本公司非執行董事及主席，張健先生及王超群先生分別獲委任為本公司主席及執行董事，自2023年2月14日起生效。詳情請參閱本公司日期為2023年2月14日的公告。
- (ii) Merlion Macro Firm Ltd. (前稱Merlion Marco Fund)為債券的認購人之一，已於2023年2月17日向法院提交對本公司的呈請(案件編號:2023年HCCW80)。該呈請乃針對本公司提出，有關因債券產生的聲稱本公司到期應付債務款項5,000,000美元及其應計違約利息。法院已就呈請確定首次聆訊日期，即2023年5月3日。
- (iii) 本公司接獲香港破產管理署於2023年3月21日發出的函件，其中包括於2023年3月20日發出的對西王投資(清盤中)的清盤令。於本報告日期，西王投資直接持有合共868,093,000股本公司普通股，佔本公司已發行股本總額的約36.64%。本公司被要求於函件日期後的21天內向彼等匯付一筆款項人民幣9,957,000元，作為本公司據稱於2021年6月30日欠西王投資的款項。

有關本節上述第(ii)及(iii)項的進一步詳情，可參閱本公司日期為2023年3月30日的公告。除上文所披露者外，於報告期後及直至本報告日期並無影響本集團的其他重大事項。

Directors' Report (Continued) 董事會報告書(續)

AUDITORS

The Company's consolidated financial statements for the Year have been audited by HLB Hodgson Impey Cheng Limited. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

On behalf of the Board

ZHANG Jian
Chairman

Hong Kong, 3 April 2023

核數師

本年度本公司綜合財務報表經已由國術會計師事務所有限公司。本公司會於即將舉行的股東週年大會上提呈決議案以續聘國術會計師事務所有限公司為本公司核數師。

代表董事會

主席
張健

香港，2023年4月3日

INDEPENDENT AUDITORS' REPORT 獨立核數師報告



國衛會計師事務所有限公司
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To the Shareholders of Xiwang Special Steel Company Limited
(incorporated in Hong Kong with limited liability)

致西王特鋼有限公司股東
(於香港註冊成立的有限公司)

DISCLAIMER OF OPINION

不表示意見

We were engaged to audit the consolidated financial statements of Xiwang Special Steel Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 115 to 258, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

吾等已獲委聘審核載於第115至第258頁西王特鋼有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)的綜合財務報表，包括於2022年12月31日的綜合財務狀況表、截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

吾等不就 貴集團的綜合財務報表發表意見。由於本報告「不表示意見基準」一節所詳述事項乃屬重大，吾等未能取得足夠恰當的審核憑證，為綜合財務報表之審核意見提供基準。就所有其他方面而言，吾等認為綜合財務報表已按照公司條例的披露規定妥為編製。

Independent Auditors' Report (Continued)

獨立核數師報告(續)

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern basis

We draw attention to the consolidated financial statements, which describes that the Group incurred a gross loss and a net loss of approximately RMB749,999,000 and RMB1,328,792,000 respectively for the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB6,549,017,000. As at that date, the Group had outstanding bank and other borrowings with aggregate amount of approximately RMB4,477,358,000, whilst its cash and cash equivalents amounted to approximately RMB311,599,000. The Group had defaulted on repayments of its debts, including: i) default in repayment of principal amount of guaranteed secured bonds of approximately RMB99,521,000 and interests thereon of approximately RMB12,895,000; and ii) default in repayment of principal amount of other borrowings of approximately RMB9,605,000 and interests thereon of approximately RMB4,732,000 which had triggered other borrowings with principal amounts of approximately RMB381,000,000 to become immediately repayable upon demand.

These events and conditions, along with other matters as set forth in Note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors have certain plans and measures to improve the Group's liquidity and financial position, which are set out in Note 2.1 to the consolidated financial statements and have review the cash flow forecast of the Group, which have been prepared based on the assumptions that these plans and measures will be successfully implemented by the Group. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the outcomes of these plans and measures, which are subject to multiple uncertainties, including (i) whether the Group is able to sell its products at the forecasted selling prices as the Group has benchmarked to latest price level in the steel product market, and whether the Group is able to control its operating costs in the forecast period based on the rigorous cost control measures planned to be undertaken by the Group over its production process, and hence whether the cash flow forecast showing positive operating cash flows could be achieved by the Group, which is also dependent upon the gradual stabilisation of economic situation in PRC; (ii) whether the Group is able to successfully conclude its negotiations for extension of the repayment dates of the outstanding bank and other borrowings which have fallen due or are falling due in the next twelve months for at least another twelve months upon their maturity during the coming year, all of which were included in the Group's current liabilities as at 31 December 2022; (iii) whether Xiwang Group Company, the ultimate holding company and the controlling shareholder, will be able to provide financial support to the Group despite the fact that the Group has received a written confirmation dated 3 April 2023 from Xiwang Group Company that it will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future from the date of approval for issue of these consolidated financial statements; and (iv) whether the Group is successful in soliciting different sources of funds, including additional banking facilities with PRC financial institutions and strategic institutional investor, to further support the Group's funding needs should the aforesaid operating cash inflows turn out to be less than forecasted.

不表示意見基準

與持續經營基準相關的多項不確定因素

吾等謹請留意綜合財務報表，當中說明貴集團於截至2022年12月31日止年度產生毛損及虧損淨額分別約人民幣749,999,000元及人民幣1,328,792,000元，而截至該日，貴集團的流動負債超出其流動資產約人民幣6,549,017,000元。於當日，貴集團的未償還銀行及其他借款總額約人民幣4,477,358,000元，而其現金及現金等價物償還債務，包括：i) 拖欠償還已擔保抵押債券本金約人民幣99,521,000元及其利息約人民幣12,895,000元；及ii) 拖欠償還其他借款本金約人民幣9,605,000元及其利息約人民幣4,732,000元，觸發須按要求立即償還條款的其他借款本金約人民幣381,000,000元。

此等事件及情況，連同綜合財務報表附註2.1所載的其他事宜，顯示存在重大不明朗因素，可能對貴集團按持續基準發展的能力存疑。

董事有若干計劃及措施以改善貴集團的資金流動性及財務狀況，該等措施載於綜合財務報表附註2.1，董事亦已審閱貴集團的現金流量預測，該等預測乃根據貴集團將成功實施該等計劃及措施的假設而編製。綜合財務報表一直按持續經營基準編製，其有效性取決於該等計劃及措施的結果，並受多項不確定因素影響，其中包括(i)由於貴集團已以鋼材產品市場的最新價格水平為基準，因此貴集團能否按預測售價銷售其產品，以及貴集團能否根據其生產過程中計劃採取的嚴格的成本控制措施，在預測期內控制其經營成本，因此貴集團能否實現經營現金流為正的現金流量預測，這也取決於中國經濟形勢的逐步穩定；(ii)貴集團能否成功完成談判，將已到期或將在未來十二個月內到期的未償還銀行借款及其他借款的還款日期在來年到期時至少再延長十二個月，該等借款於2022年12月31日均計入貴集團流動負債；(iii)儘管貴集團已收到最終控股公司及控股股東西王集團公司日期為2023年4月3日的書面確認，其將向貴集團提供財務支持，但西王集團公司是否能夠向貴集團提供財務支持，使貴集團能夠自批准發佈該等綜合財務報表之日起在可預見的未來履行其到期的財務義務；及(iv)倘上述經營現金流入低於預期，貴集團能否成功爭取到不同的資金來源，包括與中國金融機構及戰略機構投資者的額外銀行融資，以進一步支持貴集團的資金需求。

Independent Auditors' Report (Continued) 獨立核數師報告(續)

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple uncertainties relating to going concern basis (Continued)

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

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 Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and 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.

不表示意見基準(續)

與持續經營基準相關的多項不確定因素(續)

由於管理層於其持續經營評估中並無就其未來行動的計劃及措施提供詳盡分析，當中計及該等計劃及措施的結果的不確定性以及結果的變動將如何影響 貴集團的未來現金流量，吾等尚未取得充足合適的審計證據，致使吾等信納使用持續經營會計基準編製綜合財務報表的恰當性。

倘 貴集團無法持續經營，則須作出調整以將資產的賬面值撇減至其可收回金額，以就可能產生的進一步負債計提撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整的影響並未反映在該等綜合財務報表中，且吾等未能確定該等調整是否可能屬必要。

董事及審核委員會就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)及香港公司條例編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。在編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會負責監督 貴集團的財務報告過程。

Independent Auditors' Report (Continued) 獨立核數師報告(續)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and to issue an auditors' report in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to form an audit opinion on these consolidated financial statements.

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.

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901
Hong Kong, 3 April 2023

核數師就審核綜合財務報表須 承擔的責任

吾等責任為根據香港會計師公會頒佈的國際審計準則對 貴集團的綜合財務報表進行審計，並根據吾等商定的聘用條款出具審計報告，不得用於其他目的。吾等不就本報告的內容對任何其他人承擔任何責任。然而，由於吾等報告中不表示意見基準一節所述的事項，吾等無法對該等綜合財務報表構成審計意見。

根據香港會計師公會制定的《職業會計師職業道德守則》(「守則」)，吾等獨立於 貴集團，並履行守則規定的其他職業道德責任。

出具本獨立核數師報告的審計項目董事為郭梓俊。

國衛會計師事務所有限公司
執業會計師

郭梓俊
執業證書編號：P06901
香港，2023年4月3日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

			2022	2021
			2022年	2021年
		Notes	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
REVENUE	營業額	5	14,460,271	19,116,121
Cost of sales	銷售成本		(15,210,270)	(18,332,165)
Gross (loss)/profit	毛(損)/利		(749,999)	783,956
Other income and other (losses)/gains, net	其他收入及其他(虧損)/收益淨額	5	(27,793)	58,650
Selling and distribution expenses	銷售及分銷開支		(8,428)	(13,123)
Administrative expenses	行政開支		(128,229)	(90,314)
Other operating expenses	其他營運開支		(148,980)	-
Reversal of/(impairment losses) on financial assets, net	金融資產撥回/(減值虧損)淨額		3,802	(5,373)
Research and development costs	研發成本		(378,848)	(387,076)
Finance costs	融資成本	7	(238,048)	(289,473)
(LOSS)/PROFIT BEFORE TAX	除稅前(虧損)/溢利	6	(1,676,523)	57,247
Income tax credit	所得稅抵免	10	347,731	7,784
(LOSS)/PROFIT FOR THE YEAR	年度(虧損)/溢利		(1,328,792)	65,031
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股權持有人應佔每股(虧損)/盈利			
Basic and diluted	基本及攤薄	12	RMB(56.09) cents 人民幣(56.09)分	RMB2.74 cents 人民幣2.74分

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

綜合損益及其他全面收益表(續)

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(LOSS) / PROFIT FOR THE YEAR	年度(虧損)/溢利	(1,328,792)	65,031
OTHER COMPREHENSIVE INCOME/(LOSS)	其他全面收益/(虧損)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	於其後期間可能重新分類至損益的其他全面收益/(虧損):		
Exchange differences:	匯兌差額:		
Exchange differences on translation of foreign operations	換算海外業務產生的匯兌差額	18,782	(3,778)
Bills receivables at fair value through other comprehensive income:	公平值計入其他全面收益之應收票據:		
Release on disposal of debt instruments at fair value through other comprehensive income	出售按公平值計入其他全面收益之債務工具時解除	-	591
		18,782	(3,187)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:	將不會於其後期間重新分類至損益的其他全面(虧損)/收益:		
Equity investments designated at fair value through other comprehensive income:	指定為按公平值計入其他全面收益之權益投資:		
Changes in fair value	公平值變動	(15,073)	(9,402)
Income tax effect	所得稅影響	2,261	1,410
		(12,812)	(7,992)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	年度其他全面收益/(虧損), 扣除稅項	5,970	(11,179)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔年度全面(虧損)/收益總額	(1,322,822)	53,852

The accompanying notes form an integral part of these consolidated financial statements. 隨附附註構成該等綜合財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

			31 December 2022 2022年 12月31日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	10,849,247	11,218,379
Right-of-use assets	使用權資產	14	117,971	87,834
Prepayments for long term assets	長期資產之預付款項	19	172,248	198,361
Other intangible assets	其他無形資產	15	579,736	477,917
Equity investment designated at fair value through other comprehensive income	指定為按公平值計入其他全面收益之權益投資	16	51,023	66,096
Deferred tax assets	遞延稅項資產	24	368,228	48,469
Total non-current assets	非流動資產總值		12,138,453	12,097,056
CURRENT ASSETS	流動資產			
Inventories	存貨	17	348,262	1,387,544
Trade receivables	應收貿易款項	18	31,061	57,505
Prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產	19	1,971,327	1,875,311
Pledged deposits	已抵押存款	20	269,466	419,272
Cash and cash equivalents	現金及現金等價物	20	311,599	332,182
Total current assets	流動資產總值		2,931,715	4,071,814
CURRENT LIABILITIES	流動負債			
Trade and bills payables	應付貿易款項及應付票據	21	2,235,169	2,254,123
Other payables and accruals	其他應付款項及應計費用	22	531,966	660,789
Contract liabilities	合約負債	22	2,811,334	3,389,324
Dividend payables	應付股息		290,369	290,369
Lease liabilities	租賃負債	14	-	479
Interest-bearing bank and other borrowings	計息銀行及其他借款	23	3,572,545	3,540,868
Borrowings from the ultimate holding company	來自最終控股公司借款	34(d)(ii)	447	447
Income tax payables	應付所得稅		38,902	50,373
Total current liabilities	流動負債總額		9,480,732	10,186,772
NET CURRENT LIABILITIES	流動負債淨額		(6,549,017)	(6,114,958)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		5,589,436	5,982,098

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

			31 December 2022 2022年 12月31日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT LIABILITIES	非流動負債			
Other payables	其他應付款項	22	77,828	-
Interest-bearing bank and other borrowings	計息銀行及其他借款	23	904,813	33,791
Deferred tax liabilities	遞延稅項負債	24	14,879	33,569
Other long term payables	其他長期應付款項	25	130,000	130,000
Total non-current liabilities	非流動負債總額		1,127,520	197,360
Net assets	資產淨值		4,461,916	5,784,738
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	26	1,369,681	1,369,681
Reserves	儲備	28	3,092,235	4,415,057
Total equity	權益總額		4,461,916	5,784,738

The consolidated financial statements on pages 115 to 258 were approved and authorised for issue by the board of directors of the Company (the "Board") on 3 April 2023 and are signed on its behalf by:

第115頁至258頁所載的綜合財務報表乃經本公司董事會(「董事會」)於2023年4月3日批准及授權刊發，並經以下董事代表簽署：

ZHANG Jian
張健
Director
董事

Sun Xihu
孫新虎
Director
董事

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

隨附附註構成該等綜合財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

		Attributable to owners of the parent 母公司擁有人應佔									
		Share capital 股本	Contributed surplus 繳入盈餘	Other reserve 其他儲備	Fair value reserve 公平值儲備	Statutory surplus reserve 法定盈餘儲備	Share option reserve 購股權儲備	Special reserve 特別儲備	Exchange fluctuation reserve 匯兌波動儲備	Retained profits 保留溢利	Total equity 權益總額
		RMB'000 人民幣千元 (note 26) (附註 26)	RMB'000 人民幣千元	RMB'000 人民幣千元 (note 28(c)) (附註 28(c))	RMB'000 人民幣千元	RMB'000 人民幣千元 (note 28(a)) (附註 28(a))	RMB'000 人民幣千元 (note 27) (附註 27)	RMB'000 人民幣千元 (note 28(b)) (附註 28(b))	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2021	於2021年1月1日	1,369,681	78,938*	56,084*	(21,417)*	687,200*	1,051*	163,823*	3,278*	3,392,248*	5,730,886
Profit for the year	年度溢利	-	-	-	-	-	-	-	-	65,031	65,031
Other comprehensive income/(loss) for the year:	本年度其他全面收益/(虧損):										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	按公平值計入其他全面收益的權益投資之公平值變動，扣除稅項	-	-	-	(7,992)	-	-	-	-	-	(7,992)
Release on disposal of debt instruments at fair value through other comprehensive income	出售按公平值計入其他全面收益之債務工具時解除	-	-	-	591	-	-	-	-	-	591
Exchange differences on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	-	-	-	(3,778)	-	-	(3,778)
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額	-	-	-	(7,401)	-	-	(3,778)	65,031	53,852	
Transfer of share option reserve upon the lapse of share options	來自非控股權益的貢獻	-	-	-	-	-	(759)	-	-	759	-
Disposal of a subsidiary	應佔非控股權益的虧損	-	-	-	-	(76)	-	-	-	76	-
Profit appropriated to reserves	溢利撥至儲備	-	-	-	-	7,908	-	22,416	-	(30,324)	-
Utilised special reserve	已動用特別儲備	-	-	-	-	-	-	(22,416)	-	22,416	-
At 31 December 2021	於2021年12月31日	1,369,681	78,938*	56,084*	(28,818)*	695,032*	292*	163,823*	(500)*	3,450,206*	5,784,738
Loss for the year	年度虧損	-	-	-	-	-	-	-	-	(1,328,792)	(1,328,792)
Other comprehensive income/(loss) for the year:	本年度其他全面收益/(虧損):										
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	按公平值計入其他全面收益的權益投資之公平值變動，扣除稅項	-	-	-	(12,812)	-	-	-	-	-	(12,812)
Exchange differences on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	-	-	-	18,782	-	-	18,782
Total comprehensive (loss)/income for the year	年度全面(虧損)/收益總額	-	-	-	(12,812)	-	-	18,782	(1,328,792)	(1,322,822)	
Transfer of share option reserve upon the lapse of share options	來自非控股權益的貢獻	-	-	-	-	-	(292)	-	-	292	-
Profit appropriated to reserves	溢利撥至儲備	-	-	-	-	-	-	48,304	-	(48,304)	-
Utilised special reserve	已動用特別儲備	-	-	-	-	-	-	(48,304)	-	48,304	-
At 31 December 2022	於2022年12月31日	1,369,681	78,938*	56,084*	(41,630)*	695,032*	-	163,823*	18,282*	2,121,706*	4,461,916

* These reserve accounts comprise the consolidated reserves of 3,092,235,000 (2021: RMB4,415,057,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表內綜合儲備人民幣3,092,235,000元(2021年: 人民幣4,415,057,000元)。

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

隨附附註構成該等綜合財務報表的一部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		Notes	
		附註	
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量		
(Loss)/profit before tax	除稅前(虧損)/溢利	(1,676,523)	57,247
Adjustments for:	就以下各項進行的調整：		
Interest income	利息收入	5 (10,555)	(8,593)
Depreciation of property, plant and equipment	物業、廠房及設備的折舊	6 566,401	561,226
Depreciation of right-of-use assets	使用權資產折舊	6 2,780	2,820
Amortisation of other intangible assets	其他無形資產攤銷	6 59,949	35,592
Foreign exchange differences, net	匯兌差額淨額	5 46,512	(30,060)
(Reversal of)/impairment losses on trade receivables and other receivables	應收貿易款項及其他應收款項(撥回)/減值虧損	6 (3,802)	5,373
Gain on disposal of a subsidiary	出售一間附屬公司之收益	5 -	(9,165)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之虧損	5 526	2,353
Written-off of trade receivables	應收貿易款項撇銷	5 -	1,618
Finance costs	融資成本	7 238,048	289,473
		(776,664)	907,884
Decrease/(increase) in inventories	存貨(減少)/增加	1,039,282	(609,294)
Decrease in trade receivables	應收貿易款項減少	26,030	13,982
Increase in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產增加	(69,596)	(416,754)
(Decrease)/increase in trade and bills payables	應付貿易款項及應付票據(減少)/增加	(18,954)	129,036
(Decrease)/increase in other payables and accruals	其他應付款項及應計費用(減少)/增加	(178,052)	225,340
(Decrease)/increase in contract liabilities	合約負債(減少)/增加	(577,990)	1,171,341

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Notes 附註		
Cash (used in)/generated from operations	經營業務(所用)/產生的現金	(555,944)	1,421,535
Interest received	已收利息	14,464	8,593
PRC tax refund/(paid)	已退/(已付)回中國稅項	34,870	(13,496)
Net cash flows (used in)/generated from operating activities	經營活動(所用)/所得淨現金流量	(506,610)	1,416,632
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	680	-
Purchases of property, plant and equipment	購置物業、廠房及設備	13 (198,475)	(421,166)
Purchase of right-of-use assets	購置使用權資產	14(a) (32,903)	-
Purchase of other intangible assets	購置其他無形資產	15 (159,921)	(253,818)
Decrease in pledged time deposits	已抵押定期存款減少	149,806	72,947
Net cash outflow from disposal of a subsidiary	出售一間附屬公司所得現金流出淨額	38 -	(6)
Net cash flows used in investing activities	投資活動所用淨現金流量	(240,813)	(602,043)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量		
Proceeds from bank and other borrowings	銀行及其他借款所得款項	2,761,573	465,919
Principal portion of lease payments	租賃付款的本金部分	(497)	(621)
Repayment of bank and other borrowings	償還銀行及其他借款	(1,893,805)	(1,093,694)
Interest paid	已付利息	(141,884)	(241,175)
Net cash flows generated from/(used in) financing activities	融資活動所得/(所用)淨現金流量	725,387	(869,571)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

		Notes	2022	2021
		附註	2022年 RMB'000 人民幣千元	2021年 RMB'000 人民幣千元
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物 減少淨額		(22,036)	(54,982)
Cash and cash equivalents at beginning of year	年初匯率現金及現金等價物		332,182	386,812
Effect of foreign exchange rate changes, net	外匯匯率變動的影響淨額		1,453	352
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	20	311,599	332,182

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

隨附附註構成該等綜合財務報表的一部分。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1. CORPORATE AND GROUP INFORMATION

Xiwang Special Steel Company Limited (the “Company”) is a limited company and was incorporated in the Special Administrative Region of Hong Kong (“Hong Kong”) of the People’s Republic of China (the “PRC” or “China”) on 6 August 2007. The Company’s registered office is located at Unit 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 23 February 2012. The Group is principally engaged in the production and sales of steel products, trading of commodities and sale of by-products mainly in the PRC.

In the opinion of the Directors, the immediate holding company of the Company is Xiwang Investment Company Limited (in liquidation) (“Xiwang Investment”) (西王投資有限公司), which is wholly owned by Xiwang Holdings Limited (“Xiwang Holdings”) (西王控股有限公司). During the year ended 31 December 2022 (the “Year”), the ultimate holding company of the Company was Xiwang Group Company Limited (“Xiwang Group Company”) (西王集團有限公司), which is incorporated in Zouping, Shandong Province, the PRC.

Information about subsidiaries

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

Company name 公司名稱	Notes 附註	Place and date of incorporation/ registration and place of business 註冊成立/註冊地點及 日期及營業地點	Issued ordinary/ registered share capital 已發行普通股/ 註冊股本	Percentage of ownership interest and voting power held by the Company 本公司持有的擁有權益及 投票權百分比				Principal activities 主要業務
				Direct 直接		Indirect 間接		
				2022 2022年 %	2021 2021年 %	2022 2022年 %	2021 2021年 %	
Win Goal Trading Limited 榮成貿易有限公司		Hong Kong 9 November 2012 香港2012年11月9日	USD28,500,000 28,500,000美元	100	100	-	-	Trading of commodities 商品貿易
Xiwang International Trade (Qingdao) Company Limited 西王國際貿易(青島)有限公司	(i)	PRC 24 June 2013 中國2013年6月24日	USD16,380,000 16,380,000美元	100	100	-	-	Trading of commodities 商品貿易

1. 公司及集團資料

西王特鋼有限公司(「本公司」)為一間於2007年8月6日在中華人民共和國(「中國」)香港特別行政區(「香港」)註冊成立的有限公司。本公司的註冊辦事處位於香港灣仔港灣道25號海港中心21樓2110室。本公司股份自2012年2月23日開始於香港聯合交易所(「聯交所」)上市。本集團主要於中國從事生產及銷售鋼材產品、商品買賣及銷售副產品業務。

董事認為，本公司的直接控股公司為西王投資有限公司(清盤中)(「西王投資」)，該公司由西王控股有限公司(「西王控股」)全資擁有。截至2022年12月31日止年度(「年度」)，本公司的最終控股公司為西王集團有限公司(「西王集團公司」)，其乃於中國山東省鄒平市註冊成立。

附屬公司資料

本公司主要附屬公司詳情如下：

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Company name 公司名稱	Notes 附註	Place and date of incorporation/ registration and place of business 註冊成立/註冊地點及 日期及營業地點	Issued ordinary/ registered share capital 已發行普通股/ 註冊股本	Percentage of ownership interest and voting power held by the Company 本公司持有的擁有權權益及投票權百分比				Principal activities 主要業務
				Direct 直接		Indirect 間接		
				2022 2022年 %	2021 2021年 %	2022 2022年 %	2021 2021年 %	
Xiwang Special Steel Company Limited 西王特鋼有限公司	(i) & (iii)	PRC 31 December 2003 中國2003年12月31日	RMB704,823,000 人民幣704,823,000元	-	-	100	100	Production and sale of steel products 生產及銷售鋼材產品
Zhongke Xiwang Special Steel Company Limited 中科西王特鋼有限公司	(i)	PRC 29 June 2020 中國2020年6月29日	RMB650,000,000 人民幣650,000,000元	-	-	100	100	Production and sale of steel products 生產及銷售鋼材產品
Xiwang Metal Science & Technology Company Limited ("Xiwang Metal Science") 西王金屬科技有限公司 (「西王金屬科技」)	(i) & (iv)	PRC 29 December 2007 中國2007年12月29日	USD221,800,000 (2021: USD171,800,000) 221,800,000美元 (2021年: 171,800,000美元)	100	100	-	-	Production and sale of steel products 生產及銷售鋼材產品
Shandong Xiwang Recycling Resources Company Limited 山東西王再生資源有限公司	(i) & (iii)	PRC 7 May 2009 中國2009年5月7日	RMB677,359,000 人民幣677,359,000元	-	-	100	100	Purchase and sale of steel scrap 買賣廢鋼
Shandong Xiwang Special Steel New Materials Technology Innovation Centre Company Limited 山東省西王特殊鋼新材料技術創新中心有限公司	(i)	PRC 14 April 2022 中國2022年4月14日	RMB20,000,000 人民幣20,000,000元	-	-	100	-	Research and development 研發

1. 公司及集團資料(續)

附屬公司資料(續)

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

- (i) Companies registered as limited liability companies under PRC law.
- (ii) As at 31 December 2022, 100% (2021: 100%) equity interests of the subsidiary, Shandong Xiwang Recycling Resources Company Limited, have been pledged for the Group's other borrowings of RMB381,000,000 (2021: RMB382,000,000) (note 23).
- (iii) As at 31 December 2022, 95.6% (2021: 99.10%) equity interests of the subsidiary, Xiwang Special Steel Company Limited, have been pledged for other borrowings of fellow subsidiaries of RMB804,000,000 (2021: RMB804,000,000) (note 34(b)).
- (iv) As at 31 December 2022, 100% (2021: 100%) equity interests of the subsidiary, Xiwang Metal Science, have been pledged for other borrowings of the ultimate holding company of RMB1,400,000,000 (2021: RMB1,400,000,000) (note 34(b)).

1. 公司及集團資料(續)

附屬公司資料(續)

- (i) 該等公司根據中國法律註冊為有限責任公司。
- (ii) 於2022年12月31日，附屬公司山東西王再生資源有限公司100%(2021年：100%)的股權已作為本集團其他借款人民幣381,000,000元的抵押(2021年：人民幣382,000,000元)(附註23)。
- (iii) 於2022年12月31日，附屬公司西王特鋼有限公司95.6%(2021年：99.1%)的股權已作為同系附屬公司的其他借款人民幣804,000,000元的抵押(2021年：人民幣804,000,000元)(附註34(b))。
- (iv) 於2022年12月31日，附屬公司西王金屬科技100%(2021年：100%)的股權已作為最終控股公司的其他借款人民幣1,400,000,000元的抵押(2021年：人民幣1,400,000,000元)(附註34(b))。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost basis, except for financial instruments that are measured at fair value. These financial statements are presented in Renminbi (“RMB”) which is different from the functional currency of the Company of Hong Kong dollars (“HK\$”). The directors of the Company adopted RMB as presentation currency as most of Group’s transactions are denominated and settled in RMB and this presentation is more useful for its current and potential investors. All values are rounded to the nearest thousand except when otherwise indicated.

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 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

2.1 編製基準

該等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」)(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)編製。就編製綜合財務報表而言，倘有關資料合理預期會影響主要用戶作出的決定，則有關資料被視為重大。而且，本綜合財務報表亦載有香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例規定的適用披露事項。該等財務報表已按歷史成本基準編製，惟金融工具按公平值計量除外。該等財務報表以人民幣(「人民幣」)呈列，而人民幣有別於本公司的功能貨幣(即港元(「港元」))。本公司董事採納人民幣為呈列貨幣，乃由於本集團大部分交易均以人民幣計值及結算，故此種呈列方法對其現有及有意投資者更具意義。除另有指明外，所有金額均約整至最接近千元。

公平值為於計量日期由市場參與者於有序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。該等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬香港財務報告準則第2號以股份為基礎的支付範圍內的以股份為基礎的付款交易、根據香港財務報告準則第16號租賃入賬的租賃交易，以及與公平值類似但並非公平值(例如香港會計準則第2號存貨的可變現淨值或香港會計準則第36號資產減值的使用價值)的計量除外。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

As at 31 December 2022, the Group incurred a gross loss and a net loss of approximately RMB749,999,000 and RMB1,328,792,000 for the year ended 31 December 2022 and, as at that date, the Group's current liabilities exceeded its current assets by approximately RMB6,549,017,000, and the Group had outstanding bank and other borrowings with an aggregate amount of approximately RMB3,572,545,000 which are due for repayment in the next twelve months from 31 December 2022, while its cash and cash equivalents amounted to approximately RMB311,599,000 as at 31 December 2022. The Group had defaulted on repayments of its debts, including: i) default in repayment of principal amount of guaranteed secured bonds of approximately RMB99,521,000 and interests thereon of approximately RMB12,895,000; and ii) default in repayment of principal amount of other borrowings of approximately RMB9,605,000 and interests thereon of approximately RMB4,732,000 which had triggered other borrowings with principal amounts of approximately RMB381,000,000 to become immediately repayable upon demand.

2.1 編製基準(續)

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，其載述如下：

- 第一級輸入數據為實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第二級輸入數據為就資產或負債直接或間接地可觀察之輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據為資產或負債的不可觀察輸入數據。

持續經營

於2022年12月31日，本集團截至2022年12月31日止年度產生毛損及虧損淨額約人民幣749,999,000元及人民幣1,328,792,000元，而於當日，本集團的流動負債超過其流動資產的約人民幣6,549,017,000元，且本集團的未償還銀行及其他借款總額約為人民幣3,572,545,000元，並於2022年12月31日後未來十二個月內到期償還，而其於2022年12月31日的現金及現金等價物約為人民幣311,599,000元。本集團拖欠償還債務，包括：i) 拖欠償還已擔保抵押債券本金約人民幣99,521,000元及其利息約人民幣12,895,000元；及ii) 拖欠償還其他借款本金約人民幣9,605,000元及其利息約人民幣4,732,000元，觸發須按要立即償還的其他借款本金約人民幣381,000,000元。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

Going concern (Continued)

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability as a going concern, in particular the ability to discharge its liabilities due within the next twelve months in the normal course of business. In such circumstances, the Directors have taken, or will continue to take, the below measures in order to improve the Group's short-term liquidity and cash flows in order for the Group to sustain as a going concern and adopted the going concern basis in the preparation of consolidated financial statements:

- Upon the gradual stabilisation of economic situation in the PRC, management has benchmarked to latest price level in the steel product market, together with rigorous cost control measures over its production, to generate enhanced positive operating cash flows. The Group has also reduced the product of ordinary steel which has less demand in the market and has lower profit margin. The Group has deployed more resources in enhancing its production works in special steel which has a higher profit margin.
- The Group has requested its lenders to extend the repayment dates of the outstanding bank and other borrowings falling due in the next twelve months for at least another twelve months upon their maturity during the coming year, all of which were included in the Group's current liabilities as at 31 December 2022. The Directors are confident in further extending the repayment dates of the principals of the bank and other borrowings, while the terms were not finalised as at the date of approving these consolidated financial statements.

2.1 編製基準(續)

持續經營(續)

該等情況顯示存在重大不確定性，可能導致對本集團持續經營的能力產生重大疑慮，尤其是於一般業務過程期間解除於十二個月內到期的負債之能力。於有關情況下，董事已採取或將繼續採取下列措施以改善本集團的短期流動資金及現金流量，從而令本集團可以持續經營基準持續經營，並採納持續經營基準編製綜合財務報表：

- 中國經濟逐步穩定，管理層已以鋼鐵產品市場的最新價格水平為基準，並對產品生產採取嚴格的成本控制措施，以產生積極營運現金流量。本集團亦縮減市場需求較少且利潤率較低的普鋼產品。本集團已投放更多資源加強其利潤率較高的特鋼生產工作。
- 本集團已要求其貸款人將未來十二個月內到期的未償還銀行及其他借款的還款日期在來年到期後至少再延長十二個月，而該等借款均計入本集團於2022年12月31日的流動負債。儘管董事有信心進一步延長銀行及其他借款的本金還款期，惟於批准刊發該等綜合財務報表當日，尚未落實有關條款。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

Going concern (Continued)

- The Group has received a written confirmation dated 3 April 2023 from Xiwang Group Company, the Company's ultimate holding company and the controlling shareholder, that it will provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and agreed not to demand repayment of any of the amounts due to Xiwang Group Company and its subsidiaries ("Xiwang Group") by the Group in the next twelve months from the date of this report.
- The Group is currently soliciting different sources of funds, including additional banking facilities with PRC financial institutions and strategic institutional investors, to further support the Group's funding needs should the aforesaid operating cash inflows turn out to be less than forecasted in the Group's cash flows forecast prepared by the Group's management covering a period of 12 months from 31 December 2022.
- The Group is reviewing the business operations for various new initiatives such as accelerating the sales of steel products to new customers and upgrading the existing products to improve the Group's profitability and is implementing various cost control measures to enhance the control over its costs of operation.
- The Group commenced renegotiations of the terms of defaulted other borrowings and defaulted guaranteed secured bonds. The Group offered revised repayment proposals to the relevant lenders and such proposals had been reviewed by them. As at the date of this report, the negotiations are still in progress. The Directors are confident that their negotiations with the lender/bondholder will ultimately reach a successful conclusion.

2.1 編製基準(續)

持續經營(續)

- 本集團於2023年4月3日收到本公司最終控股公司兼控股股東西王集團公司的書面確認，表示其將持續向本集團提供財務支持，讓本集團在可預見未來能夠履行其到期的財務責任，並同意自報告日期起未來十二個月，不會要求本集團償還任何應付西王集團公司及其附屬公司(「西王集團」)的款項。
- 本集團目前正尋求不同的資金來源，包括但不限於來自中國金融機構及戰略機構投資者的額外銀行融資，倘上述營運現金流入少於預期，將可進一步支持本集團的資金需求，倘上述營運現金流入低於本集團管理層編製的自2022年12月31日起12個月的現金流量預測中的預測金額。
- 本集團正檢討各項新舉措的業務營運，例如加速向新客戶銷售鋼材產品及升級現有產品，以提高本集團的盈利能力，並正在實施多項成本控制措施，以加強對營運成本的控制。
- 本集團已就拖欠的其他借款及拖欠的已擔保抵押債券的條款展開重新磋商。本集團向相關貸款人提出經修訂的還款建議，該建議已獲彼等審閱。於本報告日期，磋商仍在進行中。董事相信彼等與貸款人／債券持有人的談判最終將取得圓滿成功。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

Going concern (Continued)

The Directors have critically evaluated the practical realisation of those measures that have not yet happened, together with the management of the Company. Taking into account their evaluation and other measures as above, the Directors expect that the Group would be able to improve its working capital in order to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Based on the Cash Flow Forecast, the management is of the opinion that the Company will have sufficient working capital and adequate resources to be able to continue in operational existence, to finance its operation, and to meet its financial obligations as and when they fall due in the twelve months from 31 December 2022. As such, they are of the opinion that it is appropriate to prepare the consolidated financial statements of the Company for the Year on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of the assets to their recoverable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The Audit Committee of the Board (“**the Audit Committee**”) has confirmed that it had objectively and critically reviewed the measures stated above. The Audit Committee and the Board have confidence that the Group’s business plan as referred above is feasible and achievable.

2.1 編製基準(續)

持續經營(續)

董事已與本公司管理層對尚未採取措施的實際實施情況進行批判性評估。考慮彼等評估及上述其他措施，董事預期，本集團將能夠改善其營運資金以為其營運提供資金，並履行其於可預見未來到期的財務義務。根據現金流量預測，管理層認為，本公司將擁有充足的營運資金及充足的資源，能夠繼續經營、為其運營提供資金，並在2022年12月31日起的十二個月內履行其財務義務。因此，彼等認為，按持續經營基準編製本公司本年度綜合財務報表屬合適。

倘持續經營假設不適當，或須作出調整以撇減資產價值至其可收回金額，以為或會出現的進一步負債計提撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整的影響尚未於本綜合財務報表中呈現。

審核委員會(「**審核委員會**」)確認其已客觀及批判地審閱上述措施。審核委員會及董事會相信本集團上述的業務計劃為可行且可實現。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company 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 Company the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準(續)

綜合基準

綜合財務報表包括本公司以及由本公司及其附屬公司控制之實體之財務報表。當本公司承擔或有權從參與被投資方的業務而獲得可變回報，以及可透過其對被投資方的權力影響該等回報(即現有權利可使本公司能於當時指揮被投資方的相關活動)時，即屬於擁有控制權。

本公司重新評估，倘事實或情況指明以上載列的三個控制權中一個或以上有轉變，其有否控制投資者。

附屬公司的財務報表乃按與本公司相同的報告期間採用一致的會計政策編製。附屬公司的業績自本集團取得控制權之日起綜合入賬，並持續綜合入賬直至上述控制權終止當日止。即使會導致非控制權益結餘出現虧絀，損益及其他全面收益各個組成部分歸屬於本集團母公司擁有人及非控制權益。所有集團內公司間資產及負債、權益、收支及與本集團成員公司之間交易有關的現金流量均於綜合入賬時全數對銷。倘事實及情況反映上述三項控制權因素其中一項或多項有變，則本集團會重新評估是否仍對被投資方有控制權。倘一家附屬公司的所有權權益發生變動(並未喪失控制權)，則當作權益交易入賬。倘本集團失去對一間附屬公司的控制權，則其終止確認(i)該附屬公司的資產(包括商譽)及負債；(ii)任何非控制權益的賬面值；及(iii)於權益內記錄的累計換算差額；並確認(i)已收代價的公平值；(ii)所保留任何投資的公平值；及(iii)損益中任何因此產生的盈餘或虧絀。先前於其他全面收益內確認的本集團應佔組成部分，按倘本集團直接出售相關資產或負債所要求的相同基準重新分類至損益或保留溢利(如適用)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.1 BASIS OF PREPARATION (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.1 編製基準(續)

本集團於現有附屬公司的權益變動

倘本公司於現有附屬公司的權益有所變動，而又未導致本集團失去該附屬公司的控制權，則按權益交易入賬。本集團相關權益部分及非控股權益的賬面值將獲調整，以反映其各自於附屬公司的權益變動，包括根據本集團及非控股權益的權益比例，於本集團及非控股權益之間重新分配其各自的儲備。

用於調整非控股權益的金額與已付或已收代價的公平值，兩者之間的任何差額直接於權益確認並歸屬於本公司擁有人。

當本集團失去附屬公司的控制權時，則終止確認該附屬公司的資產及負債與非控股權益(如有)。收益或虧損於損益確認，並按以下兩者與本公司擁有人應佔該附屬公司的負債之間的差額計算：(i) 已收代價公平值與任何保留權益的總和；及(ii) 資產(包括商譽)的賬面值。先前於其他全面收益確認且與該附屬公司有關的所有金額，按本集團已直接出售該附屬公司的相關資產或負債的形式入賬(即重新分類至損益或轉撥至適用香港財務報告準則指定/准許的其他權益類別)。失去控制權當日，於前附屬公司的任何保留投資，其公平值視作於其後首次按香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)確認的公平值，又或首次確認聯營公司或合營企業投資的成本(如適用)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time for their annual reporting period commencing on or after 1 January 2022:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

The application of the 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.

2.2 應用經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效的經修訂香港財務報告準則

於本年度，本集團已首次應用以下由香港會計師公會(「香港會計師公會」)就2022年1月1日或之後開始的年度報告期間頒佈的香港財務報告準則修訂本：

香港財務報告準則第3號(修訂本)	香港財務報告準則第16號(修訂本)	香港會計準則第16號(修訂本)	香港會計準則第37號(修訂本)	香港財務報告準則(修訂本)	概念框架指引 於2021年6月30日後 Covid-19相關租金減免 物業、廠房及設備 – 擬定用途前之所得款項 有償合約 – 履行一份合約之成本 香港財務報告準則2018年至2020年之年度改進
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於本年度應用香港財務報告準則修訂本並無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的披露造成重大影響。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

2.2 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第17號(包括2020年10月及2022年2月之香港財務報告準則第17號修訂)	保險合約 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業間之資產出售或注資 ²
香港財務報告準則第16號(修訂本)	售後租回的租賃負債 ³
香港會計準則第1號(修訂本)	將負債分類為流動或非流動以及香港詮釋第5號(2020年)之有關修訂 ¹
香港會計準則第1號及香港財務報告準則實務報告第2號(修訂本)	會計政策的揭露 ¹
香港會計準則第8號(修訂本)	會計估計的定義 ¹
香港會計準則第12號(修訂本)	與單一交易所產生與資產及負債有關的遞延稅項 ¹

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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

- ¹ Effective for annual periods beginning on or after 1 January 2023.
- ² Effective for annual periods beginning on or after a date to be determined.
- ³ Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements

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

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

2.2 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

- ¹ 於2023年1月1日或之後開始的年度期間生效。
- ² 於將予釐定之日期或之後開始的年度期間生效。
- ³ 於2024年1月1日或之後開始的年度期間生效。

本公司董事預計應用所有其他新訂及經修訂香港財務報告準則將不會於可見將來對綜合財務報表造成重大影響。

2.3 主要會計政策概要

獨立財務報表

於附屬公司的投資按成本扣除減值列賬。成本包括投資直接應佔成本。本公司按已收及應收股息基準將附屬公司業績入賬。

倘於附屬公司的投資產生的股息超過附屬公司於宣派股息期間的全面收益總額或倘該投資於單獨財務報表內的賬面值超過投資對象資產淨值(包括商譽)於綜合財務報表內的賬面值，則於收到該等股息時須對該等投資進行減值測試。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

2.3 主要會計政策概要(續)

分類報告

經營分類及綜合財務報表內所呈列各分類的金額，乃自定期向本集團最高營運決策人提供財務資料，以就本集團各項業務和地理位置分配資源及評估其業績而區分出來。

個別重要之經營分類不會為財務報告目的而合併考慮，惟倘該等分類之經濟特性屬類似，且產品及服務性質、生產工序性質、客戶種類或階層、分銷產品或提供服務所用方法以至監管環境性質亦相若，則作別論。個別不重要之經營分類如果符合以上大部分準則，則可合併考慮。

附屬公司

附屬公司指本集團通常擁有其超過半數表決權的股權而有權規管其財務及經營政策的所有實體(包括特殊目的實體)。於評估本集團是否控制另一實體時，會考慮現時可行使或可轉換的潛在表決權的存在及影響。

本集團收購附屬公司如符合資格作為業務合併，會採用收購會計法列賬，惟如收購符合資格作為共同控制合併，則採用合併會計法列賬。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries (Continued)

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statements of profit or loss and other comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

2.3 主要會計政策概要(續)

附屬公司(續)

根據收購會計法，附屬公司由控制權轉讓予本集團當日起全面綜合入賬，並於控制權終止當日終止綜合入賬。收購成本乃按交易當日所獲資產、所發行權益工具及所產生或承擔負債的公平值計算，所有與收購有關的成本均會支銷。在業務合併過程中所收購可識別資產以及所承擔負債及或然負債，均於收購當日按其公平值初步計量。本集團根據個別收購基準，按非控股權益應佔收購對象資產淨值的比例，確認於收購對象的任何非控股權益。

所轉讓代價、於收購對象的任何非控股權益金額及任何先前於收購對象的股權於收購日期的公平值超過所收購可識別資產淨值的公平值的差額入賬列作商譽。倘該數額低於以議價收購附屬公司資產淨值的公平值，則該差額會直接於綜合損益及其他全面收益表確認。

存貨

存貨按成本與可變現淨值之較低者列賬。存貨成本按加權平均成本法釐定。可變現淨值指存貨之估計售價減所有估計完成成本及作出銷售所需之成本。銷售所需之成本包括銷售直接應佔的增量成本及本集團須產生以進行銷售的非增量成本。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

2.3 主要會計政策概要(續)

撥備

倘本集團因過往事件而須承擔現時責任(法律或推定)，而本集團可能須履行該責任且該責任之金額能可靠地估計，則確認撥備。

確認為撥備之金額乃經計及有關責任之風險及不確定因素後，對於報告期末履行現時責任所需代價作出之最佳估計。當撥備按履行現時責任估計所需之現金流量計量時，其賬面值為有關現金流量之現值(倘貨幣時間價值之影響屬重大)。

關聯方

一方在下列情況下被視為與本集團有關聯：

- (a) 一方為以下人士或其近親家庭成員：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

2.3 主要會計政策概要(續)

關聯方(續)

- (b) 一方為符合下列任何條件的實體：
- (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一個實體為另一實體(或另一實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一個實體為第三方實體的合營企業，而另一實體為第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員利益設立的離職福利計劃；
 - (vi) 該實體受(a)項所指的人士控制或受共同控制；
 - (vii) 於(a)(i)項所指的人士對該實體有重大影響力或屬該實體(或該實體的母公司)的主要管理層成員；及
 - (viii) 該實體或該實體所屬集團的任何成員公司，為本集團或本集團母公司提供主要管理人員服務。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	2.5% – 3.3%
Machinery and equipment	5% – 6.6%
Motor vehicles	20%
Office equipment and fixtures	20%

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

2.3 主要會計政策概要(續)

物業、廠房及設備

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。倘物業、廠房及設備項目被分類為持作銷售，或屬於分類為持作銷售的出售組別的一部分，則毋須折舊並根據香港財務報告準則第5號的規定列賬。物業、廠房及設備項目的成本包括其購買價格及使資產達致其營運狀況及地點作預定用途而直接產生的任何成本。

在物業、廠房及設備項目投入運作後產生的開支，如維修及保養等，一般會於該等開支產生期間自損益表扣除。倘已達至確認標準，重大檢查的開支將於資產的賬面值內撥充資本作為重置成本。倘物業、廠房及設備等重要部分須按週期予以重置，本集團確認重置部分為具特定使用年期之單獨資產並相應折舊。

折舊乃按各物業、廠房及設備項目的估計使用年期以直線法計算，藉以撇銷其成本至其剩餘價值。就此而言採用的主要年率如下：

樓宇	2.5%至3.3%
機器及設備	5%至6.6%
汽車	20%
辦公設備及裝置	20%

如物業、廠房及設備項目的部分擁有不同的使用年期，則該項目的成本按合理基準分配至其各部分，且各部分單獨計提折舊。剩餘價值、使用年期及折舊方法至少於每個財政年度末進行檢討及調整(如適用)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of 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 buildings, machinery and equipment and office equipment and fixtures under construction, which are stated at cost less any impairment losses, and are 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.

Other 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 amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

2.3 主要會計政策概要(續)

物業、廠房及設備(續)

物業、廠房及設備項目包括初始確認的任何重要部分於出售或預期其使用或出售將不會產生未來經濟利益時終止確認。於終止確認資產年度內的損益表確認的出售或報廢的任何盈虧，即出售所得款項淨額與相關資產賬面值的差額。

在建工程指興建中的樓宇、機器及設備以及辦公室設備及裝置，乃按成本減任何減值虧損列賬，且不予折舊。成本包括施工期間的直接建造成本及有關借入資金的資本化借款成本。在建工程於完成後及可供使用時重新分類至物業、廠房及設備的適當類別。

其他無形資產(商譽除外)

分開購買的無形資產於初步確認時以成本計量。於業務合併中購買的無形資產成本為於收購日期的公平值。無形資產的可使用年期會被評定為有限或無限。有限使用年期的無形資產其後會於可使用經濟年期攤銷，並會於無形資產有減值跡象時進行減值評估。有限使用年期的無形資產的攤銷期及攤銷方法最少於報告期末審閱一次。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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

Intellectual properties

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

All research and developments costs are charged to profit or loss as incurred.

2.3 主要會計政策概要(續)

獨立收購的無形資產

單獨收購的可使用年期有限之無形資產，按成本減累計攤銷及累計減值虧損／重估金額(即重估當日之公平值減其後累計攤銷及任何累計減值虧損)入賬。可使用年期有限的無形資產攤銷於估計可使用年期按直線法確認。估計可使用年期及攤銷方法於各報告期末予以檢討，任何估計變動的影響按預期基準入賬。單獨收購的可使用年期無限之無形資產，按成本減隨後累計減值虧損入賬。

無形資產會在出售時或預期不會因使用或出售而產生未來經濟利益時終止確認。終止確認無形資產所產生之收益或虧損(按出售所得款項淨額與該資產賬面值之差額計量)會在資產終止確認時於損益內確認。

知識產權

已購買的專利及許可按成本減任何減值虧損列賬，並會於10年的估計可使用年期以直線法計算攤銷。

軟件

軟件乃按成本減任何減值虧損列賬，並會於10年的估計可使用年期以直線法計算攤銷。

研發成本

所有研發成本於產生時計入損益表內。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the Cash Generating Units (“CGU”) to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

2.3 主要會計政策概要(續)

物業、廠房及設備、使用權資產以及無形資產減值(商譽除外)

於報告期末，本集團審閱其物業、廠房及設備、使用權資產以及具有有限使用年期的無形資產之賬面值，以釐定是否有任何跡象顯示該等相關資產已出現減值虧損。倘存在任何有關跡象，則會估計相關資產可收回金額，以釐定減值虧損(如有)的程度。具無限可使用年期的無形資產及尚未可供使用的無形資產須至少每年並在有跡象顯示該等資產可能出現減值時作減值測試。

物業、廠房及設備、使用權資產及無形資產的可收回金額均單獨估計。倘無法單獨估計個別資產的可收回金額，則本集團估計該資產所屬現金產生單位(「現金產生單位」)的可收回金額。

在對現金產生單位進行減值測試時，倘可識別合理及一致的分配基準，企業資產會分配至相關現金產生單位，否則會分配至可識別合理及一致分配基準的現金產生單位最小組別。就企業資產所屬的現金產生單位或現金產生單位組別釐定可收回金額，並與相關現金產生單位或現金產生單位組別的賬面值作比較。

可收回金額指公平值減出售成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會採用稅前貼現率貼現至其現值，該貼現率反映當前市場對貨幣時間價值的評估及與未經調整未來現金流量估計的資產(或現金產生單位)有關的特定風險。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3 主要會計政策概要(續)

物業、廠房及設備、使用權資產以及無形資產減值(商譽除外)(續)

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則資產(或現金產生單位)的賬面值將調低至其可收回金額。由於企業資產或部分企業資產不能合理一致地分配至一個現金產生單位內，本集團比較一組現金產生單位的賬面值(包括企業資產賬面值，或部分已分配至該組現金產生單位的企業資產賬面值)與該組現金產生單位之可收回金額。於分配減值虧損時，首先分配減值虧損以減低任何商譽的賬面值(如適用)，其後按該單位或現金產生單位組合內各資產賬面值之比例分配至其他資產。資產的賬面值不會扣減至低於其公平值減出售成本(倘可計量)、其使用價值(倘可釐定)及零三者中的最高者。將原可另行分配至資產的減值虧損金額按比例分配至該單位的其他資產單位或現金產生單位組合。減值虧損即時於損益確認。

於其後撥回減值虧損時，資產(或現金產生單位或一組現金產生單位)的賬面值可調高至重新估計的可收回金額，惟不可高於該資產(或現金產生單位或一組現金產生單位)於過往年度未確認減值虧損前的賬面值。撥回的減值虧損即時於損益確認。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease

A contract is, or 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 on or after the date of initial application or arising from business combinations, 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

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and equipment, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

2.3 主要會計政策概要(續)

租賃

租賃之定義

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬於或包含租賃。

就於首次應用日期或之後訂立或修訂或因業務合併而產生之合約而言，本集團根據香港財務報告準則第16號的定義於開始、修訂日期或收購日期(視何者合適而定)評估該合約是否屬於或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

本集團作為承租人

將代價分配至合約組成部分

對於包含一項租賃組成部分及一項或多項額外租賃或非租賃組成部分的合約，本集團根據租賃組成部分的相對單獨價格及非租賃組成部分的單獨價格總和將合約代價分配至各個租賃組成部分。

本集團應用可行權宜方法，不拆分租賃組成部分及非租賃組成部分，而是將各個租賃組成部分及與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

短期租賃及低價值資產租賃

本集團對機器及設備租賃應用短期租賃確認豁免，即自開始日期起計之租期為12個月或以下並且不包括購買選擇權的機器及設備租賃。確認豁免同樣適用於低價值資產租賃以及視為低價值的辦公室設備及手提電腦租賃。短期租賃及低價值資產租賃的租賃款項於租期內按直線法或另一有系統基準確認為開支。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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

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.

Leasehold lands and buildings

Leasehold lands	50 years
Buildings	21 months – 2 years

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

使用權資產

使用權資產之成本包括：

- 租賃負債初始計量之金額；
- 於開始日期或之前作出的任何租賃款項減所收取之任何租賃優惠；
- 本集團產生之任何初始直接成本；及
- 本集團拆卸及移除相關資產、恢復該資產所處位置或將相關資產恢復至租賃之條款及條件項下要求之狀態將產生之預計成本。

使用權資產按成本減任何累計折舊及減值虧損計量，並經租賃負債的任何重新計量調整。

本集團合理確定於租期結束時將取得相關租賃資產所有權之使用權資產自開始日期起至可用年期末折舊。否則，使用權資產於其估計可用年期及租期(以較短者為準)按直線法折舊。

租賃土地及樓宇

租賃土地	50年
樓宇	21個月至兩年

本集團於綜合財務狀況表內將使用權資產呈列為單獨項目。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

租賃負債

於租賃開始日期，本集團按該日尚未支付租賃付款的現值確認及計量租賃負債。在計算租賃付款的現值時，倘租賃中所隱含的利率不易確定，則本集團會採用在租賃開始日期的增量借貸利率。

租賃付款包括：

- 固定付款(包括實質固定付款)減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款，其乃於開始日期使用指數或利率初次計量；
- 剩餘價值擔保項下預期本集團應付的款項；
- 購買權的行使價(倘本集團合確確定將行使選擇權)；及
- 支付終止租賃的罰款(倘租賃條款反映本集團行使權利終止租賃)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

租賃負債(續)

於開始日期後，租賃負債按應計利息及租賃付款予以調整。

在下列情況下，本集團重新計算租賃負債(並對相關的使用權資產進行相應調整)：

- 租期已變更或行使購買權之評估變更，在此情況下，相關租賃負債使用於重新計量當日之已修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因進行市場租金調查後市場租金變動而出現變動，在此情況下，相關租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量。

本集團將租賃負債列為綜合財務狀況表的細列項目。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

租賃修改

倘出現以下情況，本集團將租賃的修改作為一項單獨的租賃進行入賬：

- 該項修改通過增加使用一項或多項相關資產的權利擴大租賃範圍；及
- 增加租賃的代價，增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

對於並無入賬列作獨立租賃的租賃修訂，本集團基於經修訂租賃的租期於修訂生效日期使用經修訂的貼現率貼現經修訂的租賃款項，從而重新計量有關租賃負債。

本集團透過對相關使用權資產作出相應調整將租賃負債的重新計量列賬。當經修訂合約包括租賃部分及一項或多項額外租賃或非租賃部分，本集團按租賃部分的相關單獨價格及非租賃部分的單獨價格總額的基準分配經修訂合約內的代價至各租賃部分。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Investments and 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 (“FVTOCI”), and fair value through profit or loss (“FVTPL”).

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 FVTPL, transaction costs.

2.3 主要會計政策概要(續)

租賃(續)

本集團作為出租人

租賃的分類及計量

本集團為出租人的租賃被分類為融資或經營租賃。當租賃條款將相關資產的所有權隨附的絕大部分風險及回報轉讓至承租人時，合約分類為融資租賃。所有其他租賃分類為經營租賃。

經營租賃的租金收入在相關租期內按直線法於損益確認。

投資及其他金融資產

初始確認及計量

金融資產於初步確認時會分類為其後按攤銷成本、按公平值計入其他全面收益(「按公平值計入其他全面收益」)及按公平值計入損益(「按公平值計入損益」)而計量。

金融資產於初步確認時分類取決於金融資產的合約現金流量特徵，以及本集團管理有關資產的業務模式。除不包含重大融資部分或本集團已就不對重大融資部分的影響作出調整應用可行的權宜方法的應收貿易款項外，本集團初步按公平值計量一項金融資產，而倘金融資產並非按公平值計入損益，則於公平值上加上交易成本。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

All regular way purchases and sales of financial assets are recognised and derecognised on the trade date basis. 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.

2.3 主要會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

為使金融資產分類為按攤銷成本或按公平值計入其他全面收益計量，其需要產生純粹為支付本金及未償還本金利息(「SPPI」)的現金流量。現金流量並非SPPI的金融資產，不論其業務模式如何，均按公平值計入損益分類及計量。

本集團管理金融資產的業務模式指其管理金融資產以產生現金流量的方法。業務模式決定現金流量乃來自收取合約現金流量、出售金融資產或同時來自兩者。按攤銷成本分類及計量的金融資產於目標為持有金融資產以收集合約現金流量的業務模式內持有，而按公平值計入其他全面收益分類及計量的金融資產於持有目標為同時收取合約現金流量及銷售的業務模式內持有。並非於上述業務模式內持有的金融資產按公平值計入損益分類及計量。

金融資產的常規購買及出售全部於交易日期(即本集團承諾購買或出售資產的日期)確認及終止確認。常規方式買賣指需於一般按市場規例或慣例設定之時間內交付資產之金融資產買賣。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and 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)

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

Financial assets at FVTOCI (debt instruments)

For bills receivable at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

2.3 主要會計政策概要(續)

投資及其他金融資產(續)

其後計量

金融資產的其後計量取決於其如下分類：

按攤銷成本計量的金融資產(債務工具)

按攤銷成本計量的金融資產其後按實際利率法計量，並須計算減值。在資產被終止確認、修訂或出現減值時，收益及虧損會在損益表中確認。

按公平值計入其他全面收益的金融資產(債務工具)

就按公平值計入其他全面收益的應收票據而言，利息收入、外匯重估及減值虧損或撥回乃於損益中確認，並以與按攤銷成本計量的金融資產相同的方式計算。餘下的公平值變動於其他全面收益中確認。於終止確認時，於其他全面收益中確認的累計公平值變動會撥回損益中。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as “other income and gains/(losses), net” in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

2.3 主要會計政策概要(續)

投資及其他金融資產(續)

其後計量(續)

指定為按公平值計入其他全面收益的金融資產(權益投資)

於初步確認時，本集團可在權益投資符合香港會計準則第32號金融工具：呈列所界定的權益且並非持作買賣的情況下，不可撤回地選擇將其分類為指定按公平值計入其他全面收益的權益投資。有關分類視乎工具而定。

該等金融資產的收益及虧損絕不會撥回損益中。股息在收取付款的權利獲確立、與股息相關的經濟利益很有可能流入本集團，且股息金額能可靠地計量時於綜合損益及其他全面收益表中確認為「其他收入及收益／(虧損)，淨額」，惟本集團因有關所得款項作為收回金融資產部分成本而獲益者除外，在該情況下，有關收益於其他全面收益中入賬。指定為按公平值計入其他全面收益的權益投資毋須評估減值。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments classified as financial assets at FVTPL are also recognised as “other income and gains/(losses), net” in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

2.3 主要會計政策概要(續)

投資及其他金融資產(續)

其後計量(續)

按公平值計入損益的金融資產

按公平值計入損益的金融資產乃以公平值計量，而公平值變動淨額則在損益內確認。

此類別包括本集團沒有不可撤銷地選擇按公平值計入其他全面收益分類的衍生工具及權益投資。在付款權利確立及與股息相關的經濟利益可能流入本集團且股息金額能可靠計量時，分類為按公平值計入損益的金融資產的權益投資之股息亦於綜合損益及其他全面收益表內確認為「其他收入及收益／(虧損)，淨額」。

當嵌入式混合合約(包含金融負債或非金融主體)的衍生工具具備與主體不緊密相關的經濟特徵及風險；具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公平值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公平值計量，且公平值變動於損益確認。僅當合約條款出現變動，以致大幅改變其他情況下所需現金流量時或當原分類至按公平值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入式混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公平值計入損益的金融資產。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

2.3 主要會計政策概要(續)

終止確認金融資產

僅於資產現金流量之合約權利屆滿時，或將金融資產及該資產所有權之絕大部分風險及回報轉讓予另一實體時，本集團方會終止確認金融資產。倘本集團並未轉讓亦未保留所有權之絕大部分風險及回報，並繼續控制已轉讓資產，則本集團會確認其於資產之保留權益及可能需要支付之相關負債款項。倘本集團保留已轉讓金融資產所有權之絕大部分風險及回報，則本集團繼續確認該金融資產並亦確認已收所得款項之有抵押借款。

於終止確認按攤銷成本計量之金融資產時，資產賬面值與已收及應收代價的總和之間的差額乃於損益確認。

於終止確認分類為按公平值計入其他全面收益的債務工具投資時，先前於按公平值計入其他全面收益的儲備中累計的累計收益或虧損將重新分類至損益。

於終止確認本集團在初步確認時選擇按公平值計入其他全面收益計量的權益工具投資時，先前於按公平值計入其他全面收益中累計的累計收益或虧損不再重新分類至損益，但轉入保留溢利。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit losses (“ECLs”) model for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.3 主要會計政策概要(續)

金融資產減值

本集團根據預期信貸虧損(「預期信貸虧損」)模式就所有並非以按公平值計入損益持有的債務工具進行減值評估。預期信貸虧損乃以根據合約到期支付的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，按概約原有實際利率折現計算得出。預期現金流量將包括出售所持抵押品或其他信貸增級(為合約條款的不可分割部分)的現金流量。

一般方法

預期信貸虧損分兩階段確認。就自初步確認以來信貸風險並無大幅上升的信貸風險而言，會就未來12個月可能出現的違約事件所產生信貸虧損(12個月預期信貸虧損)計提預期信貸虧損撥備。就自初步確認以來信貸風險急升的信貸風險而言，則須就其餘下風險年期的預期信貸虧損(不論其出現違約的時間)確認虧損撥備(生命週期預期信貸虧損)。

於各報告日期，本集團會評估金融工具的信貸風險自初步確認以來是否已大幅上升。於作出評估時，本集團會將報告日期金融工具的違約風險與首次確認日期金融工具的違約風險進行比較，並會考慮毋須過多成本或努力即可取得的合理及有理據支持的資料(包括歷史及前瞻性資料)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

For bills receivable at FVTOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the bills receivable are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the bills receivable. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than three months past due.

The Group considers a financial asset in default when contractual payments are six months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Bills receivable at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

2.3 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

至於按公平值計入其他全面收益的應收票據，本集團將應用低信貸風險簡化方法。於各個報告日期，本集團會運用所有毋須過多成本或努力即可取得的合理及有理據支持的資料，以評估應收票據是否可被視為擁有低信貸風險。於作出評估時，本集團會重新評估應收票據的外部信貸評級。此外，倘合約付款逾期超過三個月，本集團會視其信貸風險已大幅上升。

倘合約付款逾期六個月，本集團會視該項金融資產違約。然而，在若干情況下，倘有內部或外部資料顯示，在不計及本集團所持有的任何信貸增級的情況下，本集團可能無法全數收回未償還合約金額時，本集團亦會視該項金融資產違約。倘合理預期未能收回合約現金流量，該項金融資產予以撇銷。

根據一般方法，按公平值計入其他全面收益的應收票據及按攤銷成本計量的金融資產均須計算減值，且於計算預期信貸虧損時會被分類為以下級別，惟下述應用簡化方法的應收貿易款項除外。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.3 主要會計政策概要(續)

金融資產減值(續)

一般方法(續)

- 第一級別 – 信貸風險自首次確認以來並無大幅上升，並按相當於12個月預期信貸虧損計算虧損撥備的金融工具
- 第二級別 – 信貸風險自首次確認以來大幅上升(但並非信用已受損的金融資產)，並按相當於生命週期預期信貸虧損計算虧損撥備的金融工具
- 第三級別 – 於報告日期信用已受損(但其信用並無於購入或原始時已受損)，並按相當於生命週期預期信貸虧損計算虧損撥備的金融資產

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables without significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

2.3 主要會計政策概要(續)

金融資產減值(續)

簡化方法

就並無重大融資部分的應收貿易款項而言，本集團應用簡化方法計算預期信貸虧損。根據簡化方法，本集團不會追蹤信貸風險變動，但會於各個報告日期根據生命週期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並已就應收款項及經濟環境特定的前瞻性因素作出調整。

本集團為集體評估制定組別時將考慮以下特點：

- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(如可用)。

歸類工作經管理層定期檢討，以確保各組別成分繼續具有類似信貸風險特性。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with 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 Company 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.

Financial liabilities at amortised cost

Financial liabilities (including trade and bills payables, other payables and accruals, dividend payables, interest-bearing bank and other borrowings, borrowings from the ultimate holding company and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

2.3 主要會計政策概要(續)

金融負債及權益工具

分類為債務或權益

債務及權益工具乃根據合約安排的內容以及金融負債及權益工具的定義分類為金融負債或權益。

權益工具

權益工具為證明實體於扣除其所有負債後之剩餘資產權益之任何合約。本公司發行的權益工具按所收取所得款項扣除直接發行成本後的金額確認。

金融負債

所有金融負債其後使用實際利率法按攤銷成本計量。

按攤銷成本計量的金融負債

金融負債(包括應付貿易款項及應付票據、其他應付款項及應計費用、應付股息、計息銀行及其他借款、來自最終控股公司的借款以及租賃負債)其後使用實際利率法按攤銷成本計量。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.3 主要會計政策概要(續)

金融負債及權益工具(續)

終止確認金融負債

當且僅當本集團的責任獲解除、取消或屆滿時，本集團終止確認金融負債。終止確認之金融負債之賬面值與已付及應付代價之間之差額乃於損益中確認。

除因本集團應用實際可行權宜方法之利率基準改革導致合約現金流量之基準變動外，財務負債之合約條款一經修訂，本集團將評估經修訂之條款是否導致對原訂條款有重大修訂，當中計及所有相關事實及情況，包括定性因素。倘定性評估並無定論，本集團認為，倘根據新條款的現金流量經貼現現值(包括使用原實際利率貼現之任何已付費用減任何已收費用)與原金融負債剩餘現金流量經貼現現值相差至少10%，則有關條款具有重大差異。因此，有關條款的修訂作為清償入賬，而所產生的任何成本或費用被確認為清償時損益的一部分。當有關差異少於10%時，交換或修改被視為非重大變更。

就並無導致終止確認之金融負債非重大變更而言，相關金融負債的賬面值將按以金融負債原實際利率貼現之經修訂合約現金流量之現值計算。所產生之交易成本或費用乃調整至經修訂金融負債之賬面值，並於剩餘年內攤銷。對金融負債賬面值之任何調整均於修訂當日於損益內確認。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

2.3 主要會計政策概要(續)

稅項

所得稅開支指現時應付稅項及遞延稅項。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與除稅前虧損不同，乃由於在其他年度應課稅收益或可扣稅開支項目，及從來不需課稅或不獲扣稅之項目。本集團之本期稅項負債乃按報告期末前已制定或實質上制定之稅率計算。

遞延稅項乃按綜合財務報表資產及負債賬面值及計算應課稅溢利相應稅基之暫時差額確認。遞延稅項負債通常會就所有應課稅暫時差額確認，而遞延稅項資產通常按可能出現可利用暫時差額扣稅之應課稅溢利時，就所有可扣稅暫時差額確認。若暫時差異因一項既不影響應課稅溢利亦不影響會計溢利之交易(業務合併除外)而首次確認之資產及負債而引致，則不會確認該等遞延稅項資產及負債。此外，倘暫時性差異乃產生自首次確認商譽，將不會確認遞延稅項負債。

遞延稅項負債就因於附屬公司及聯營公司之投資以及於合營企業之權益產生之應課稅暫時差額而確認，惟若本集團能夠控制暫時差額之撥回，而該暫時差額可能不會於可預見未來撥回則作別論。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之利益且預計於可見將來可以撥回時確認。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for 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 on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

2.3 主要會計政策概要(續)

稅項(續)

遞延稅項資產之賬面值會於每個報告期末進行審閱，並於未來不可能有足夠應課稅溢利令有關資產得以全部或部分收回時調低。

遞延稅項資產及負債乃按償還負債或變現資產之期內所預期之適用稅率，根據報告期末已實施或實際實施之稅率(及稅法)計算。

遞延稅項負債及資產之計量反映按照本集團預期於報告期末可收回或結算其資產及負債之賬面值方式計算而得出之稅務結果。

就計量本集團確認當中使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先確定減稅額應歸屬於使用權資產或租賃負債。

對於扣除稅項歸因於租賃負債的租賃交易，本集團分別對使用權資產及租賃負債應用香港會計準則第12號的所得稅規定。由於應用初始確認豁免，首次確認相關使用權資產及租賃負債的暫時性差異未被確認。因重新計量租賃負債及租賃修訂而對使用權資產及租賃負債的賬面金額進行後續修訂而產生的暫時性差異，在不進行初始確認的豁免情況下在重新計量或修訂當日予以確認。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income and gains/(losses), net”.

2.3 主要會計政策概要(續)

稅項(續)

當有法律上可強制執行的權利將即期稅項資產與即期稅項負債抵銷時，以及當其涉及同一稅務機關對同一應稅實體徵收的所得稅時，遞延稅項資產及負債會予以抵銷。

本期及遞延稅項乃於損益中確認，惟當與其他全面收益或直接於權益中確認之項目有關之情況下，本期及遞延稅項亦分別於其他全面收益或直接於權益中確認。若因業務合併而於首次入賬時產生之本期稅項或遞延稅項，有關稅務影響乃包括於有關業務合併之入賬內。

政府補助

倘能合理確保將獲得補助，且遵守所有附帶條件，則政府補助按公平值確認。倘補助與開支項目有關，則有系統地於期內將擬補償的成本確認為收入並作出支銷。

與收入有關的政府補助作為補償已產生開支或虧損而應收或旨在為本集團提供即時財務支援(而無未來相關成本)於應收期間在損益確認。該等補助於「其他收入及收益/(虧損), 淨額」呈列。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

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 or 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.

2.3 主要會計政策概要(續)

收益確認

客戶合約收益

本集團於完成履約責任時(或就此)確認收益,即於特定履約責任相關商品或服務之「控制權」轉移至客戶時。

履約責任指一項明確商品或服務(或一批商品或服務)或一系列大致相同之明確商品或服務。

控制權隨時間轉移,如滿足以下其中一項標準,則收益會按照完全滿足相關履約責任的進展情況而隨時間確認:

- 客戶於本集團履約時同時收取及消耗本集團履約所提供之利益;
- 本集團履約產生或強化資產,而該資產的控制權在產生或強化時乃屬於客戶;或
- 本集團履約未創建對本集團具有替代用途之資產,而本集團擁有可強制執行權利收取迄今已履約部分之款項。

否則,收益會在客戶獲得獨特商品或服務的控制權時確認。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 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.

Sale of industrial products

Revenue from the sale of steel products, trading of commodities and sales of by-products is recognised at point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products, 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.

2.3 主要會計政策概要(續)

收益確認(續)

客戶合約收益(續)

合約負債指本集團就已收客戶代價(或到期代價款項)向客戶轉移貨品或服務之義務。與同一合約有關的合約資產及合約負債按淨額基準入賬及呈列。

銷售工業產品

來自銷售鋼鐵產品、商品買賣及銷售副產品的收益於資產控制權轉讓予客戶，客戶已接納產品，且並無未履行的義務可能影響客戶對產品的接納時(一般為交付工業產品時)確認。產品付運至特定地點、報廢及破損風險已轉嫁予客戶時即發生交付，而當時客戶已根據銷售合約接納產品且接納條文已告失效，或本集團有客觀證據證明已達成所有接納條件。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.3 主要會計政策概要(續)

以股份為基礎的支付

本公司實施一項購股權計劃，旨在激勵及獎勵對本集團業務成功作出貢獻之合資格參與者。本集團僱員(包括董事)以股份付款之方式收取報酬，僱員提供服務作為收取股本工具之代價(「股權結算交易」)。

與僱員進行股權結算交易之成本，乃參照授出日期之公平值計量。公平值由外聘估值師採用二項式模式釐定。

股權結算交易成本連同權益相應增加部分，在績效及／或服務條件達成期間確認為僱員福利開支。截至歸屬日期前於各報告期末確認之股權結算交易之累計開支，反映歸屬期已到期部分及本集團對最終將會歸屬之股本工具數目之最佳估計。期內在損益表內扣除或進賬，乃指期初與期末已確認之累計開支變動。

釐定獎勵之授出日公平值並不考慮服務及非市場表現條件，惟能達成條件的可能性則被評定為將最終歸屬為本集團權益工具數目之最佳估計之一部分。市場表現條件將反映在授出日期之公平值。附帶於獎勵中但並無相關聯服務要求之其他任何條件皆視為非歸屬條件。反映非歸屬條件之獎勵公平值若當中不包含服務及／或表現條件乃即時予以支銷。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital.

When shares granted are vested, the amount previously recognised in share option reserve will be transferred to retained profits.

2.3 主要會計政策概要(續)

以股份為基礎的支付(續)

因未能達至非市場表現及／或服務條件，而導致最終並無歸屬之獎勵並不會確認支銷，惟包括一項市場或非歸屬條件之獎勵，無論市場或非歸屬條件是否達成，其均會被視為已歸屬，前提是所有其他表現及／或服務條件須已達成。

倘以股權結算獎勵之條款予以修訂，則倘獎勵之原定條款獲達成，開支會按最低金額予以確認，猶如條款並未修改。此外，倘任何修訂會增加以股份付款之公平值總額，或於修訂日期計量時有利於僱員，則會確認為開支。

倘股權結算獎勵被註銷，則被視為於註銷當日已歸屬處理，而尚未就該獎勵確認之任何開支須即時予以確認，當中包括未達成本集團或僱員控制以內非歸屬條件之任何獎勵。然而，倘有一項新獎勵取代已經註銷獎勵，及於授出當日被指定為該獎勵之替代品，則該已註銷及新獎勵均被視為原有獎勵之修訂(見上段所述)處理。

倘購股權獲行使，過往於購股權儲備確認的金額將轉移至股本。

所授出購股權獲歸屬時，先前於購股權儲備確認的數額將轉撥至保留溢利。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute to the central pension scheme which are based on a certain percentage of the total salary of these employees. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Mandatory Provident Fund

The Company's subsidiaries incorporated in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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 employer contributions vest fully with the employees when contributed into the MPF Scheme except for the employer voluntary contributions, which are refunded to the Company's subsidiaries which are incorporated in Hong Kong when an employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

2.3 主要會計政策概要(續)

其他僱員福利

退休金計劃

本集團在中國經營的附屬公司的僱員均須參與地方市政府運作的中央退休金計劃。該等附屬公司須按相關僱員薪酬總額的若干百分比對中央退休金計劃作出供款。根據中央退休金計劃的規則，該等供款於應繳付時於損益表中扣除。

強制性公積金

本公司於香港註冊成立的附屬公司根據強制性公積金計劃條例為其於香港的所有僱員運作一項定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員基本薪金的一個百分比作出，並於根據強積金計劃的規則應付時於損益表中扣除。強積金計劃的資產與本集團的資產分開，並由獨立管理的基金持有。僱主供款於向強積金計劃作出時全數歸屬僱員，惟僱主的自願性供款除外，倘僱員在有關供款全數歸屬前離職，有關金額將根據強積金計劃規則的條款退回本公司於香港註冊成立的附屬公司。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.3 主要會計政策概要(續)

借款成本

收購、建造或生產合資格資產(即需要一段長時間方可作擬定用途或出售的資產)直接應佔的借款成本作為該等資產的一部分成本撥充資本。當資產大致上可達致其擬定用途或可供出售時,有關借款成本不再撥充資本。特定借款用於合資格資產前的暫時投資所賺取的投資收入會自撥充資本的借款成本中扣除。所有其他借款成本於產生期間內支銷。借款成本包括某實體借入資金所產生的利息及其他成本。

股息

末期股息獲股東在股東大會批准後,將確認為負債。擬派末期股息於財務報表附註中披露。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

2.3 主要會計政策概要(續)

外幣

在編製每個個別集團實體之財務報表時，採用該實體功能貨幣以外之貨幣(外幣)進行之交易，一律以交易日現行匯率確認。於報告期末，以外幣計值之貨幣項目以該日現行匯率重新換算。以外幣計值且以公平值入賬之非貨幣項目，以公平值釐定當日之現行匯率重新換算。以外幣歷史成本計量之非貨幣項目概不重新換算。

由結算貨幣項目及重新換算貨幣項目而產生之匯兌差額於其產生期間在損益中確認。

就呈列綜合財務報表而言，本集團之業務資產及負債按各報告期末之當時匯率換算為本集團之呈列貨幣(即人民幣)。收入及開支項目按期內之平均匯率換算，除非期內的匯率有顯著波動則使用交易當日的匯率。所產生之匯兌差額(如有)於其他全面收益確認並於權益下以換算儲備累計(於適當時撥作非控股權益)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in Hong Kong dollars to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in exchange fluctuation reserve. Such exchange differences accumulated in the exchange fluctuation reserve are not reclassified to profit or loss subsequently.

2.3 主要會計政策概要(續)

外幣(續)

於出售海外業務(即出售本集團於海外業務之全部權益,或涉及失去對一間附屬公司(包括海外業務)之控制權之出售,或部分出售於聯合安排或一間聯營公司(包括海外業務,其保留權益變為金融資產)中之權益)時,本公司擁有人應佔該業務而於權益內累計之所有匯兌差額會重新分類至損益。

此外,有關部分出售一間附屬公司且不會引致本集團失去對該附屬公司控制權,按比例份額之累計匯兌差額會再分配到非控股權益及不會於損益內確認。

將本集團的港元淨資產重新轉換為本集團的呈列貨幣(即人民幣)有關的匯兌差額直接在其他全面收益中確認,並累計在匯兌儲備中。匯兌儲備中累計的匯兌差額隨後不會重新分類至損益。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 2.3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of 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.

Write-down of inventories to net realisable value

A write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the required write-down involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which the estimate has been changed.

3. 重大會計判斷及估計

於應用本集團的會計政策(載於附註2.3)時,本公司董事須就未能從其他來源取得的資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設乃根據過往經驗及其他被認為相關的因素而作出。實際結果與該等估計或有所不同。

此等估計及相關假設會持續被審閱。倘會計估計的修訂僅對作出修訂的期間產生影響,則有關修訂只會在該期間內確認;倘會計估計的修訂對目前期間及未來期間均產生影響,則會在目前期間及未來期間內確認。

估計不確定因素的主要來源

涉及未來的主要假設及於報告期末估計不確定因素的其他主要來源(該等假設及因素均擁有導致下個財政年度的資產及負債的賬面值出現重大調整的重大風險)討論如下。

撇減存貨至可變現淨值

將撇減存貨至可變現淨值乃按存貨可變現淨值之估計作出。評估所需撇減涉及管理層對市場狀況的判斷及估計。倘未來實際結果或預期與原先估計不同,則此等差異將對估計變化期間的存貨賬面值及撇減/撤回存貨產生影響。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 16 to the consolidated financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2022 was RMB51,023,000 (2021: RMB66,096,000). Further details are included in note 16 to the financial statements.

Deferred tax assets

As at 31 December 2022, a deferred tax asset of RMB363,292,000 (2021: RMB45,165,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses for non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

3. 重大會計判斷及估計(續)

估計不確定因素的主要來源(續)

非上市股權投資的公平值

非上市股權投資乃根據基於市場的估值技術估值，詳情載於綜合財務報表附註16。該估值要求本集團決定可資比較公眾公司(同業者)並選擇價格倍數。此外，本集團預計非流動性及規模差異的折扣。本集團將該等投資的公平值分類為第三級。於2022年12月31日，非上市股權投資公平值為人民幣51,023,000元(2021年：人民幣66,096,000元)。進一步詳情載於財務報表附註16。

遞延稅項資產

於2022年12月31日，已於綜合財務狀況表就若干營運附屬公司的未動用稅項虧損確認遞延稅項資產人民幣363,292,000元(2021年：人民幣45,165,000元)。由於未能確定未來溢利來源，故並無就非營運附屬公司的稅項虧損確認遞延稅項資產。遞延稅項資產能否變現主要取決於日後是否有足夠之未來溢利或應課稅暫時差額。倘所產生之實際未來應課稅溢利低於或高於預期，或事實及情況出現變動，導致修訂未來應課稅溢利估計，則可能出現遞延稅項資產之重大撥回或進一步確認，將於有關撥回或進一步確認之期內於損益確認。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

Provision of ECL for trade receivable, deposits and other receivables

The Group's management determines the provision of ECL for trade receivables based on the ECL which uses a lifetime expected loss allowance for all trade receivables. For deposits and other receivables, the provision of ECL is based on 12-month ECL ("12m ECL"), unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Management reassesses the provision at each reporting date. The provision of ECL is sensitive to changes in estimates. The information about the ECL for trade receivables, deposits and other receivables are disclosed in Note 37.

3. 重大會計判斷及估計(續)

估計不確定因素的主要來源 (續)

應收貿易賬款、按金及其他應收款項的預期信貸虧損撥備

本集團管理層根據預期信貸虧損釐定應收貿易賬款的預期信貸虧損撥備，預期信貸虧損對所有應收貿易賬款採用全期預期虧損撥備。對於存款及其他應收賬款，預期信貸虧損的撥備是基於12個月預期信貸虧損(「12個月預期信貸虧損」)，惟倘自初始確認後信貸風險有顯著增加，則本集團會確認全期預期信貸虧損。金融資產虧損撥備乃基於有關違約風險及預期損失率之假設作出。於各報告期末，本集團於作出該等假設及選擇減值計算之輸入數據時，根據其過往歷史、現時市況及前瞻性估計作出判斷。管理層在各報告日期重新評估撥備。預期信貸虧損的撥備受到估計變化所影響。有關應收貿易賬款、存款以及其他應收賬款之預期信貸虧損的資料於附註37披露。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

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

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, the carrying amounts of the property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB10,849,247,000, RMB117,971,000 and RMB579,736,000 (2021: RMB11,218,379,000, RMB87,834,000 and RMB477,917,000) respectively, no impairment losses have been recognised during the year.

3. 重大會計判斷及估計(續)

估計不確定因素的主要來源(續)

物業、廠房及設備、使用權資產及無形資產估計減值

物業、廠房及設備以及使用權資產乃按成本減累計折舊及減值(如有)列示。於釐定資產是否減值時，本集團須作出判斷及估計，尤其需要評估：(1)是否有事件已發生或有任何指標可能影響資產淨值；(2)資產賬面值是否能夠以可收回金額(如為使用價值)支持，即按照持續使用資產估計的未來現金流量的淨現值；及(3)將應用於估計可收回金額的適當關鍵假設(包括現金流量預測及適當的貼現率)。當無法估計個別資產(包括使用權資產)的可收回金額時，本集團估計資產所屬現金產生單位的可收回金額，包括在合理且合理的情況下及一致分配基礎時配置企業資產，否則可收回金額按已分配相關企業資產的最小現金產生單位組確定。更改假設及估計(包括於現金流量預測內的貼現率或增長率)，可顯著影響可收回金額。

於2022年12月31日，進行減值評估的物業、廠房及設備、使用權資產及無形資產的賬面值分別為人民幣10,849,247,000元、人民幣117,971,000元及人民幣579,736,000元(2021年：人民幣11,218,379,000元、人民幣87,834,000元及人民幣477,917,000元)，年內並未確認減值虧損。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

4. OPERATING SEGMENT INFORMATION

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors that makes strategic decisions.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- (a) the ordinary steel segment, which engages in the production and sale of ordinary steel products;
- (b) the special steel segment, which engages in the production and sale of special steel products;
- (c) the trading of commodities segment, which mainly engages in the trading of commodities such as iron ore dust, pellets, steel billets and coke; and
- (d) the by-products segment, which includes the sale of by-products such as steel slag, steam and electricity.

4. 經營分部資料

分部報告

經營分部的呈報方式與向主要營運決策者(「主要營運決策者」)提供的內部報告一致。負責分配資源及評估營運分部表現的主要營運決策者已被確認為作出策略性決定的董事會。

個別重大經營分部並未就財務報告用途而進行匯總，除非該等分部具有類似經濟特性，且在產品及服務性質、生產流程性質、客戶的類型或類別、分配產品或提供服務所用的方式及監管環境的性質方面均類似。個別不屬重大的經營分部如符合大部分標準，則或會進行匯總。

就管理而言，本集團根據其產品劃分其業務單元，可分為以下四個可報告經營分部：

- (a) 普通鋼分部，即從事生產及銷售普通鋼產品；
- (b) 特鋼分部，即從事生產及銷售特鋼產品；
- (c) 商品貿易分部，即主要從事鐵礦粉、球團礦、鋼坯及焦炭等商品貿易；及
- (d) 副產品分部，即包括銷售鋼渣、蒸汽及電力等副產品。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

4. OPERATING SEGMENT INFORMATION (Continued)

Segment reporting (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

Segment (loss)/profit represents the (losses)/profit by each segment without allocation of other income and other gains/(losses), net, selling and distribution expenses, administrative expenses, other operating expenses, reversal of/(impairment loss) on financial assets, net, research and development costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. 經營分部資料(續)

分部報告(續)

管理層獨立監控本集團經營分部的業績，以就資源分配及表現評估作出決定。分部表現乃根據可報告分部溢利／虧損進行評估，乃經調整除稅前溢利／虧損的計量基準。

分部(虧損)／溢利指各分部的(虧損)／溢利，其中不包括其他收入及其他收益／(虧損)淨額、銷售及分銷開支、行政開支、其他營運開支、金融資產的撥回／(減值虧損)淨額、研發成本及融資成本。此乃就資源分配及表現評估目的，向主要營運決策者呈報之計量方法。

各業務間之銷售及轉讓乃經參考與第三者交易時之售價，按當時現行之市價進行交易。

主要經營決策者按各分部的經營業績作出決定。由於並無就分配資源及表現評估定期審閱分部資產及分部負債的分析，故並無呈列有關資料。因此，僅呈列分部收益及分部業績。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Segment reporting (Continued)

The segment results and other segment items included in (loss)/profit before tax for the reporting period are as follows:

分部報告(續)

報告期內，計入除稅前(虧損)/溢利的分部業績及其他分部項目如下：

		Ordinary steel 普通鋼 RMB'000 人民幣千元	Special steel 特鋼 RMB'000 人民幣千元	Trading of commodities 商品貿易 RMB'000 人民幣千元	By-products 副產品 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Year ended 31 December 2022	截至2022年12月31日止年度					
Segment revenue:	分部營業額：					
Sales to external customers	銷售予外部客戶	5,945,932	3,483,072	4,525,714	505,553	14,460,271
Intersegment sales	分部間銷售	6,677,849	3,911,822	1,237,446	417,260	12,244,377
		12,623,781	7,394,894	5,763,160	922,813	26,704,648
Cost of sales	銷售成本	(6,193,482)	(3,958,632)	(4,532,238)	(525,918)	(15,210,270)
Gross loss	毛損	(247,550)	(475,560)	(6,524)	(20,365)	(749,999)
Reconciliation:	對賬：					
Other income and other (losses)/gains, net	其他收入及其他(虧損)/收益·淨額					(27,793)
Selling and distribution expenses	銷售及分銷開支					(8,428)
Administrative expenses	行政開支					(128,229)
Other operating expenses	其他營運開支					(148,980)
Reversal of impairment losses on financial assets, net	金融資產減值虧損撥回淨額					3,802
Research and development costs	研發成本					(378,848)
Finance costs	融資成本					(238,048)
Loss before tax	除稅前虧損					(1,676,523)

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Segment reporting (Continued)

分部報告(續)

		Ordinary steel 普通鋼 RMB'000 人民幣千元	Special steel 特鋼 RMB'000 人民幣千元	Trading of commodities 商品貿易 RMB'000 人民幣千元	By-products 副產品 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Year ended 31 December 2021	截至2021年12月31日止年度					
Segment revenue:	分部營業額：					
Sales to external customers	銷售予外部客戶	9,414,891	3,664,146	5,372,183	664,901	19,116,121
Intersegment sales	分部間銷售	8,486,909	2,846,689	2,005,311	1,439,148	14,778,057
		17,901,800	6,510,835	7,377,494	2,104,049	33,894,178
Cost of sales	銷售成本	(8,778,307)	(3,591,925)	(5,324,887)	(637,046)	(18,332,165)
Gross profit	毛利	636,584	72,221	47,296	27,855	783,956
Reconciliation:	對賬：					
Other income and gains/(losses), net	其他收入及收益/(虧損)·淨額					58,650
Selling and distribution expenses	銷售及分銷開支					(13,123)
Administrative expenses	行政開支					(90,314)
Impairment loss on financial assets, net	金融資產減值虧損淨額					(5,373)
Research and development costs	研發成本					(387,076)
Finance costs	融資成本					(289,473)
Profit before tax	除稅前溢利					57,247

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

Geographical information

地區資料

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
PRC	中國	14,460,271	19,116,121

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

上述營業額資料乃以客戶所在地為基準得出。

The principal non-current assets and capital expenditure of the Group were located and incurred in the PRC. Accordingly, no further geographical information is presented.

本集團的主要非流動資產及資本開支均位於中國及於中國產生。因此，並無進一步呈列地區資料。

Information about major customers

For the year ended 31 December 2022, revenue from transactions with a single external customer amounted to approximately 60.1% (2021: approximately 64.6%) of the Group's total revenue which was from sales of ordinary steel and special steel products.

主要客戶的資料

2022年12月31日，與單一外部客戶的交易收入佔本集團銷售普通鋼和特鋼產品的總收入約60.1% (2021年：約64.6%)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

5. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue from contracts with customers

- (i) Disaggregated revenue information
For the year ended 31 December 2022

5. 營業額、其他收入及收益／(虧損)，淨額

客戶合約收益

- (i) 細分營業額資料
截至2022年12月31日止年度

Segments	分部	Sale of ordinary steel 銷售普通鋼 RMB'000 人民幣千元	Sale of special steel 銷售特鋼 RMB'000 人民幣千元	Trading of commodities 商品貿易 RMB'000 人民幣千元	Sale of by-products 銷售副產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods	商品類型					
Sales of industrial products	銷售工業產品	5,945,932	3,483,072	4,525,714	505,553	14,460,271
Geographical markets	區域市場					
PRC	中國	5,945,932	3,483,072	4,525,714	505,553	14,460,271
Timing of revenue recognition	營業額確認時間					
A point in time	於某個時點	5,945,932	3,483,072	4,525,714	505,553	14,460,271

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

5. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2021

Segments	分部	Sale of ordinary steel 銷售普通鋼 RMB'000 人民幣千元	Sale of special steel 銷售特鋼 RMB'000 人民幣千元	Trading of commodities 商品貿易 RMB'000 人民幣千元	Sale of by-products 銷售副產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods	商品類型					
Sales of industrial products	銷售工業產品	9,414,891	3,664,146	5,372,183	664,901	19,116,121
Geographical markets	區域市場					
PRC	中國	9,414,891	3,664,146	5,372,183	664,901	19,116,121
Timing of revenue recognition	營業額確認時間					
A point in time	於某個時點	9,414,891	3,664,146	5,372,183	664,901	19,116,121

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

根據香港財務報告準則第15號之實際權宜方法，所有收益合約均為期一年或以下，分配至該等未獲達成合約之交易價格並未披露。

5. 營業額、其他收入及收益／(虧損)，淨額(續)

客戶合約收益(續)

(i) 細分營業額資料(續)

截至2021年12月31日止年度

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

5. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET (Continued)

Revenue from contracts with customers (Continued)

(ii) Other income and other (losses)/gains, net

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gain on disposal of a subsidiary	出售一間附屬公司之收益	-	9,165
Bank interest income	銀行利息收入	6,902	5,661
Interest income from Xiwang Group Finance Company Limited ("Xiwang Finance") (西王集團財務有限公司)	來自西王集團財務有限公司(「西王財務」)的利息收入	3,653	2,932
Rental income	租金收入	721	895
Government grants (note)	政府補助(附註)	4,658	17,667
Guarantee fee from Xiwang Group Company	來自西王集團公司的擔保費	3,306	-
Foreign exchange differences, net	外匯差額淨額	(46,512)	30,060
Late charge for late payment of tax	稅款滯納金	-	(233)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	(526)	(2,353)
Loss on derecognition of financial assets measured at fair value through other comprehensive income	終止確認按公平值計入其他全面收益的金融資產之虧損	(750)	-
Written-off of trade receivables	應收貿易款項撇銷	-	(1,618)
Others	其他	755	(3,526)
		(27,793)	58,650

Note: During the year ended 31 December 2022, government grants were mainly granted to the Group as (i) subsidies to support the operations of the PRC subsidiaries and (ii) coronavirus disease ("COVID-19")-related subsidies which is related to Employment Support Scheme provided by the Hong Kong government. The government grant had no conditions or contingencies attracted to them and they were non-recurring in nature.

During the year ended 31 December 2021, government grants were mainly granted to the Group as subsidies to support the operations of the PRC subsidiaries.

5. 營業額、其他收入及(虧損)/收益，淨額(續)

客戶合約收益(續)

(ii) 其他收入及其他(虧損)/收益，淨額

附註：截至2022年12月31日止年度，政府補助主要授予本集團，(i)作為補貼以支持中國附屬公司之營運；及(ii)與香港政府提供的保就業計劃有關的冠狀病毒病(「COVID-19」)相關補貼。政府補助並無附帶條件或或然事項且屬非經常性質。

截至2021年12月31日止年度，政府補助主要授予本集團，作為補貼以支持中國附屬公司之營運。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

6. (LOSS)/PROFIT BEFORE TAX

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

6. 除稅前(虧損)/溢利

本集團的除稅前(虧損)/溢利乃經扣除/(計入)以下各項後得出：

		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
	Notes 附註		
Cost of inventories sold	已售存貨成本	14,302,219	17,687,861
Depreciation of property, plant and equipment	物業、廠房及設備折舊	13 566,401	561,226
Depreciation of right-of-use assets	使用權資產折舊	14(a) 2,780	2,820
Amortisation of other intangible assets	其他無形資產攤銷	15 59,949	35,592
Research and development costs	研發成本	378,848	387,076
Expenses incurred during suspension of production (Note (i))	停產期間產生的開支(附註(i))	148,980	-
Lease payments not included in the measurement of lease liabilities	不計入租賃負債計量之租賃付款	1,062	5,116
Auditor's remuneration	核數師酬金		
– audit service	– 審計服務	1,500	1,500
– non-audit service	– 非審計服務	564	130
Employee benefit expense (including directors' remuneration):	僱員福利開支(包括董事薪酬):		
Wages and salaries	工資及薪金	217,657	265,153
Pension scheme and MPF Scheme contributions (Note (ii))	退休金計劃及強積金計劃供款(附註(ii))	36,983	20,973
Staff welfare expenses	員工福利開支	6,036	4,523
		260,676	290,649
(Reversal of)/impairment losses of financial assets under expected credit loss model:	預期信貸虧損模式項下之金融資產(撥回)/減值虧損:		
Trade receivables	應收貿易款項	18 414	(785)
Other receivables	其他應收款項	19 (4,216)	6,158
		(3,802)	5,373

Notes:

- (i) Included in the other operating expenses.
- (ii) As at the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension scheme or the MPF Scheme in future years.

附註:

- (i) 計入其他營運開支。
- (ii) 於報告期末，本集團並無已沒收供款可供扣減未來年度的退休金計劃或強積金計劃供款。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

7. 融資成本

持續經營業務融資成本的分析如下：

	2022	2021
	2022年	2021年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Interest on bank and other borrowings	270,258	321,645
Finance costs on bills discounted	24,282	41,540
Interest on borrowings from the ultimate holding company (note 34(a)(ii))	-	4
Interest on borrowings from Xiwang Finance (note 34(a)(iii))	2,166	2,067
Interest on lease liabilities (note 30(b))	26	40
Total interest expense on financial liabilities not at FVTPL	296,732	365,296
Less: Interest capitalised (note)	(58,684)	(75,823)
	238,048	289,473

Note: Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 7.0% and 13.4% (2021: 7.8% and 10.37%) has been applied to the expenditure on the individual assets.

附註：倘資金屬一般借款，並用於購置合資格資產，則個別資產的開支將以介乎7.0%及13.4%(2021年：7.8%至10.37%)的比率撥充資本。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fees	袍金	230	224
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,244	1,304
Pension scheme contributions	退休金計劃供款	42	41
		1,516	1,569

No directors (2021: Nil) were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 27 to the consolidated financial statements.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mr. Leung Shu Sun Sunny	梁樹新先生	128	124
Mr. Yu Kou	于叩先生	51	50
Mr. Li Bangguang	李邦廣先生	51	50
		230	224

8. 董事薪酬

董事於年內的酬金乃根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規例第2部之規定披露如下：

並無董事(2021年：無)就彼等為本集團提供的服務根據本公司購股權計劃獲授權股權(進一步詳情載於綜合財務報表附註27)。

(a) 獨立非執行董事

年內已支付獨立非執行董事的袍金如下：

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and non-executive directors

8. 董事薪酬(續)

(b) 執行董事及非執行董事

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼及實物利益	退休金計劃供款	酬金總額
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
2022	2022年				
Executive director and chief executive officer:	執行董事及行政總裁：				
Mr. Zhang Jian	張健先生	-	465	15	480
Executive directors:	執行董事：				
Ms. Li Hai Xia	李海霞女士	-	244	12	256
Mr. Sun Xihu	孫新虎先生	-	535	15	550
		-	779	27	806
Non-executive director:	非執行董事：				
Mr. Wang Di	王棣先生	-	-	-	-
		-	-	-	-
		-	1,244	42	1,286

During the year ended 31 December 2022, no emolument have been paid by the Group to any of the directors and the chief executive officer as an inducement to join or upon joining the Group as compensation for loss of office (2021: Nil).

截至2022年12月31日止年度，本集團概無向任何董事及主要行政人員支付酬金，作為加入本集團或加入本集團後的獎勵或離職補償(2021年：無)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and non-executive directors (Continued)

8. 董事薪酬(續)

(b) 執行董事及非執行董事(續)

		Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration	
	Fees	薪金、津貼及 實物利益	退休金 計劃供款	酬金總額	
	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
2021	2021年				
Executive director and chief executive officer: Mr. Zhang Jian	執行董事及 行政總裁: 張健先生	–	500	15	515
Executive directors: Ms. Li Hai Xia	執行董事: 李海霞女士	–	248	11	259
Mr. Sun Xihu	孫新虎先生	–	556	15	571
		–	804	26	830
Non-executive director: Mr. Wang Di	非執行董事: 王棣先生	–	–	–	–
		–	–	–	–
		–	1,304	41	1,345

During the years ended 31 December 2022 and 2021, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 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.

截至2022年及2021年12月31日止年度，本集團並無支付或應付董事或附註9所載任何最高薪酬人士任何款項，作為加入本集團或加入本集團後的獎勵或作為離職補償。

本年內概無董事放棄或同意放棄任何薪酬的安排。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include two directors (2021: two). Details of the remuneration of the three (2021: three) highest paid employees which are not directors are as follows:

	2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind 薪金、津貼及實物利益	1,410	1,458
Performance-related bonuses 表現有關花紅	202	418
Pension scheme contributions 退休金計劃供款	12	27
	1,624	1,903

The number of highest paid employees which are not directors whose remuneration fell within the following bands is as follows:

	Number of employees 僱員數目	
	2022 2022年	2021 2021年
Nil to HK\$1,000,000 零至港元1,000,000元	3	3

9. 五名最高薪酬僱員

年內五名最高薪酬僱員包括二名董事(2021年：兩名)。三名(2021年：三名)非董事最高薪酬僱員的酬金詳情如下：

薪酬介乎以下範圍的非董事最高薪酬僱員人數如下：

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

10. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the PRC Corporate Income Tax Law effective on 1 January 2008 (as amended from time to time), PRC subsidiaries except for Xiwang Metal Science are subject to corporate income tax (“CIT”) at a statutory rate of 25% on their respective taxable income for the years ended 31 December 2022 and 2021. Xiwang Metal Science is subject to CIT at a rate of 15% on its respective taxable income for the years ended 31 December 2022 and 2021 as a national-grade high-tech enterprise.

10. 所得稅抵免

香港利得稅已按年內於香港賺取的估計應課稅溢利以稅率16.5% (2021年：16.5%)計提撥備。中國應課稅溢利的稅項乃按中國現行立法、詮釋及慣例以現行稅率計算。

根據於2008年1月1日生效的中國企業所得稅法(經不時修訂)，中國附屬公司(除西王金屬科技外)須按彼等各自截至2022年及2021年12月31日止年度應課稅收入的25%的法定稅率繳納企業所得稅(「企業所得稅」)。西王金屬科技作為國家級別的高科技企業，須就截至2022年及2021年12月31日止年度的應課稅收入按15%稅率繳納企業所得稅。

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax – PRC	即期稅項 – 中國		
Charge for the year	年內費用	–	28,559
Over-provision in respect of prior years	有關過往年度超額撥備	(11,543)	–
		(11,543)	28,559
Deferred tax	遞延稅項		
Credit for the year (note 24)	年內抵免(附註24)	(336,188)	(36,343)
Total tax credit for the year	年內稅項抵免總額	(347,731)	(7,784)

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

10. INCOME TAX CREDIT (Continued)

A reconciliation of the tax credit applicable to (loss)/profit before tax at the applicable tax rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate are as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit before tax	除稅前(虧損)/溢利	(1,676,523)	57,247
Tax at the statutory tax rate	按法定稅率計算之稅項	(408,132)	14,503
High and new technology enterprise tax preferential treatment	高新技術企業稅優惠處理	75,357	(14,604)
Income not taxable for tax	毋須課稅收入	(13,776)	(10,280)
Expenses not deductible for tax	不可扣稅開支	19,741	13,561
Effect of withholding tax	預扣稅的影響	988	286
Effect of super deduction of research expenses	研究開支的加計扣除影響	(10,894)	(11,677)
Over-provision in respect of prior years	過往年度超額撥備	(11,543)	-
Tax losses not recognised	未確認稅項虧損	528	427
Tax credit	稅項抵免	(347,731)	(7,784)

10. 所得稅抵免(續)

按本公司與其大部分附屬公司註冊地之適用稅率就除稅前(虧損)/溢利計算之適用稅項抵免與按實際稅率計算之稅項抵免之對賬如下：

11. DIVIDEND

No final dividend is proposed for the year ended 31 December 2022 (2021: Nil).

11. 股息

不建議就截至2022年12月31日止年度派付末期股息(2021年：無)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculations of basic and diluted (loss)/earnings per share are based on:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit attributable to ordinary equity holders of the Company	本公司普通股權持有人應佔(虧損)/溢利	(1,328,792)	65,031
		2022	2021
		2022年	2021年
Number of shares	股份數目		
Weighted average number of ordinary shares in issue during the year for the purpose of basic and diluted (loss)/earnings per share (in thousands)	計算每股基本及攤薄(虧損)/盈利時所使用的年內已發行普通股加權平均數(千股)	2,369,111	2,369,111

For the years ended 31 December 2022 and 2021, the basic (loss)/earnings per share are the same as the diluted (loss)/earnings per share. For the year ended 31 December 2022, there were no potential dilutive ordinary shares outstanding during the year. For the year ended 31 December 2021, the computation of diluted (loss)/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 for the shares.

12. 每股(虧損)/盈利

每股基本(虧損)/盈利乃按年內本公司普通股權持有人應佔(虧損)/溢利及年內已發行普通股加權平均數計算。

每股基本及攤薄(虧損)/盈利乃根據以下數據計算：

截至2022年及2021年12月31日止年度，每股基本(虧損)/盈利與每股攤薄(虧損)/盈利相同。截至2022年12月31日止年度，概無已發行具有潛在攤薄影響之普通股。截至2021年12月31日止年度，每股攤薄(虧損)/盈利的計量並不假設本公司的購股權獲行使，乃由於該等購股權的行使價高於該等股份的平均市價。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Machinery and equipment	Motor vehicles	Office equipment and fixtures	Construction in progress	Total
		樓宇	機器及設備	汽車	辦公室設備及裝置	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2022	2022年12月31日						
At 1 January 2022:	於2022年1月1日:						
Cost	成本	6,415,307	7,448,132	67,042	192,720	1,046,142	15,169,343
Accumulated depreciation	累計折舊	(1,266,721)	(2,533,805)	(34,321)	(116,117)	-	(3,950,964)
Net carrying amount	賬面淨值	5,148,586	4,914,327	32,721	76,603	1,046,142	11,218,379
At 1 January 2022, net of accumulated depreciation	於2022年1月1日, 扣除累計折舊	5,148,586	4,914,327	32,721	76,603	1,046,142	11,218,379
Additions	添置	-	7,538	15,761	4,627	170,549	198,475
Disposal	出售	-	(682)	(55)	(469)	-	(1,206)
Depreciation provided during the year (note 6)	年內折舊撥備 (附註6)	(151,165)	(389,094)	(7,394)	(18,748)	-	(566,401)
Transfers	轉撥	20,805	95,827	-	-	(116,632)	-
At 31 December 2022, net of accumulated depreciation	於2022年12月31日, 扣除累計折舊	5,018,226	4,627,916	41,033	62,013	1,100,059	10,849,247
At 31 December 2022:	於2022年12月31日:						
Cost	成本	6,436,112	7,547,445	82,460	196,455	1,100,059	15,362,531
Accumulated depreciation	累計折舊	(1,417,886)	(2,919,529)	(41,427)	(134,442)	-	(4,513,284)
Net carrying amount	賬面淨值	5,018,226	4,627,916	41,033	62,013	1,100,059	10,849,247

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Office equipment and fixtures 辦公室設備 及裝置 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2021	2021年12月31日						
At 1 January 2021:	於2021年1月1日:						
Cost	成本	6,403,380	7,425,476	53,042	184,404	750,198	14,816,500
Accumulated depreciation	累計折舊	(1,116,519)	(2,202,491)	(29,962)	(105,795)	-	(3,454,767)
Net carrying amount	賬面淨值	5,286,861	5,222,985	23,080	78,609	750,198	11,361,733
At 1 January 2021, net of accumulated depreciation	於2021年1月1日· 扣除累計折舊	5,286,861	5,222,985	23,080	78,609	750,198	11,361,733
Additions	添置	-	67,469	15,401	17,119	320,236	420,225
Disposal	出售	-	(1,675)	(77)	(601)	-	(2,353)
Depreciation provided during the year (note 6)	年內折舊撥備 (附註6)	(150,202)	(386,134)	(5,683)	(19,207)	-	(561,226)
Transfers	轉撥	11,927	11,682	-	683	(24,292)	-
At 31 December 2021, net of accumulated depreciation	於2021年12月31日· 扣除累計折舊	5,148,586	4,914,327	32,721	76,603	1,046,142	11,218,379
At 31 December 2021:	於2021年12月31日:						
Cost	成本	6,415,307	7,448,132	67,042	192,720	1,046,142	15,169,343
Accumulated depreciation	累計折舊	(1,266,721)	(2,533,805)	(34,321)	(116,117)	-	(3,950,964)
Net carrying amount	賬面淨值	5,148,586	4,914,327	32,721	76,603	1,046,142	11,218,379

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2022, the Group has not yet obtained the building ownership certificates in respect of certain buildings with a net book value of RMB3,203,660,000 (2021: RMB3,275,827,000).

As at 31 December 2022, certain of the Group's machinery and equipment, motor vehicles and office equipment and fixtures with net carrying amounts of approximately RMB4,188,203,000 (2021: RMB3,336,594,000) were pledged to secure other borrowings of the Group (note 23). As at 31 December 2022, certain of the Group's buildings and machinery and equipments with net carrying amounts of approximately RMB860,717,000 (2021: RMB1,317,709,000) and RMB323,611,000 (2021: RMB357,216,000), respectively, were pledged to secure other borrowings of fellow subsidiaries (note 34(b)(iv)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of building used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 21 months and 2 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

13. 物業、廠房及設備(續)

於2022年12月31日，本集團並未就賬面淨值為人民幣3,203,660,000元(2021年：人民幣3,275,827,000元)的若干樓宇取得房屋所有權證。

於2022年12月31日，本集團賬面淨值約為人民幣4,188,203,000元(2021年：人民幣3,336,594,000元)的若干機器及設備、汽車以及辦公室設備及裝置已抵押作為本集團其他借款(附註23)的抵押品。於2022年12月31日，本集團賬面淨值分別約為人民幣860,717,000元(2021年：人民幣1,317,709,000元)及人民幣323,611,000元(2021年：人民幣357,216,000元)的若干樓宇及機器及設備已抵押作為同系附屬公司其他借款(附註34(b)(iv))的抵押品。

14. 租賃

本集團作為承租人

本集團擁有於其營運中使用的多種樓宇之租賃合約。已提前作出一次性付款以向業主收購租賃土地，租期為50年，而根據該等土地租賃的條款，將不會繼續支付任何款項。樓宇之租期一般介乎21個月至2年。其他設備之租期一般為12個月或更短及／或個別價值較低。一般而言，本集團不得在本集團外轉讓及轉租已租賃資產。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

14. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

		Leasehold lands 租賃土地 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於 2021 年 1 月 1 日	89,620	1,048	90,668
Depreciation provided during the year	年內的折舊撥備	(2,221)	(599)	(2,820)
Foreign exchange translation	外匯換算	-	(14)	(14)
At 31 December 2021	於 2021 年 12 月 31 日	87,399	435	87,834
Additions (Note)	添置(附註)	32,903	-	32,903
Depreciation provided during the year	年內的折舊撥備	(2,331)	(449)	(2,780)
Foreign exchange translation	外匯換算	-	14	14
At 31 December 2022	於 2022 年 12 月 31 日	117,971	-	117,971

Note: Addition includes right-of-use assets resulting from new leases entered.

At 31 December 2022, certain of the Group's leasehold land with a carrying amount of approximately RMB84,404,000 (2021: RMB86,605,000) were pledged to secure other borrowings of fellow subsidiaries (note 34b(iv)).

14. 租賃(續)

本集團作為承租人(續)

(a) 使用權資產

年內本集團使用權資產賬面值及變動如下：

附註：添置包括由已訂立新租賃導致的使用權資產。

於2022年12月31日，本集團賬面值約為人民幣84,404,000元(2021年：人民幣86,605,000元)的若干租賃土地已抵押作為同系附屬公司其他借款(附註34b(iv))的抵押品。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities payable:

		Present value of minimum lease payment 最低租賃付款的現值		Total minimum lease payment 最低租賃付款總額	
		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元	2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Within one year	一年內	-	479	-	505
Less: Future finance charges	減：未來融資費用			-	(26)
Present value of lease liabilities	租賃負債的現值			-	479

The weighted average incremental borrowing rates applied to lease liabilities is 7.39% (2021: 7.39%).

- (c) The total cash outflow for leases are disclosed in note 30(b) to the consolidated financial statements.

The Group as a lessor

The Group leases parts of its land and one industrial building in PRC under operating lease arrangements. Rental income recognised by the Group during the year was RMB721,000 (2021: RMB895,000).

14. 租賃(續)

本集團作為承租人(續)

(b) 租賃負債

應付租賃負債：

應用於租賃負債的加權平均增量借款利率為7.39%(2021年：7.39%)。

- (c) 租賃之現金流出總額披露於綜合財務報表附註30(b)。

本集團作為出租人

本集團根據經營租賃安排出租其於中國的部分土地及一棟工業樓宇。本集團於年內確認的租金收入為人民幣721,000元(2021年：人民幣895,000元)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

15. OTHER INTANGIBLE ASSETS

15. 其他無形資產

		Intellectual properties 知識產權 RMB'000 人民幣千元 (Note) (附註)	Software 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost at 1 January 2022, net of accumulated amortisation	於2022年1月1日的成本，扣除累計攤銷	453,920	23,997	477,917
Additions during the year	年內添置	159,921	-	159,921
Amortisation provided during the year	年內攤銷撥備	(55,775)	(4,174)	(59,949)
Exchange realignment	匯兌調整	1,847	-	1,847
At 31 December 2022	於2022年12月31日	559,913	19,823	579,736
At 31 December 2022:	於2022年12月31日：			
Cost	成本	694,560	41,736	736,296
Accumulated amortisation	累計攤銷	(134,647)	(21,913)	(156,560)
Net carrying amount	賬面淨值	559,913	19,823	579,736

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

15. OTHER INTANGIBLE ASSETS (Continued)

15. 其他無形資產(續)

		Intellectual properties 知識產權 RMB'000 人民幣千元 (Note) (附註)	Software 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost at 1 January 2021, net of accumulated amortisation	於2021年1月1日的成本，扣除累計攤銷	228,997	28,171	257,168
Additions during the year	年內添置	253,818	-	253,818
Amortisation provided during the year	年內攤銷撥備	(31,418)	(4,174)	(35,592)
Exchange realignment	匯兌調整	2,523	-	2,523
At 31 December 2021	於2021年12月31日	453,920	23,997	477,917
At 31 December 2021: Cost	於2021年12月31日： 成本	534,639	41,736	576,375
Accumulated amortisation	累計攤銷	(80,719)	(17,739)	(98,458)
Net carrying amount	賬面淨值	453,920	23,997	477,917

Note:

Pursuant to the Technology License and Cooperation Agreement (the "Agreement") with the Institute of Metal Research (the "IMR"), the IMR agreed to license certain steel production technologies (the "Licensed Technologies") to the Group for a period of 10 years commencing on the date of the Agreement as well as to provide technological services and support to the Group in relation to the application of the Licensed Technologies. The consideration had been satisfied by allotting and issuing 100,000,000 ordinary shares of the Company in December 2019.

Included in addition is an amount of RMB159,921,000 (2021: RMB253,818,000) representing the capitalisation of the RST license. The license entitles the Group to manufacture products using the RST Technology for 10 years from the date of capitalisation. The net carrying amount will therefore be amortised over the remaining useful lives.

附註：

根據與金屬研究所(「中科院金屬所」)訂立的技術許可及合作協議(「協議」)，中科院金屬所同意就若干鋼鐵生產技術向本集團授出許可(「許可技術」)，自協議日期起計為期十年，並同意就許可技術的應用向本集團提供技術服務及支援。代價已透過於2019年12月配發及發行100,000,000股本公司普通股支付。

另外計入RST許可的資本化金額人民幣159,921,000元(2021年：人民幣253,818,000元)的金額，指於2021年研發資本化的RST許可的賬面值。許可賦予本集團使用RST技術製造產品，自計入資本化時起計為期10年。因此，賬面淨值將隨餘下可使用年期攤銷。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

16. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

16. 指定為按公平值計入其他全面收益的權益投資

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Equity investment designated at FVTOCI	指定為按公平值計入其他全面收益的權益投資		
Unlisted equity investment, at fair value	非上市權益投資，按公平值計		
Xiwang Finance	西王財務	51,023	66,096

As at 31 December 2022, the unlisted equity investment with a carrying amount of RMB51,023,000 (2021: RMB66,096,000) represents a 5% equity interest in Xiwang Finance. The above equity investment was irrevocably designated at FVTOCI as the Group considers this investments to be strategic in nature. The Group does not intend to dispose of the investment in the near future.

於2022年12月31日，賬面值為人民幣51,023,000元(2021年：人民幣66,096,000元)的非上市權益投資指於西王財務之5%股權。上述權益投資不可撤回地指定為按公平值計入其他全面收益，原因是本集團認為該投資屬策略性質。本集團無意在近期出售該投資。

17. INVENTORIES

17. 存貨

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	192,451	773,723
Work in progress	在製品	65,642	361,655
Finished goods	成品	90,169	252,166
		348,262	1,387,544

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

18. TRADE RECEIVABLES

18. 應收貿易款項

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	應收貿易款項	32,124	58,154
Less: loss allowance	減：虧損撥備	(1,063)	(649)
Trade receivables, net of loss allowance 應收貿易款項，扣除虧損撥備		31,061	57,505

For sales under the ordinary steel and special steel segments, the Group requires advance payments from its customers, except for certain long term customers which are granted credit terms by the Group. The credit period for these long term customers is generally six months and every customer has a maximum credit limit. For sales under the trading of commodities and by-products segments, the Group's trading terms with its customers are mainly on credit, and the credit period is generally within six months.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to customers with a good track record, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's fellow subsidiaries of RMB911,000 (2021: RMB7,138,000), which are repayable on credit terms similar to those offered to the other customers of the Group.

就普通鋼及特鋼分部項下之銷售而言，本集團要求其客戶預付款項，惟若干獲本集團授予信貸期的長期客戶除外。長期客戶的信貸期通常為六個月，而每位客戶均有最高信貸限額。就商品及副產品交易分部項下之銷售而言，本集團與其客戶的交易條款主要為信貸，而信貸期通常為六個月內。

本集團致力對其未償還應收款項維持嚴格監控。高級管理層定期檢討逾期結餘。鑒於上述情況及本集團的應收貿易款項與擁有良好往績記錄的客戶相關，因此並不存在重大的集中信貸風險。應收貿易款項為免息。

本集團的應收貿易款項包括人民幣911,000元(2021年：人民幣7,138,000元)的應收同系附屬公司款項，該等款項應按本集團向其他客戶提供的類似信貸條款償還。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

18. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 3 months	3個月內	16,292	46,589
3 to 6 months	3至6個月	6,441	7,936
6 months to 1 year	6個月至1年	5,241	2,257
Over 1 year	超過1年	3,087	723
Trade receivables, net of loss allowance	應收貿易款項，扣除虧損撥備	31,061	57,505

The Group generally allows a credit period with a range of 6 months to 1 year to its customers.

於報告期末，以發票日期為基準作出並扣除虧損撥備後的應收貿易款項賬齡分析如下：

本集團一般給予其客戶介乎6個月至1年的信貸期。

The movements in the loss allowance for impairment of trade receivables are as follows:

應收貿易款項減值之虧損撥備變動如下：

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At beginning of year	於年初	649	1,434
Impairment losses, net (note 6)	減值虧損，淨額(附註6)	414	(785)
At end of year	於年末	1,063	649

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

18. TRADE RECEIVABLES (Continued)

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group considers a financial asset in default when contractual payments are six months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

		Past due 已逾期				Total 總計
		Current 即期	Less than 1 month 少於1個月	1 to 6 months 1至6個月	Over 6 months 超過6個月	
ECL rate	預期信貸虧損率	1.19%	-	-	8.66%	3.31%
Gross carrying amount (RMB'000)	賬面值總額 (人民幣千元)	23,007	-	-	9,117	32,124
ECLs (RMB'000)	預期信貸虧損 (人民幣千元)	274	-	-	789	1,063

18. 應收貿易款項(續)

此外，本集團使用實際權益法估計並非單獨使用撥備矩陣評估的應收貿易款項的預期信貸虧損。撥備率按一組不同債務人的債務人賬齡並經考慮本集團過往違約率及毋須花費不必要成本及精力可取得的合理且有理據支持的前瞻性資料而釐定。於每個報告日期，本集團會重新評估過往觀察違約率並考慮前瞻性資料的變動。

本集團會在合約付款逾期六個月時視一項金融資產出現違約。然而，在若干情況下，當內部或外部資料顯示，在並無計及本集團持有的任何信貸提升措施情況時，本集團不大可能悉數收到未償還合約款項，則本集團亦可視金融資產出現違約。

下表載列使用撥備矩陣計量有關本集團應收貿易款項信貸風險狀況的資料：

於2022年12月31日

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

18. TRADE RECEIVABLES (Continued)

As at 31 December 2021

18. 應收貿易款項(續)

於2021年12月31日

		已逾期				
		Current	Less than 1 month	1 to 6 months	Over 6 months	Total
		即期	少於1個月	1至6個月	超過6個月	總計
ECL rate	預期信貸虧損率	0.01%	-	-	5.56%	1.12%
Gross carrying amount (RMB'000)	賬面值總額 (人民幣千元)	46,595	-	-	11,559	58,154
ECLs (RMB'000)	預期信貸虧損 (人民幣千元)	6	-	-	643	649

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

19. 預付款項、其他應收款項及其他資產

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current	非流動		
Prepayments for long term assets	長期資產之預付款項	172,248	198,361
Current	流動		
Prepayments for raw materials	原材料預付款項	1,877,559	1,727,208
Deposits and other receivables	按金及其他應收款項	93,610	150,196
Bank interest receivables	應收銀行利息	316	4,225
Less: loss allowance	減：虧損撥備	1,971,485 (158)	1,881,629 (6,318)
		1,971,327	1,875,311
		2,143,575	2,073,672

Details of impairment assessment are set out in note 37.

減值評估的詳情載於附註37。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

At 31 December 2022, included in the prepayment, other receivables and other assets are prepayments of RMB158,332,000 (2021: RMB80,216,000) due from fellow subsidiaries.

The balance of prepayments which are non-interest-bearing and repayable on demand. Included in due from fellow subsidiaries of Nil (2021: Nil) were due from a fellow subsidiary through which the Group purchased electricity (note 34(a)).

The credit quality of the financial assets included in deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”. Set out below is the information about the credit risk exposure on the Group’s financial assets included in deposits and other receivables:

As at 31 December 2022

		Normal 正常	Doubtful 可疑	Total 總計
ECL rate	預期信貸虧損率	1.4%	-	1.4%
Gross carrying amount (RMB'000)	賬面值總額 (人民幣千元)	93,610	-	93,610
ECLs (RMB'000)	預期信貸虧損(人民幣千元)	158	-	158

As at 31 December 2021

		Normal 正常	Doubtful 可疑	Total 總計
ECL rate	預期信貸虧損率	4.2%	-	4.2%
Gross carrying amount (RMB'000)	賬面值總額 (人民幣千元)	150,196	-	150,196
ECLs (RMB'000)	預期信貸虧損(人民幣千元)	6,318	-	6,318

19. 預付款項、其他應收款項及其他資產(續)

於2022年12月31日，預付款項、其他應收款項及其他資產包括人民幣158,332,000元(2021年：人民幣80,216,000元)的應收同系附屬公司預付款項。

預付款項(為不計息及按要求償還)包括應收同系附屬公司款項零(2021年：零)，為應收本集團透過其購買電力的同系附屬公司的款項(附註34(a))。

計入按金及其他應收款項的金融資產之信貸質量如無逾期，且並無資料顯示該等金融資產之信貸風險自初步確認以來大幅增加，便會被視為「正常」。否則，金融資產的信貸質量被視為「呆滯」。下表載列本集團計入按金及其他應收款項的金融資產之信貸風險狀況的資料：

於2022年12月31日

於2021年12月31日

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movements in the loss allowance for impairment of other receivables are as follows:

19. 預付款項、其他應收款項及其他資產(續)

其他應收款項減值虧損撥備的變動如下：

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At beginning of year	於年初	6,318	160
Write-offs	撇銷	(1,944)	-
Impairment losses, net (note 6)	減值虧損淨額(附註6)	(4,216)	6,158
At end of year	於年終	158	6,318

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

20. 現金及現金等價物及已抵押存款

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		Notes	
		附註	
Pledged deposits and time deposits	已抵押存款及定期存款	537,365	543,288
Cash and bank balances	現金及銀行結餘	43,700	208,166
		581,065	751,454
Less: Pledged deposits:	減：已抵押存款：		
Guarantee deposits for certain bank borrowings and other borrowings	若干銀行借款及其他借款的擔保存款	23 (250,000)	(250,000)
Guarantee deposits for issuance of bills payable	發行應付票據的擔保存款	21 (16,558)	(156,558)
Frozen deposits	已凍結存款	(2,908)	(12,714)
Pledged deposits	已抵押存款	(269,466)	(419,272)
Cash and cash equivalents	現金及現金等價物	311,599	332,182

At the end of the reporting period, the cash and bank balances and time deposits balances of the Group denominated in RMB amounted to RMB42,903,000 (2021: RMB207,351,000) and RMB268,700,000 (2021: RMB121,700,000). The RMB is not freely convertible into other currencies, however, under PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month and six months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates.

於報告期末，本集團以人民幣計值的現金及銀行結餘以及定期存款為人民幣42,903,000元(2021年：人民幣207,351,000元)及人民幣268,700,000元(2021年：人民幣121,700,000元)。人民幣不可自由兌換為其他貨幣，但根據中國的外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准可通過獲授權進行外匯業務的銀行兌換人民幣為其他貨幣。

銀行存款按每日銀行存款利率計算之浮動利率計息。短期定期存款的存款期介乎一至六個月不等，視本集團的即時現金需求而定，並按各自的定期存款利率計息。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

Included in the Group's cash and bank balances are deposits of RMB39,745,000 (2021: RMB207,210,000) and time deposits of RMB268,700,000 (2021: RMB121,700,000) placed with Xiwang Finance, which is a financial institution approved by the People's Bank of China ("PBOC"). The effective interest rate of these deposits ranges from 0.35% to 2.05% (2021: 0.30% to 2.10%) per annum, which allows banks to refer to the savings interest rate provided by the PBOC and float on the basis of the PBOC's benchmark interest rate.

20. 現金及現金等價物及已抵押存款(續)

本集團的現金及銀行結餘包括放置於西王財務(為中國人民銀行(「中國人民銀行」)批准之金融機構)之存款人民幣39,745,000元(2021年: 人民幣207,210,000元)及定期存款人民幣268,700,000元(2021年: 人民幣121,700,000元)。該等存款之實際年利率介乎0.35%至2.05%(2021年: 0.30%至2.10%)，為各家銀行參考中國人民銀行提供之儲蓄利率並在中國人民銀行基準利率基礎上浮動。

21. TRADE AND BILLS PAYABLES

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	應付貿易款項	2,077,053	1,724,142
Bills payables	應付票據	158,116	529,981
		2,235,169	2,254,123

21. 應付貿易款項及應付票據

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

於報告期末，以發票日期為基準的應付貿易款項及應付票據的賬齡分析如下：

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 month	1個月內	220,073	949,008
1 to 3 months	1至3個月	1,191,779	556,542
3 to 6 months	3至6個月	222,790	187,092
6 to 12 months	6至12個月	108,514	157,789
Over 12 months	超過12個月	492,013	403,692
		2,235,169	2,254,123

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

21. TRADE AND BILLS PAYABLES (Continued)

As at 31 December 2022, the Group's bills payable amounting to RMB33,116,000 (2021: RMB313,116,000) were secured by the pledged deposits of RMB16,558,000 (2021: RMB156,558,000) (note 20).

At 31 December 2022, included in the trade and bills payables are trade payables of RMB410,000 (2021: RMB6,684,000) due to fellow subsidiaries which are non-interest-bearing and repayable on demand.

The Group's certain bills payable are guaranteed by certain related parties, as further detailed in note 34(b)(i) to the consolidated financial statements.

The trade and bills payables are non-interest-bearing and are settled with a range from six months to 1 year.

21. 應付貿易款項及應付票據 (續)

於2022年12月31日，本集團應付票據人民幣33,116,000元(2021年：人民幣313,116,000元)以人民幣16,558,000元(2021年：人民幣156,558,000元)的已抵押存款作抵押(附註20)。

於2022年12月31日的應付貿易款項及應付票據包括應付同系附屬公司的應付貿易款項人民幣410,000元(2021年：人民幣6,684,000元)，該等款項並無計息且在對方要求時償付。

本集團若干應付票據乃由若干關聯方擔保，詳情載於綜合財務報表附註34(b)(i)。

應付貿易款項及應付票據為不計息，並於介乎6個月至1年結算。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

22. OTHER PAYABLES AND ACCRUALS/ CONTRACT LIABILITIES

22. 其他應付款項及應計費用／合約負債

Other payables and accruals

其他應付款項及應計費用

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Construction and equipment payables	應付建築及設備款項	291,692	479,095
Other tax payables	其他應付稅項	53,833	8,900
Other payables	其他應付款項	227,454	137,678
Salaries and welfare payables	應付薪金及福利	27,850	26,808
Deferred revenue (Note)	遞延營業額(附註)	8,965	8,308
		609,794	660,789
Analysed for reporting purpose as:	呈報分析：		
Non-current	非流動	77,828	-
Current	流動	531,966	660,789
		609,794	660,789

Note: Assets related governments grants on the project on research and development.

附註：資產與研發項目的政府補助有關。

As at 31 December 2022, other payables mainly comprised of approximately (a) RMB28,807,000 (2021: RMB10,487,000) due to fellow subsidiaries, which are non-interest-bearing and repayable on demand and (b) RMB183,752,000 (2021: RMB83,710,000) interest payable for bank and other borrowings.

於2022年12月31日，其他應付款項主要包括約(a)應付同系附屬公司人民幣28,807,000元(2021年：人民幣10,487,000元)，有關款項為不計息且須按要求償還；及(b)銀行及其他借款的應付利息人民幣183,752,000元(2021年：人民幣83,710,000元)。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

22. OTHER PAYABLES AND ACCRUALS/ CONTRACT LIABILITIES (Continued)

Contract liabilities

Details of contract liabilities are as follows:

	2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Sales of goods	2,811,334	3,389,324

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Sales of industrial products

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract.

Movements in contract liabilities

	2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
As at 1 January	3,389,324	2,256,367
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(3,389,324)	(2,256,367)
Disposal of a subsidiary	-	(38,384)
Deposits received in respect of production activity in progress	2,811,334	3,427,708
As at 31 December	2,811,334	3,389,324

22. 其他應付款項及應計費用／合約負債(續)

合約負債

合約負債詳情如下：

影響已確認合約負債金額的一般付款條款如下：

銷售工業產品

當本集團於生產活動開始前收取按金，此將導致於合約開始時出現合約負債，直至就相關合約確認營業額為止。

合約負債變動

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

23. INTEREST-BEARING BANK AND OTHER BORROWINGS 23. 計息銀行及其他借款

		31 December 2022 2022年12月31日			31 December 2021 2021年12月31日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期日	RMB'000 人民幣千元
Notes 附註							
Current	流動						
Interest-bearing bank borrowings – secured	計息銀行借款 — 有抵押	(i)&(ii)&(v) 2.29–13.40	2023–2025	2,761,573	4.35–15.40	2022	1,052,669
Interest-bearing other borrowings – secured	計息其他借款 — 有抵押	(i)&(ii)&(iii) &(iv)&(v) 7.5–10.00	2023–2028	639,925	2.90–11.80	2022	2,307,042
Borrowings from Xiwang Finance – unsecured	西王財務借款 — 無抵押	(v) 5.97	2023	36,912	–	–	–
Guaranteed secured bonds	已擔保抵押債券	10.00	2022–2023	134,135	10.00	2022	181,157
				<u>3,572,545</u>			<u>3,540,868</u>
Non-current	非流動						
Long term interest-bearing other borrowings – secured	長期計息其他借款 — 有抵押	(ii)&(iii)&(iv) (ii) 及 (iii) 及 (iv) 7.00	2025	904,813	–	–	–
Long term borrowing from Xiwang Finance – unsecured	來自西王財務借款 — 無抵押	–	–	–	5.97	2023	33,791
				<u>904,813</u>			<u>33,791</u>
				<u>4,477,358</u>			<u>3,574,659</u>

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (i) As at 31 December 2022, the Group's Interest-bearing borrowings of RMB488,140,000 (2021: RMB482,590,000) were secured by pledged deposits of RMB250,000,000 (2021: RMB260,000,000) (note 20).
- (ii) As at 31 December 2022, the Group's Interest-bearing borrowings of RMB4,440,446,000 (2021: RMB3,359,712,000) were guaranteed by certain related parties, as further detailed in note 34(b)(ii) to the consolidated financial statements.
- (iii) As at 31 December 2022, the Group's other borrowings of RMB381,000,000 (2021: RMB382,000,000) were secured by 100% equity interests of the subsidiary, Shandong Xiwang Recycling Resources Company Limited.
- (iv) As at 31 December 2022, the Group's other borrowings of RMB2,773,813,000 (2021: RMB1,617,749,000) were secured by a net carrying amount of approximately RMB4,188,203,000 (2021: RMB3,336,594,000) of the Group's machinery and equipment, motor vehicles and office equipment and fixtures (note 13).
- (v) As at 31 December 2022, interest-bearing bank and other borrowings of approximately RMB669,793,000 (2021: RMB729,996,000) were advances from the Discounted Bills (note 29).
- (vi) The carrying amounts of the Group's interest-bearing bank and other borrowings approximate to their fair values.

23. 計息銀行及其他借款(續)

附註：

- (i) 於2022年12月31日，本集團的計息借款人民幣488,140,000元(2021年：人民幣482,590,000元)以人民幣250,000,000元(2021年：人民幣260,000,000元)的質押存款作抵押(附註20)。
- (ii) 於2022年12月31日，本集團的計息借款人民幣4,440,446,000元(2021年：人民幣3,359,712,000元)由若干關聯方提供擔保，詳見綜合財務報表附註34(b)(ii)。
- (iii) 於2022年12月31日，本集團其他借款人民幣381,000,000元(2021年：人民幣382,000,000元)以附屬公司山東西王再生資源有限公司100%股權作抵押。
- (iv) 於2022年12月31日，本集團其他借款人民幣2,773,813,000元(2021年：人民幣1,617,749,000元)以本集團機器設備、機動車輛及辦公設備及固定裝置(附註13)的賬面淨值約人民幣4,188,203,000元(2021年：人民幣3,336,594,000元)作抵押。
- (v) 於2022年12月31日，計息銀行及其他借款約人民幣669,793,000元(2021年：人民幣729,996,000元)為貼現票據的墊款(附註29)。
- (vi) 本集團計息銀行借款及其他借款的賬面價值與其公平值相近。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

23. 計息銀行及其他借款(續)

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Analysed into:	分析為：		
The carrying amounts of the borrowings are repayable:	借款的賬面值應於以下期間償還：		
Within one year (note)	一年內(附註)	3,572,545	3,540,868
With a period of more than one year but not exceeding two years	超過一年但不超過兩年的期間	-	33,791
With a period of more than two years but not exceeding five years	超過兩年但不超過五年的期間	904,813	-
		4,477,358	3,574,659
Less: Amounts due within one year shown under current liabilities	減：列於流動負債下於一年內到期的金額	(3,572,545)	(3,540,868)
Amounts shown under non-current liabilities	列於非流動負債下的金額	904,813	33,791

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued) 23. 計息銀行及其他借款(續)

		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Analysed into:	分析為：		
The carrying amounts of the above borrowings are repayable*:	上述借款的賬面值應於以下期間償還*：		
Within one year	一年內	2,084,545	3,540,868
With a period of more than one year but not exceeding two years	超過一年但不超過兩年的期間	-	33,791
With a period of more than two years but not exceeding five years	超過兩年但不超過五年	904,813	-
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:	包含按要求償還條款惟須於以下期間償還之銀行借款(列於流動負債)賬面值：		
Within one year	一年內	-	-
With a period of more than one year but not exceeding two years	超過一年但不超過兩年的期間	-	-
With a period of more than two years but not exceeding five years	超過兩年但不超過五年	1,488,000	-
		4,477,358	3,574,659
Less: Amounts due within one year shown under current liabilities	減：列於流動負債下於一年內到期的金額	(3,572,545)	-
Amounts shown under non-current liabilities	列於非流動負債下的金額	904,813	3,574,659

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* 到期金額乃以貸款協議載列的原定還款日期為基準。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Note:

During the year ended 31 December 2022, the Group has defaulted in repayment of principals and interests of guaranteed secured bonds amounting to approximately RMB99,521,000 and RMB12,895,000, respectively, which were matured on 30 September 2022.

On discovery of the default, the Directors informed the bondholder and commenced a renegotiation of the terms of the bonds with the relevant bondholder. As at 31 December 2022, those negotiations had not been concluded. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The Directors are confident that their negotiations with the bondholder will ultimately reach a successful conclusion.

During the year ended 31 December 2022, the Group had also defaulted in repayment of principals and interests of other borrowings amounting to approximately RMB9,605,000 and RMB4,732,000, respectively, according to scheduled repayment date. Due to the existence of default clauses relating to the other borrowings of the Group, this payment default had triggered repayment clause of other borrowings with principal amounts totaling approximately RMB381,000,000. As a result, other borrowings with a principal amount of approximately RMB339,348,000 with original contractual repayment dates between year 2024 to 2028, were reclassified as current liabilities from non-current liabilities as at 31 December 2022 as these amounts shall become immediately repayable upon demand. In addition, the Group had a loan in principal amount of approximately RMB41,652,000 which was scheduled to be repayable within one year from 31 December 2022 and classified under current liabilities. Due to the abovementioned payment default according to scheduled repayment date, it also became default and the amount become immediately repayable upon demand. Accordingly, the total defaulted other borrowings as at 31 December 2022 were approximately RMB381,000,000.

On discovery of the default, the Directors informed the lender and commenced a renegotiation of the terms of the other borrowings with the relevant lender. As at 31 December 2022, those negotiations had not been concluded. Since the lender had not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan was classified as a current liability as at 31 December 2022. Up to the date of approval for issuance of the consolidated financial statements for the Year, the negotiations are still in progress. The Group offered a revised repayment proposal to the relevant lender and such proposal had been reviewed by them. The Directors are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the Directors believe that adequate alternative sources of finance from Xiwang Group are available to ensure that there is no threat to the continuing operations of the Group.

23. 計息銀行及其他借款(續)

附註：

截至2022年12月31日止年度，本集團拖欠已於2022年9月30日到期的已擔保抵押債券本金及利息分別約為人民幣99,521,000元及人民幣12,895,000元。

發現違約後，董事通知債券持有人並開始與相關債券持有人重新協商債券條款。截至2022年12月31日，該等談判尚未完成。至本綜合財務報表獲批准刊發之日，談判仍在進行中。董事相信彼等與債券持有人的談判最終將取得圓滿成功。

截至2022年12月31日止年度，本集團亦未能按預定還款日期償還其他借款本金及利息，分別約為人民幣9,605,000元及人民幣4,732,000元。由於本集團其他借款存在違約條款，此次還款違約觸發了本金總額約為人民幣381,000,000元的其他借款的還款條款。因此，於2022年12月31日，本金約人民幣339,348,000元的其他借款(原合約規定的還款日期為2024年至2028年)從非流動負債重分類為流動負債，因為該等款項為須按要求立即償還。此外，本集團有一筆本金約人民幣41,652,000元的貸款，計劃於2022年12月31日起一年內償還，並分類為流動負債。由於未按預定還款日期償還上述款項，因此亦成為違約，該金額須按要求立即償還。因此，於2022年12月31日拖欠的其他借款總額約為人民幣381,000,000元。

發現違約後，董事通知貸款人並開始與相關貸款人重新協商其他借款的條款。於2022年12月31日，該等談判尚未完成。由於貸款人未同意於報告期末放棄其要求即時付款的權利，該貸款於2022年12月31日分類為流動負債。截至本綜合財務報表獲批准刊發之日，談判仍在進行中。本集團向相關貸款人提出經修訂的還款建議，該建議已獲彼等審閱。董事相信彼等與貸款人的談判最終將取得圓滿成功。在任何情況下，倘貸款人要求立即償還貸款，董事相信西王集團可提供充足的替代資金來源，以確保不會對本集團的持續經營構成威脅。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Financial assets at FVTOCI 按公平值計入其他全面收益的金融資產 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Unrealised profits 未變現溢利 RMB'000 人民幣千元	Provision for ECL on trade and other receivables 貿易及其他應收款項之預期信貸虧損撥備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於2021年1月1日	2,973	11,007	2,288	385	16,653
Disposal of a subsidiary (note 38)	出售一間附屬公司(附註38)	-	(3,358)	-	-	(3,358)
Credited/(charged) to profit or loss during the year (note 10)	於本年度在損益表抵免/(扣除)的遞延稅項(附註10)	-	37,516	(2,288)	1,356	36,584
Charged to other comprehensive income during the year	於本年度在其他全面收益表扣除的遞延稅項	(1,410)	-	-	-	(1,410)
At 31 December 2021	於2021年12月31日	1,563	45,165	-	1,741	48,469
Credited/(charged) to profit or loss during the year (note 10)	於本年度在損益表抵免/(扣除)的遞延稅項(附註10)	-	318,127	-	(629)	317,498
Credited to other comprehensive income during the year	於本年度在其他全面收益表抵免的遞延稅項	2,261	-	-	-	2,261
At 31 December 2022	於2022年12月31日	3,824	363,292	-	1,112	368,228

24. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

遞延稅項資產

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

24. DEFERRED TAX (Continued)

Deferred tax liabilities

		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
At 1 January	於1月1日	33,569	33,328
Deferred tax in respect of withholding tax on the distributable profits (credited)/charged during the year (note 10)	於本年度(抵免)/扣除的可分派溢利之遞延稅項預扣稅(附註10)	(18,690)	241
At 31 December	於12月31日	14,879	33,569

Pursuant to the CIT Law effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in PRC. A lower withholding tax rate may be applied if there is a tax treaty between PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividend distributed by those subsidiaries established in PRC in respect of earnings generated from after 31 December 2017.

At 31 December 2022, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB785,187,000 (2021: RMB671,784,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Group had unused tax losses arising in Hong Kong of approximately RMB70,821,000 as at 31 December 2022 (2021: RMB67,621,000), that are available for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised as at the end of the reporting period in respect of the tax losses as the directors of the Company consider that it is uncertain whether future profits will be available against which tax losses can be utilised in the foreseeable future.

24. 遞延稅項(續)

遞延稅項負債

根據於2008年1月1日生效的企業所得稅法，向在中國成立的外商投資企業的外國投資者宣派的股息須徵收10%預扣稅。倘中國與外國投資者司法權區之間訂立稅務條約，較低的預扣稅率可能適用。本集團的適用稅率為5%。因此，本集團須負責為其於中國成立的該等附屬公司就2017年12月31日後產生的盈利所分派的股息繳付預扣稅。

於2022年12月31日，與附屬公司未分派盈利有關且並無確認遞延稅項負債的暫時差額總額為人民幣785,187,000元(2021年：人民幣671,784,000元)。概無負債就該等差額獲確認，乃由於本集團有能力控制撥回暫時差額的時間及該等差額於可見將來可能不會獲撥回。

於2022年12月31日，本集團於香港產生未動用稅項虧損約人民幣70,821,000元(2021年：人民幣67,621,000元)，可用於抵銷產生虧損的本公司未來應課稅利潤。就稅項虧損而言，遞延稅項資產於報告期末尚未確認，因為本公司董事認為，於可見未來是否有可用於抵銷稅項虧損的未來利潤尚不確定。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

25. OTHER LONG TERM PAYABLE

On 23 December 2015, the Company, Xiwang Metal Science and Zouping Finance Bureau entered into an investment agreement with China Development Fund Company Limited (“**CD Fund**”) (國開發基金有限公司). Pursuant to the investment agreement, CD Fund invested RMB161,000,000 in Xiwang Metal Science. Based on the terms of the investment agreement, CD Fund has the right to request Zouping Finance Bureau to purchase the equity interest of the Company owned by CD Fund within 15 years. The Company shall pay CD Fund quarterly dividends at an annual rate of return amounting to 1.2% of the capital investment. Based on the terms of the investment agreement, Xiwang Metal Science, which is a subsidiary of the Company, has a contractual obligation to CD Fund in the event of uncertain future events such as liquidation, dissolution or termination of the Company that are beyond the control of the Group. As Xiwang Metal Science does not have the unconditional right to avoid delivering cash, the capital investment of RMB161,000,000 made by CD Fund to the Company was recorded as a financial liability. During the year ended 31 December 2020, capital investment of RMB31,000,000 was repaid by the Group.

26. SHARE CAPITAL

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Issued and fully paid:	已發行及繳足：		
2,369,110,999 (2021: 2,369,110,999)	2,369,110,999股(2021年：		
ordinary shares	2,369,110,999股)普通股	1,369,681	1,369,681

25. 其他長期應付款項

於2015年12月23日，本公司、西王金屬科技及鄒平市財政局與國開發基金有限公司(「**國開基金**」)訂立投資協議。根據該投資協議，國開基金向西王金屬科技注資人民幣161,000,000元。根據該投資協議的條款，國開基金在15年內有權要求鄒平市財政局收購國開基金於本公司之股權。本公司應按1.2%的注資年回報率按季度向國開基金支付股息。根據該投資協議的條款，作為本公司附屬公司的西王金屬科技在本公司發生清盤、結算或結業等本集團無法控制的不確定未來事件時對國開基金有合約義務。由於西王金屬科技並無無條件權利避免提供現金，國開基金向本公司作出之人民幣161,000,000元的注資被記錄為金融負債。截至2020年12月31日止年度，本集團已償還人民幣31,000,000元的注資。

26. 股本

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include any employees of the Group, any non-executive directors (including independent non-executive directors) and any suppliers and customers of the Group, as absolutely determined by the directors. The Scheme became effective on 3 September 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and may commence on the date of grant of the share options and end on a date which is not later than ten years from the date of grant of the share options.

27. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，以向為本集團營運取得成功作出貢獻的合資格參與者提供激勵及獎勵。該計劃的合資格參與者包括本集團任何僱員、任何非執行董事(包括獨立非執行董事)及本集團任何供應商及客戶，由董事全權酌情釐定。該計劃於2014年9月3日生效，除非被取消或修訂，將由該日起計十年內一直有效。

根據該計劃及本公司任何其他計劃已授出但尚未行使的所有已發行購股權獲行使時，將予發行的股份的最高數目不得超過本公司不時已發行股份的30%。該計劃每名合資格參與者於任何十二個月期間所獲授購股權項下可予發行的股份最高數目，以本公司不時已發行股份的1%為限。進一步授出超過該限額的購股權須經股東於股東大會上批准。

向本公司董事、最高行政人員或主要股東或彼等任何聯繫人授出購股權均須事先經獨立非執行董事批准。此外，如於任何十二個月期間內，向本公司主要股東或獨立非執行董事或彼等任何聯繫人授出購股權，且超逾本公司不時已發行股份0.1%或總額(根據授出日期本公司股份的價格計算)超逾五百萬港元，均須事先經股東於股東大會上批准。

授出購股權的要約可於要約日期起計28日內接納，承授人於接納時須支付合共1港元的象徵式代價。所授出購股權的行使期由董事釐定，並可於購股權授出日期開始，並在不遲於購股權授出日期起計十年當日終止。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

27. SHARE OPTION SCHEME (Continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the stock exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average stock exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of equity-settled share options granted was estimated as at the date of grant using the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Options granted on 12 April 2017:

Dividend yield (%)	–
Expected volatility (%)	46
Risk-free interest rate (%)	1.18
Expected life of options (years)	1.00 – 5.00

27. 購股權計劃(續)

購股權的行使價由董事釐定，但不得低於以下各項之最高者：(i)本公司股份於購股權授出日期在聯交所的收市價；(ii)本公司股份於緊接授出日期前五個交易日在聯交所的平均收市價；及(iii)股份的面值。

購股權並無賦予持有人權利收取股息或於股東大會上投票。

向僱員授出之購股權之公平值乃於授出日期使用二項式期權計價模式作出估計，並計及購股權授出時之條款及條件。下表載列該模式所用輸入數據：

於2017年4月12日授出的購股權：

股息率 (%)	–
預期波幅 (%)	46
無風險利率 (%)	1.18
購股權之預計年期 (年)	1.00 – 5.00

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

27. SHARE OPTION SCHEME (Continued)

As at 31 December 2022 and 2021, the following share options were outstanding under the Scheme of the Company during the year:

27. 購股權計劃(續)

於2022年及2021年12月31日，年內本公司該計劃下尚未行使的購股權如下所示：

Date of grant	授出日期	Number of share options					As at 31 December 2022	Exercise price per share
		As at 1 January 2022	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2022		
		於2022年1月1日	年內授出	年內行使	年內失效	於2022年12月31日	每股行使價HKD 港元	
12 April 2017	2017年4月12日	200,000	-	-	(200,000)	-	1.380	
Total	總計	200,000	-	-	(200,000)	-		

Date of grant	授出日期	Number of share options					As at 31 December 2021	Exercise price per share
		As at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2021		
		於2021年1月1日	年內授出	年內行使	年內失效	於2021年12月31日	每股行使價HKD 港元	
25 August 2016	2016年8月25日	3,766,667	-	-	(3,766,667)	-	0.730	
12 April 2017	2017年4月12日	200,000	-	-	-	200,000	1.380	
Total	總計	3,966,667	-	-	(3,766,667)	200,000		

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

27. SHARE OPTION SCHEME (Continued)

No share options were exercised during the year (2021: Nil).

No share option was granted during the years ended 31 December 2022 and 2021.

At the date of approval of these financial statements, the Company had no (2021: 200,000) share option outstanding under the Scheme, which represented approximately 0% (2021: 0.01%) of the Company's shares in issue as at that date.

28. RESERVES

- (a) In accordance with PRC Company Law and the respective articles of association of the subsidiaries registered in PRC (the "PRC Subsidiaries"), each of PRC Subsidiaries is required to appropriate 10% of its annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of such reserve fund reaches 50% of each entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase the capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.
- (b) In accordance with the regulation regarding safety production expenditures jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, the subsidiaries of the Group engaging in the covered industries were required to accrue the safety production expenditures according to their sales of the previous year in a progressive way. The special reserve should be used to improve the production safety of these subsidiaries.
- (c) The Group's other reserve includes the deemed contribution from the Company's ultimate holding company's borrowings.

27. 購股權計劃(續)

並無購股權於年內獲行使(2021年：無)。

截至2022年及2021年12月31日止年度並無授出任何購股權。

於批准此等財務報表當日，本公司在該計劃項下沒有(2021年：200,000)尚未行使的購股權，相當於該日本公司已發行股份約零%(2021年：0.01%)。

28. 儲備

- (a) 根據2021中國公司法及於中國註冊的附屬公司(「中國附屬公司」)各自的組織章程細則，各中國附屬公司須將年度法定除稅後純利抵銷以往年度的任何虧損後約10%撥入法定盈餘儲備。該儲備金結餘達到各實體資本的50%時，可選擇是否繼續撥入該儲備。法定盈餘儲備可用作抵銷以往年度的虧損或增加資本。然而，將法定盈餘儲備用於上述用途後的餘額，最低限度須維持在資本的25%。
- (b) 根據財政部及國家安全生產監督管理總局於2012年2月14日聯合頒佈的安全生產企業管理辦法，本集團從事所覆蓋行業的附屬公司須根據上一個年度的銷售以漸進方式計提安全生產支出。有關特別儲備應用於改善該等附屬公司的安全生產。
- (c) 本集團的其他儲備包括視作來自本公司最終控股公司借款的貢獻。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

29. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

Bills discounted

As at 31 December 2022, certain bills receivable within the Group were discounted by two banks and certain companies in PRC (the “Discounted Bills”) with carrying amounts of RMB683,700,000 (2021: RMB752,000,000). In the opinion of the directors, the Group had retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, advances from the discounting of the Group’s Discounted Bills had been accounted for as interest-bearing bank and other borrowings in the consolidated statement of financial position. The aggregate carrying amount of the Discounted Bills as at 31 December 2022 was RMB683,700,000 (2021: RMB752,000,000) and the carrying amount of bank advances on the Discounted Bills as at 31 December 2022 was RMB669,793,000 (2021: RMB729,996,000).

Financial assets that are derecognised in their entirety

Bills discounted

As at 31 December 2022, certain bills receivable were discounted by two banks in PRC with a carrying amount of RMB31,600,000 (2021: RMB281,506,000). In the opinion of the directors, the Group had transferred substantially all risks and rewards relating to the Discounted Bills. Accordingly, it had derecognised the full carrying amount of the Discounted Bills. The maximum exposure to loss from the Group’s continuing involvement in the Discounted Bills and the undiscounted cash flows to repurchase these Discounted Bills was equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s continuing involvement in the Discounted Bills were not significant.

During the year ended 31 December 2022, losses were recognised in “finance costs” on the date of transfer of the Discounted Bills of RMB30,157,000 (2021: RMB51,210,000). No gains or losses were recognised from the continuing involvement, both during the year or cumulatively.

29. 轉讓金融資產

未全數終止確認的已轉移金融資產

票據貼現

於2022年12月31日，中國兩間銀行及若干公司貼現賬面值為人民幣683,700,000元(2021年：人民幣752,000,000元)的本集團若干應收票據(「貼現票據」)。董事認為本集團持有重大風險及回報，包括有關貼現票據的違約風險。因此，來自貼現本集團貼現票據之墊款於綜合財務狀況表中列為計息銀行及其他借款。於2022年12月31日，貼現票據的賬面總值為人民幣683,700,000元(2021年：人民幣752,000,000元)，於2022年12月31日，貼現票據之銀行墊款的賬面值為人民幣669,793,000元(2021年：人民幣729,996,000元)。

全數終止確認的金融資產

票據貼現

於2022年12月31日，中國兩間銀行貼現賬面值為人民幣31,600,000元(2021年：人民幣281,506,000元)的若干應收票據。董事認為，本集團已轉讓與貼現票據有關的絕大部分風險及回報。因此，本公司已終止確認貼現票據的所有賬面值。本集團持續參與貼現票據及購回該等貼現票據的未貼現現金流量的最大虧損風險相等於其賬面值。董事認為，本集團持續參與貼現票據的公平值並不重大。

截至2022年12月31日止年度，本公司於轉讓貼現票據當日在「融資成本」中確認虧損人民幣30,157,000元(2021年：人民幣51,210,000元)。於年內並無就持續參與確認收益或虧損或確認累計收益或虧損。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

30. 綜合現金流量表附註

(a) 融資活動負債之變動

下表詳細說明本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債指於本集團綜合現金流量表內分類為融資活動所產生之現金流量或未來現金流量之負債。

		Bank and other loans 銀行及 其他貸款 RMB'000 人民幣千元 (note 23) (附註 23)	Lease liabilities 租賃負債 RMB'000 人民幣千元 (note 14(b)) (附註 14(b))	Amount due to the ultimate holding company 應付最終 控股公司款項 RMB'000 人民幣千元 (note 34(d)(ii)) (附註 34(d)(ii))	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於 2021 年 1 月 1 日	4,229,291	1,075	447	4,230,813
Changes from financing cash flows	融資現金流量變動	(868,906)	(621)	(4)	(869,531)
Exchange realignment	匯兌調整	(26,857)	(15)	-	(26,872)
Accrual interest	應計利息	(48,298)	-	-	(48,298)
Interest expense	利息開支	289,429	40	4	289,473
At 31 December 2021	於 2021 年 12 月 31 日	3,574,659	479	447	3,575,585
Changes from financing cash flows	融資現金流量變動	761,299	(497)	-	760,802
Exchange realignment	匯兌調整	34,981	(8)	-	34,973
Accrual interest	應計利息	(131,603)	-	-	(131,603)
Interest expense	利息開支	238,022	26	-	238,048
At 31 December 2022	於 2022 年 12 月 31 日	4,477,358	-	447	4,477,805

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within operating activities	於經營活動內	1,062	5,116
Within financing activities	於融資活動內	497	621
		1,559	5,737

31. CONTINGENT LIABILITIES

On 4 January 2016, the Company entered into a guarantee agreement with Xiwang Group Company with a term of three years commencing from 4 January 2016, pursuant to which the Company will provide Xiwang Group Company and its subsidiaries other than the Group (the “**Relevant Subsidiaries**”) with guarantee services (the “**Guarantee Agreement**”). On 19 January 2021, the Company entered into a supplementary guarantee agreement with Xiwang Group Company to revise the terms and conditions.

30. 綜合現金流量表附註(續)

(b) 租賃之現金流出總額

計入綜合現金流量表之租賃之現金流出總額如下：

31. 或然負債

於2016年1月4日，本公司與西王集團公司訂立自2016年1月4日起為期三年的擔保協議，據此，本公司將向西王集團公司及其附屬公司(本集團除外)(「**相關附屬公司**」)提供擔保服務(「**擔保協議**」)。於2021年1月19日，本公司與西王集團公司訂立補充擔保協議，以修訂條款及條件。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

31. CONTINGENT LIABILITIES (Continued)

Pursuant to the Guarantee Agreement, the Company shall undertake to guarantee and bear any obligations and liabilities of Xiwang Group Company and the Relevant Subsidiaries provided under the loan agreement to be entered into between the lenders and Xiwang Group Company and/or the Relevant Subsidiaries subject to the terms of the specific guarantee agreements to be entered into between the lenders and the Company. The guarantee amount to be provided by the Company to Xiwang Group Company and the Relevant Subsidiaries under the Guarantee Agreement (the “**Guarantee Amount**”) shall not exceed the aggregate amount due from the Group to Xiwang Group Company and the Relevant Subsidiaries (including but not limited to the borrowings provided by Xiwang Group to the Group) and the aggregate amount of the Group’s borrowings which is guaranteed and/or secured by Xiwang Group Company and the Relevant Subsidiaries, less the aggregate amount due from Xiwang Group Company and the Relevant Subsidiaries to the Group (including but not limited to the deposits placed by the Group with Xiwang Finance) (the “**Outstanding Amount**”) and shall be subject to the maximum cap of RMB5 billion. For all the guarantee amount provided by the Group to the lenders, Xiwang Group would have provided a counter guarantee to the Group.

Any borrowings to be repaid by the Company for and on behalf of Xiwang Group Company (and the Relevant Subsidiaries) pursuant to the Guarantee Agreement shall be offset by the borrowings payable by the Company to Xiwang Group, or as other amounts payable by the Company to Xiwang Group Company or the Relevant Subsidiaries.

31. 或然負債(續)

根據擔保協議，本公司承諾就西王集團公司及相關附屬公司於放款人與西王集團公司及／或相關附屬公司將予訂立的貸款協議中訂明的任何責任及負債作出擔保及承擔，惟須受放款人與本公司將予訂立的特定擔保協議的條款所規限。本公司根據擔保協議向西王集團公司及相關附屬公司提供的擔保金額(「**擔保金額**」)不得超過本集團欠負西王集團公司及相關附屬公司的款項總額(包括但不限於西王集團向本集團提供的借款)加由西王集團公司及相關附屬公司提供擔保及／抵押的本集團借款總額減西王集團公司及相關附屬公司欠負本集團的款項總額(包括但不限於本集團在西王財務存放的存款)(「**未償還金額**」)，並受限於上限人民幣50億元。對於本集團向放款人提供的所有擔保款項，西王集團將向本集團提供一次反擔保。

本公司根據擔保協議代表西王集團公司(及相關附屬公司)償還的任何借款，將以本公司應付西王集團的借款或本公司應付西王集團公司或相關附屬公司的其他款項抵銷。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

31. CONTINGENT LIABILITIES (Continued)

As at 31 December 2022 and 2021, contingent liabilities not provided for in the financial statements in respect of the Guarantee Amount were as follows:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Guarantees given to banks in connection with facilities:	給予銀行有關融資之擔保：		
Granted to Xiwang Group Company	授予西王集團公司	1,400,000	1,400,000
Granted to the Relevant Subsidiaries	授予相關附屬公司	2,768,500	2,790,000
		4,168,500	4,190,000

As at 31 December 2022, the Outstanding Amount was Nil (2021: RMB3,489,130,000). The Guarantee Amount exceeded the Outstanding Amount by RMB384,800,000 as at the reporting date.

於2022年及2021年12月31日，財務報表內就擔保金額未進行撥備之或然負債如下：

於2022年12月31日，未償還金額為零(2021年：人民幣3,489,130,000元)。截至報告日期，擔保金額超出未償還金額人民幣384,800,000元。

32. PLEDGE OF ASSETS

Details of the Group's assets pledged for the bills payable, interest-bearing and other borrowings of the Group, ultimate holding company and fellow subsidiaries, and the counter guarantee are included in notes 13, 14(a) and 20 to the consolidated financial statements.

32. 資產抵押

有關就本集團、最終控股公司及同系附屬公司的應付票據、計息及其他借款以及就反擔保抵押的本集團資產之詳情載於綜合財務報表附註13、14(a)及20。

33. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及設備	557,413	577,209

本集團於報告期末擁有以下資本承擔：

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Notes	2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Rental expenses to Xiwang Group Company	付予西王集團公司的租金開支	34(a)(i)	107	183
Rental expenses to a fellow subsidiary	付予一間同系附屬公司的租金開支	34(a)(i)		
– Lease of land	– 土地租賃		720	720
Guarantee fee received from Xiwang Group Company	向西王集團公司收取的擔保費	34(a)(viii)	3,306	–
Delivery service fees to a fellow subsidiary	付予一間同系附屬公司的運送服務費	34(a)(i)		
– Delivery of steel	– 運送鋼材		1,399	3,133
– Delivery of ore-powder	– 運送礦粉		884	5,571
Interest expenses on borrowings from Xiwang Group Company	來自西王集團公司借款的利息開支	34(a)(ii)	–	4
Interest expenses on borrowings from Xiwang Finance	來自西王財務借款的利息開支	34(a)(iii)	2,166	2,067
Interest on discounted bills paid to Xiwang Finance	已付西王財務貼現票據的利息	34(a)(iii)	–	43
Interest income from Xiwang Finance	來自西王財務的利息收入	34(a)(iii)	3,653	2,932
Sale of steam to a fellow subsidiary	向一間同系附屬公司出售蒸汽	34(a)(iv)	27,671	22,672
Sale of heat energy to two fellow subsidiaries	向兩間同系附屬公司出售熱能	34(a)(iv)	1,291	1,439
			28,962	24,111
Sale of water to fellow subsidiaries	向同系附屬公司出售水	34(a)(iv)	8,636	8,368
Purchase of diesel oil from a fellow subsidiary	向一間同系附屬公司購買柴油	34(a)(v)	16,138	13,019
Purchase of water from a fellow subsidiary	向一間同系附屬公司購買水	34(a)(v)	1,098	1,415
Purchase of scrap from fellow subsidiaries	向同系附屬公司購買廢鋼	34(a)(v)	953	1,100
Purchase of electricity through a fellow subsidiary	透過一間同系附屬公司購買電力	34(a)(vi)	872,874	969,158
Bills acceptance service from Xiwang Finance	來自西王財務的票據承兌服務	34(a)(vii)	659,100	578,800

34. 重大關聯方交易及結餘

(a) 除該等財務報表其他地方披露的交易詳情外，本集團於年內與關聯方進行的交易如下：

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(a) (Continued)

- (i) The rental expenses to Xiwang Group Company and the rental expenses and delivery service fees to a fellow subsidiary were charged at rates based on mutual agreements between both parties.
- (ii) The interest expenses to Xiwang Group Company for the year amounted to Nil (2021: RMB4,000) (note 7).
- (iii) Details of deposits and the interest-bearing borrowings from Xiwang Finance are disclosed in notes 20 and 23 to the consolidated financial statements. The interest expenses to Xiwang Finance for the year amounted to RMB2,166,000 (2021: RMB2,067,000) (note 7).
- (iv) The selling prices of steam, steel, heat energy and water offered to fellow subsidiaries were mutually agreed between both parties.
- (v) The purchase prices of diesel oil, water and scrap from fellow subsidiaries were mutually agreed between both parties.
- (vi) The electricity was purchased through a fellow subsidiary as an agent of the local power bureau. The purchase prices of electricity were mutually agreed between both parties. The Group paid the fellow subsidiary with a total amount of RMB872,874,000 (2021: RMB969,158,000) for electricity consumption. The Group entered into the new agreement during the year ended 31 December 2022.
- (vii) The bills discounting and bills acceptance services from Xiwang Finance for the year amounted to RMBNil and RMB659,100,000 (2021: Nil and RMB578,800,000) respectively.
- (viii) The guarantee fee from Xiwang Group Company was charged on 0.5% per annum of the Outstanding Amount payable by Xiwang Group to the Group for the amount exceeding the aggregate outstanding amount due from the Group to Xiwang Group.

34. 重大關聯方交易及結餘(續)

(a) (續)

- (i) 付予西王集團公司的租金開支及付予一間同系附屬公司的租金開支及運送服務費乃按雙方相互協定之價格收取。
- (ii) 年內付予西王集團公司的利息開支為零(2021年：人民幣4,000元)(附註7)。
- (iii) 有關存放於西王財務的存款及來自西王財務的計息借款之詳情於綜合財務報表附註20及23披露。年內付予西王財務的利息開支為人民幣2,166,000元(2021年：人民幣2,067,000元)(附註7)。
- (iv) 售予同系附屬公司的蒸汽、鋼材、熱能及水之價格乃經雙方相互協定。
- (v) 向同系附屬公司購買柴油、水及廢鋼之價格乃經雙方相互協定。
- (vi) 電力乃透過一間同系附屬公司(作為地方電力局的代理)購買。電力購買價由雙方協定。本集團就電力消耗向同系附屬公司支付合共人民幣872,874,000元(2021年：人民幣969,158,000元)。本集團於截至2022年12月31日止年度已訂立新協議。
- (vii) 年內來自西王財務的票據貼現及票據承兌服務分別為人民幣零元及人民幣659,100,000元(2021年：零及人民幣578,800,000元)。
- (viii) 西王集團公司的擔保費乃按西王集團公司應付本集團的未償還款項的0.5%年利率收取的，金額超過本集團應收西王集團的未償還款項總額。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(b) Other related party transactions

- (i) Certain bills payable are guaranteed by certain related parties as follows:

		2022	2021
		2022年	2021年
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Xiwang Group Company, Mr. Wang Yong, a controlling shareholder of the Company and Mr. Wang Di, the Chairman during the year, jointly and severally	21	33,116	313,116
西王集團公司、 控股股東 王勇先生及主席 王棣先生於年內共同 和各別			

34. 重大關聯方交易及結餘(續)

(b) 其他關聯方交易

- (i) 若干應付票據由以下若干關聯方作出擔保如下：

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(b) Other related party transactions

(Continued)

- (ii) Certain interest-bearing borrowings are guaranteed by certain related parties as follows:

34. 重大關聯方交易及結餘(續)

(b) 其他關聯方交易(續)

- (ii) 若干計息借款由以下若干關聯方作出擔保如下：

			2022	2021
		Note	2022年	2021年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
Mr. Wang Yong	王勇先生	23	258,925	241,192
Certain ordinary shares of a fellow subsidiary	一間同系附屬公司之若干普通股份			
Certain convertible preference shares of a fellow subsidiary	一間同系附屬公司之若干可換股優先股	23	601,790	649,790
Xiwang Group Company	西王集團公司			
Mr. Wang Di and Ms. Su Xin (spouse of Mr. Wang Di) jointly and severally	王棣先生及蘇欣女士(王棣先生之配偶)共同和各別			
Mr. Wang Yong and Ms. Zhang Shufang (spouse of Mr. Wang Yong) jointly and severally	王勇先生及張樹芳女士(王勇先生的配偶)共同和各別			
Certain land and buildings from fellow subsidiaries	來自同系附屬公司之若干土地及樓宇			
Certain machinery and equipment from a fellow subsidiary	來自一間同系附屬公司之若干機器及設備			
Certain shares of fellow subsidiaries	同系附屬公司之若干股份	23	488,140	1,068,550
Xiwang Group Company	西王集團公司			
Xiwang Group Company and a fellow subsidiary	西王集團公司及一間同系附屬公司	23	303,023	304,064
Xiwang Group Company, Mr. Wang Yong and Mr. Wang Di jointly and severally	西王集團公司、王勇先生及王棣先生共同和各別	23	2,444,480	714,116
Mr. Wang Yong and Mr. Wang Di jointly and severally	王勇先生及王棣先生共同和各別	23	381,000	382,000
			4,477,358	3,359,712

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(b) Other related party transactions

(Continued)

- (iii) The Group provided guarantee services to Xiwang Group Company and the Relevant Subsidiaries during the years ended 31 December 2022 and 2021, details of which are included in note 31 to the consolidated financial statements.
- (iv) At 31 December 2022, as part of the guarantee services provided by the Group to Xiwang Group Company and the Relevant Subsidiaries as disclosed in note 34(b)(iii) above, certain of the Group's buildings, leaseholds land and machinery and equipment with net carrying amounts of approximately RMB860,717,000 (2021: RMB1,317,709,000) (note 13), RMB84,404,000 (2021: RMB86,605,000) (note 14) and 323,611,000 (2021: RMB357,216,000) (note 13) were pledged to secure other borrowings of RMB956,500,000 (2021: RMB978,000,000) of fellow subsidiaries.
- (v) At 31 December 2022, as part of the guarantee services provided by the Group to Xiwang Group Company and the Relevant Subsidiaries as disclosed in note 34(b)(iii) above, 95.6% (2021: 99.10%) equity interests of the subsidiary, Xiwang Special Steel Company Limited, the PRC subsidiary, have been pledged for other borrowings of fellow subsidiaries of RMB804,000,000 (2021: RMB804,000,000) (note 1).

34. 重大關聯方交易及結餘(續)

(b) 其他關聯方交易(續)

- (iii) 於截至2022年及2021年12月31日止年度，本集團向西王集團公司及相關附屬公司提供擔保服務，詳情載於綜合財務報表附註31。
- (iv) 於2022年12月31日，作為本集團向西王集團公司及相關附屬公司提供的擔保服務之一部分(如上文附註34(b)(iii)所披露)，本集團若干樓宇、租賃土地及機器以及設備(賬面淨值約為人民幣860,717,000元(2021年：人民幣1,317,709,000元)(附註13)、人民幣84,404,000元(2021年：人民幣86,605,000元)(附註14)及人民幣323,611,000元(2021年：人民幣357,216,000元)(附註13))已抵押作為同系附屬公司為數人民幣956,500,000元(2021年：人民幣978,000,000元)的其他借款之抵押品。
- (v) 於2022年12月31日，作為本集團向西王集團公司及相關附屬公司提供的擔保服務之一部分(如上文附註34(b)(iii)所披露)，中國附屬公司西王特鋼有限公司95.6%(2021年：99.10%)的股權已作為同系附屬公司的其他借款人民幣804,000,000元(2021年：人民幣804,000,000元)的抵押(附註1)。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(b) Other related party transactions (Continued)

- (vi) At 31 December 2022, as part of the guarantee services provided by the Group to Xiwang Group Company and the Relevant Subsidiaries as disclosed in note 34(b)(iii) above, 100% (2021: 100%) equity interests of the subsidiary, Xiwang Metal Science, have been pledged for other borrowings of the ultimate holding company of RMB1,400,000,000 (2021: RMB1,400,000,000) (note 1).

(c) Commitments with related parties

The Group leases certain land from Xiwang Group Company and leases certain land and vehicles from a fellow subsidiary under short-term leases. The total amounts of lease of land from a fellow subsidiary for the year are disclosed in note 34(a)(i) to the consolidated financial statements.

34. 重大關聯方交易及結餘(續)

(b) 其他關聯方交易(續)

- (vi) 於2022年12月31日，作為本集團向西王集團公司及相關附屬公司提供的擔保服務之一部分(如上文附註34(b)(iii)所披露)，附屬公司西王金屬科技100%(2021年：100%)的股權已作為最終控股公司的其他借款人民幣1,400,000,000元(2021年：人民幣1,400,000,000元)的抵押(附註1)。

(c) 關聯方承擔

本集團根據短期租賃向西王集團公司租賃若干土地並向一間同系附屬公司租賃若干土地及車輛。年內向一間同系附屬公司租賃土地的總金額於綜合財務報表附註34(a)(i)中披露。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(d) Outstanding balances with related parties

- (i) The Group had long term interest-bearing borrowings from Xiwang Finance, a fellow subsidiary, as at 31 December 2022 and 2021. Details of the interest-bearing borrowings from Xiwang Finance are disclosed in note 23 to the consolidated financial statements.

The Group had certain deposits placed with Xiwang Finance as at 31 December 2022 and 2021. Details of the deposits in Xiwang Finance are disclosed in note 20 to the consolidated financial statement.

- (ii) The balance of the Group's borrowings of approximately RMB447,000 (2021: RMB447,000) from its ultimate holding company on 31 December 2022 and 2021 is unsecured and repayable on demand.
- (iii) Details of the Group's outstanding balances due from its fellow subsidiaries are included in note 18 and note 19 to the consolidated financial statements.
- (iv) Details of the Group's outstanding balances due to its fellow subsidiaries are included in note 21 and note 22 to the consolidated financial statements.

34. 重大關聯方交易及結餘(續)

(d) 與關聯方的未償還結餘

- (i) 於2022年及2021年12月31日，本集團持有來自同系附屬公司西王財務的長期計息借款。有關來自西王財務計息借款之詳情於綜合財務報表附註23中披露。

於2022年及2021年12月31日，本集團有若干存款放置於西王財務，有關放置於西王財務的存款詳情於綜合財務報表附註20中披露。

- (ii) 本集團於2022年及2021年12月31日自其最終控股公司借取的借款約人民幣447,000元(2021年：人民幣447,000元)的餘額為無抵押及按要求償還。
- (iii) 本集團應收其同系附屬公司未償還結餘之詳情載於綜合財務報表附註18及附註19。
- (iv) 本集團應付其同系附屬公司未償還結餘之詳情載於綜合財務報表附註21及附註22。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

34. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(e) Compensation of key management personnel of the Group:

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Employee benefit expenses	僱員福利開支	5,676	6,842
Pension scheme contributions	退休金計劃供款	181	189
Total compensation paid to key management personnel	支付予主要管理人員的 薪酬總額	5,857	7,031

Further details of directors' emoluments are included in note 8 to the consolidated financial statements.

The related party transactions in respect of note (a) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. 重大關聯方交易及結餘(續)

(e) 本集團主要管理人員的 薪酬如下：

董事薪酬的其他詳情載於綜合財務報表附註8。

上文附註(a)的關聯方交易亦屬於上市規則第十四A章所定義的持續關連交易。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

35. 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:

Financial assets 2022

35. 按類別劃分的金融工具

各類金融工具於報告期末的賬面值載列如下：

金融資產 2022年

	Equity investments at FVTOCI 按公平值計入 其他全面收益 之權益投資 RMB'000 人民幣千元	Financial assets at amortised cost 按攤銷 成本列賬的 金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Equity investments at FVTOCI	51,023	-	51,023
Trade receivables	-	31,061	31,061
Financial assets included in prepayments, other receivables and other assets	-	93,768	93,768
Pledged deposits	-	269,466	269,466
Cash and cash equivalents	-	311,599	311,599
	51,023	705,894	756,917

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

35. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

35. 按類別劃分的金融工具(續)

Financial assets

2021

金融資產

2021年

	Equity investments at FVTOCI	Financial assets at amortised cost	Total	
	按公平值計入其他全面收益之權益投資	按攤銷成本列賬的金融資產	總計	
	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	
Equity investments at FVTOCI	按公平值計入其他全面收益之權益投資	66,096	–	66,096
Trade and bills receivables	應收貿易款項及應收票據	–	57,505	57,505
Financial assets included in prepayments, other receivables and other assets	計入預付款項、其他應收款項及其他資產的金融資產	–	148,103	148,103
Pledged deposits	已抵押存款	–	419,272	419,272
Cash and cash equivalents	現金及現金等價物	–	332,182	332,182
		66,096	957,062	1,023,158

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

35. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

35. 按類別劃分的金融工具(續)

Financial liabilities

金融負債

		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade and bills payables (note 21)	應付貿易款項及應付票據 (附註21)	2,235,169	2,254,123
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的 金融負債	519,146	616,773
Borrowings from ultimate holding company (note 34(d)(ii))	來自最終控股公司借款 (附註34(d)(ii))	447	447
Interest-bearing bank and other borrowings (note 23)	計息銀行及其他借款(附註23)	4,477,358	3,574,659
Other long term payable (note 25)	其他長期應付款項(附註25)	130,000	130,000
Dividend payables	應付股息	290,369	290,369
Lease liabilities (note 14(b))	租賃負債(附註14(b))	-	479
Total	總計	7,652,489	6,866,850

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments approximate to their fair values.

Management has assessed that the fair values of bank balances, pledged deposits, trade and bills receivables, other receivables and other assets, trade and bills payables, other payables and accruals, dividend payables, borrowings from the ultimate holding company and the current portion of interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the executive vice president and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the executive vice president. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of borrowings of interest-bearing bank and other borrowings and other long term payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for borrowings from the ultimate holding company, interest-bearing bank and other borrowings and other long term payable as at 31 December 2022 and 2021 were assessed to be insignificant.

36. 金融工具的公平值及公平值等級

本集團及本公司金融工具的賬面值與其公平值相若。

管理層已評估銀行結餘、已抵押存款、應收貿易款項及應收票據、其他應收款項及其他資產、應付貿易款項及應付票據、其他應付票據及應計費用、應付股息、來自最終控股公司的借款以及計息銀行及其他借款的流動部分的到期日較短，故該等工具的公平值與其各自的賬面值相若。

本集團以財務經理為首的財政部門負責釐定金融工具之公平值計量的政策及程序。財政部門直接向執行副總裁及審核委員會報告。於各報告日，財政部門分析金融工具價值的變動並確定估值所用的主要輸入數據。該估值由執行副總裁審閱及批准，並與審核委員會一年兩次就中期及年度財務報告的估值過程及結果進行討論。

金融資產及負債的公平值按自願雙方(強迫或清盤出售除外)在當前交易下的可交換該工具的金額入賬。下列方法及假設用於估計公平值：

計息銀行及其他借款的非流動部分以及其他長期應付款項的公平值按照對預期未來現金流量使用具有類似條款、信貸風險及餘下到期期限的工具目前適用的比率進行折現來計算。於2022年及2021年12月31日，本集團來自最終控股公司之借款、計息銀行及其他借款及其他長期應付款項的自有違約風險評估所致之公平值變動並不重大。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2022 and 2021, the unlisted equity investment designated at FVTOCI has been estimated using a market-based valuation technique on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price-to-book (“P/B”) ratio (excluding goodwill) multiple, for each comparable company identified. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

As at 31 December 2022 and 2021, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

For the fair value of the unlisted equity investments at FVTOCI, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

36. 金融工具的公平值及公平值等級(續)

於2022年及2021年12月31日，指定為按公平值計入其他全面收益的未上市權益投資使用基於市場的估值技術並假設並不存在可觀察市價或比率予以證明而進行估算。估值要求董事根據行業、規模、槓桿作用及策略釐定可比較公眾公司(同業)，並就每一識別的可比較公司計算適當的價格倍數，如市賬率(「市賬率」)(不包括商譽)倍數。董事認為，記錄在綜合財務狀況表的由估值技術產生的估算公平值和記錄在其他全面收益的公平值相關變動屬合理，並認為該等項目為在報告期末最為適當的價值。

於2022年及2021年12月31日，衍生資產頭寸的市值將扣除衍生品對手方違約風險的信貸估值調整。對手方的信貸風險變化對按公平值確認金融工具並無重大影響。

就按公平值計入其他全面收益之非上市權益投資之公平值而言，管理層估計使用合理可能替代方法作為估值模型輸入數據的潛在影響。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022 and 2021:

	Valuation technique	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 公平值對輸入數據之敏感度
Unlisted equity investment	Valuation multiples	Average P/B ratio multiple of peers (Or Average P/E multiple of peers)	2022: 0.52% (2021: 0.66%)	5% (2021: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB2,551,000 (2021: RMB3,058,000)
非上市權益投資	估值倍數	同業平均市賬率倍數 (或同業平均市盈率倍數)	2022年: 0.52% (2021年: 0.66%)	倍數增加/減少5%(2021年: 5%) 會導致公平值增加/減少 人民幣2,551,000元 (2021年: 人民幣3,058,000元)
		Discount for lack of marketability	2022: 15.80% (2021: 15.80%)	5% (2021: 5%) increase/decrease in discount would result in decrease/increase in fair value by RMB479,000 (2021: RMB620,000)
		缺乏市場流通性折讓	2022年: 15.80% (2021年: 15.80%)	折讓增加/減少5%(2021年: 5%) 會導致公平值減少/增加 人民幣479,000元 (2021年: 人民幣620,000元)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

36. 金融工具的公平值及公平值等級(續)

以下為於2022年及2021年12月31日對金融工具估值之重大不可觀察輸入數據連同定量敏感度分析的概要：

缺乏市場流通性折讓為本集團釐定市場參與者在為投資定價時會考慮的溢價及折讓金額。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

36. 金融工具的公平值及公平值等級(續)

Reconciliation of Level 3 fair value measurements

第三級公平值計量的對賬

		Unlisted equity investment 非上市權益投資 RMB'000 人民幣千元
At 1 January 2021	於2021年1月1日	75,498
Changes in fair value	公平值變動：	
— in other comprehensive income	— 於其他全面收益	(9,402)
At 31 December 2021	於2021年12月31日	66,096
Changes in fair value	公平值變動：	
— in other comprehensive income	— 於其他全面收益	(15,073)
At 31 December 2022	於2022年12月31日	51,023

Included in other comprehensive income is an amount of RMB15,073,000 (2021: RMB9,402,000) relating to unlisted equity investment held at the end of the current reporting period and is reported as changes of fair value reserve.

計入其他全面收益為人民幣15,073,000元(2021年：人民幣9,402,000元)，與於本報告期間末持有的非上市權益投資有關，並列為按公平值計入其他全面收益儲備。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2022

36. 金融工具的公平值及公平值等級(續)

公平值等級

下表顯示本集團金融工具的公平值計量等級：

於2022年12月31日

	Fair value measurement using			Total
	公平值計量採用			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	活躍市場報價(第一級)	重大可觀察輸入數據(第二級)	不可觀察輸入數據(第三級)	總計
	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Equity investments designated at FVTOCI		指定為按公平值計入其他全面收益的權益投資		
	-	-	51,023	51,023

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2021

36. 金融工具的公平值及公平值等級(續)

公平值等級(續)

於2021年12月31日

	Fair value measurement using 公平值計量採用			Total 總計
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3) 重大 不可觀察 輸入數據 (第三級)	
	活躍市場 報價 (第一級)	重大可觀察 輸入數據 (第二級)	重大 不可觀察 輸入數據 (第三級)	總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Equity investments designated at FVTOCI 指定為按公平值計入其他全面收益的權益投資	-	-	66,096	66,096

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.

年內，第一級與第二級之間並無公平值計量的轉撥，亦無就金融資產及金融負債轉入或轉出第三級。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and bills receivable, other receivables and other assets, pledged deposits, bank balances, trade and bill payables, other payables and accruals, dividend payables, lease liabilities, interest-bearing bank and other borrowings, borrowings from the ultimate holding company and other long term payable. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, other price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the fair value interest rate risk in relation to fixed-rate interest-bearing bank and other borrowings, bills receivable and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances.

The Group's policy is to obtain the most favourable interest rate available. The effective interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are set out in note 23 to the consolidated financial statements.

The Group has not used any interest swaps to hedge its exposure to interest rate risk. At the end of the reporting period, all of the Group's interest-bearing bank and other borrowings bore interest at fixed rates and the Group considered interest rate risk is insignificant and thus no sensitivity analysis is presented.

37. 金融風險管理目標及政策

本集團的主要金融工具包括應收貿易款項及應收票據、其他應收款項及其他資產、已抵押存款、銀行結餘、應付貿易款項及應付票據、其他應付款項及應計費用、應付股息、租賃負債、計息銀行及其他借款、來自最終控股公司的借款及其他長期應付款項。該等金融工具之主要目的為籌集資金供本集團經營所需。

本集團金融工具產生的主要風險為利率風險、外幣風險、其他價格風險、信貸風險及流動資金風險。董事會檢討及協定上述各種風險的管理政策並於下文概述。

利率風險

本集團面臨的風險來自定息計息銀行及其他借款、應收票據及租賃負債的公平值利率風險。本集團亦面臨與浮息銀行結餘有關的現金流量利率風險。

本集團的政策是獲得可用的最優惠利率。本集團計息銀行和其他借款的實際利率及還款期載於綜合財務報表附註23。

本集團未曾利用任何利率掉期對沖利率風險。於報告期末，本集團的全部計息銀行及其他借款乃按固定利率計息且利率風險並不重大，故並無呈列敏感性分析。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

Most of the operating income of the Group's business is in RMB and the Group's assets held and all of the committed borrowings of the Group are mainly denominated in RMB, except for certain bank borrowings denominated in Hong Kong dollars and United States dollars held by the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar exchange rates, with all other variables held constant, of the Group's (loss)/profit after tax and the Group's equity.

37. 金融風險管理目標及政策 (續)

外幣風險

本集團業務的大部分經營收入以人民幣計值，且本集團所持資產及本集團所有已承諾借款均主要以人民幣列值，惟本集團持有以港元及美元計值的若干銀行借款除外。

下表列示於報告期末本集團除稅後(虧損)/溢利及本集團權益對美元匯率可能合理地發生的變動的敏感度(倘所有其他變量均保持不變)。

		Increase/ (decrease) in foreign exchange rate 匯率上升/ (下降)	Increase/ (decrease) in post-tax profit 除稅後溢利 增加/(減少) RMB'000 人民幣千元
2022	2022年		
If the United States weakens against the RMB	倘美元兌人民幣貶值	(5%)	6,250
If the United States strengthens against the RMB	倘美元兌人民幣升值	5%	(6,250)
If the Hong Kong dollar weakens against the RMB	倘港元兌人民幣貶值	(5%)	10,988
If the Hong Kong dollar strengthens against the RMB	倘港元兌人民幣升值	5%	(10,988)
2021	2021年		
If the United States weakens against the RMB	倘美元兌人民幣貶值	(5%)	6,134
If the United States strengthens against the RMB	倘美元兌人民幣升值	5%	(6,134)
If the Hong Kong dollar weakens against the RMB	倘港元兌人民幣貶值	(5%)	10,028
If the Hong Kong dollar strengthens against the RMB	倘港元兌人民幣升值	5%	(10,028)

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in equity investment measured at FVTOCI. The Group invested in 5% equity interest in finance industry sector for long term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Details of the sensitivity analysis of equity investment with fair value measurement categorised within Level 3 are set out in note 36.

Credit risk

The carrying amount of the trade receivables represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group minimises its exposure to credit risk by only dealing with counterparties with acceptable credit ratings.

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 General Manager.

37. 金融風險管理目標及政策 (續)

其他價格風險

本集團因投資於按公平值計入其他全面收益計量之股本投資而承受股本價格風險。就長期戰策而言，本集團投資於融資業的5%權益，有關權益乃指定為按公平值計入其他全面收益。本集團已委任特別團隊以監控價格風險，並於必要時將考慮對沖風險。

有關公平值計量分類為第三級的權益投資之敏感度分析詳情載於附註36。

信貸風險

應收貿易款項的賬面值指本集團就其金融資產面臨的最高信貸風險。本集團僅與具有可接受信貸評級的對手方進行交易，從而將其信貸風險減至最低。

本集團僅與獲認可且信譽良好的第三方進行交易。按照本集團的政策，所有擬按信貸條款進行交易的客戶，必須先通過信貸核實程序。此外，本集團持續監察應收結餘的情況，而本集團的壞賬風險並不重大。對於並非按相關經營單位的功能貨幣計值的交易，本集團提供的信貸條款須獲得總經理的特別批准。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Other receivables and other assets

In relation to other receivables and other assets, the Group has assessed that the ECL for these receivables under the general approach. Reversal of Impairment loss of approximately RMB4,216,000 (2021: impairment loss of RMB6,158,000) was made. The Group performs impairment assessment on the balances on a periodic basis. In determining the ECL of other receivables and other assets, the Group has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward-looking information that is available without undue cost or effort.

Pledged bank deposits and bank balances

Credit risk on pledged bank deposits, bills receivable, bank interest receivable and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged bank deposits, bills receivable and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The credit risk is insignificant and no loss allowance is recognised.

Liquidity risk

The Group is exposed to minimal liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' funds and internally generated cash flows.

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effect of fluctuations in cash flows. The directors of the Company monitor current and expected liquidity requirements on a regular basis.

37. 金融風險管理目標及政策 (續)

信貸風險(續)

其他應收賬款及其他資產

就其他應收賬款及其他資產而言，本集團已按一般方法評估該等應收賬款之預期信貸虧損，並就此確認回撥減值虧損約人民幣4,216,000元(2021年：減值虧損人民幣6,158,000元)。本集團定期對該等結餘進行減值評估。於釐定其他應收賬款及其他資產之預期信貸虧損時，本集團已計及交易對手之財務狀況、交易對手經營所在行業、其最近期經營業績(倘適用)，以及毋須付出過多成本或精力就可取得之前瞻性資料。

已抵押銀行存款及銀行結餘

已抵押銀行存款、應收票據、應收銀行利息及銀行結餘的信貸風險有限，因為交易方為聲譽良好且獲國際信貸評級機構評為高信貸評級的銀行。本集團透過參考由外部信貸評級機構所公佈有關各信貸評級級別的違約概率及違約損失率的資料，評估已抵押銀行存款、應收票據及銀行結餘的12個月預期信貸虧損。信貸風險並不重大，故並無確認虧損撥備。

流動資金風險

由於本集團大部分財務資產及金融負債於一年內到期而本集團可以現有股東資金及內部產生現金流量作為營運資金，故本集團面臨的流動資金風險微乎其微。

為管理流動資金風險，本集團監察及維持本公司董事認為足以應付本集團營運所需的銀行結餘及現金，並減少現金流量波動影響。本公司董事定期監察目前及預期的流動資金需求。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The following tables detail the Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows.

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:

		31 December 2022 2022年12月31日						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount	
	加權平均利率	按要求或一年內	一至兩年	兩至五年	超過五年	合約未折現現金流量總計	賬面值	
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	%	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Interest-bearing bank and other borrowings	計息銀行及其他借款	2.9-13.4	3,838,035	327,967	1,059,301	-	4,477,358	
Trade and bills payables	應付貿易款項及應付票據	-	2,235,169	-	-	2,235,169	2,235,169	
Borrowings from the ultimate holding company	來自最終控股公司借款	0.8	447	-	-	447	447	
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	-	441,318	77,828	-	519,146	519,146	
Other long term payable	其他長期應付款項	1.2	1,560	1,560	55,199	141,178	130,000	
Dividend payable	應付股息	-	290,369	-	-	290,369	290,369	
			6,806,898	407,355	1,114,500	82,859	8,411,612	
							7,652,489	

37. 金融風險管理目標及政策(續)

流動資金風險(續)

下表詳列本集團金融負債的合約到期情況。下表根據本集團可能須付款最早日期計算的金融負債未貼現現金流量而編製。下表包括利息及本金現金流量。

本集團於報告期末根據合約未折現付款的金融負債的到期狀況載列如下：

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37. 金融風險管理目標及政策 (續)

Liquidity risk (Continued)

流動資金風險(續)

		31 December 2021 2021年12月31日						
		Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flow 合約未折現 現金流量 總計	Carrying amount 賬面值
		加權平均 利率 %	按要求 或一年內 RMB'000 人民幣千元	一至兩年 RMB'000 人民幣千元	兩至五年 RMB'000 人民幣千元	超過五年 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Lease liabilities	租賃負債	7.39	505	-	-	-	505	479
Interest-bearing bank and other borrowings	計息銀行及其他借款	2.84-15.4	3,657,504	34,390	-	-	3,691,894	3,574,659
Trade and bills payables	應付貿易款項及應付票據	-	2,254,123	-	-	-	2,254,123	2,254,123
Borrowings from the ultimate holding company	來自最終控股公司借款	0.8	447	-	-	-	447	447
Financial liabilities included in other payables and accruals	計入其他應付款項及 應計費用的金融負債	-	331,577	285,196	-	-	616,773	616,773
Other long term payable	其他長期應付款項	1.2	1,560	1,560	54,069	83,819	141,008	130,000
Dividend payable	應付股息	-	290,369	-	-	-	290,369	290,369
			6,536,085	321,146	54,069	83,819	6,995,119	6,866,850

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

資本管理

本集團資本管理的主要目標為確保本集團維持持續經營及維持穩健的資本比率，以支持其業務及盡量擴大股東價值。

本集團根據經濟狀況變動管理資本架構以及就此作出調整。本集團可以通過調整向股東派付的股息、向股東返還資本或發行新股份保持或調整資本架構。本集團於截至2022年及2021年12月31日止年度並無改變資本管理的目標、政策或程序。

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a gearing ratio, which is total debts divided by total assets. Total debts include interest-bearing bank and other borrowings, borrowings from the ultimate holding company, lease liabilities and other long term payable. The Group's policy is to maintain the gearing ratio at a relatively healthy level. The gearing ratios as at the end of the reporting periods were as follows:

		Notes	2022	2021
		附註	2022年 RMB'000 人民幣千元	2021年 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借款	23	4,477,358	3,574,659
Other long term payable	其他長期應付款項	25	130,000	130,000
Borrowings from the ultimate holding company	來自最終控股公司借款	34(d)(ii)	447	447
Lease Liabilities	租賃負債	14(b)	-	479
Total debts	總債務		4,607,805	3,705,585
Total assets	總資產		15,070,168	16,168,870
Gearing ratio	資產負債比率		30.6%	22.9%

38. DISPOSAL OF A SUBSIDIARY

On 9 October 2021, the Group entered into a sale agreement to dispose of Xiwang Special Steel International Trade (Binzhou) Company Limited. The disposal was completed on 9 October 2021, on which date control of Xiwang Special Steel International Trade (Binzhou) Company Limited passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed as follows:

37. 金融風險管理目標及政策(續)

資本管理(續)

本集團使用資產負債比率監控資本，該比率乃按計息債務總額除以總資產計算。總債務包括計息銀行及其他借款、來自最終控股公司借款、租賃負債以及其他長期應付款項。本集團的政策旨在將資產負債比率維持於相對健康的水平。於報告期末的資產負債比率載列如下：

38. 出售一間附屬公司

於2021年10月9日，本集團訂立銷售協議，以出售西王特鋼國際貿易(濱州)有限公司。該出售於2021年10月9日完成，同日西王特鋼國際貿易(濱州)有限公司之控制權轉讓予收購者。出售之資產及負債，以及出售之損益計算詳情載列如下：

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

38. DISPOSAL OF A SUBSIDIARY (Continued)

The net liabilities of Xiwang Special Steel International Trade (Binzhou) Company Limited at the date of disposal were as follows:

38. 出售一間附屬公司(續)

西王特鋼國際貿易(濱州)有限公司於出售日期之淨負債如下：

		RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	3,358
Inventories	存貨	21,871
Trade and bills receivables	應收貿易款項及應收票據	18,685
Prepayment and other receivables	預付款項及其他應收款項	14,254
Cash and cash equivalents	現金及現金等價物	6
Trade and bills payables	應付貿易款項及應付票據	(10,779)
Other payables and accruals	其他應付款項及應計費用	(18,176)
Contract liabilities	合約負債	(38,384)
Net liabilities disposed of	所出售淨負債	(9,165)
Gain on disposal of a subsidiary	出售附屬公司產生的收益	
Consideration	代價	-
Net liabilities disposed of	所出售淨負債	9,165
Gain on disposal	出售產生的收益	9,165
Net cash outflow arising on disposal:	出售產生的現金流出淨額：	
cash and cash equivalents disposed of	所出售現金及現金等價物	(6)

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

39. EVENTS AFTER THE REPORTING PERIOD

- (i) Merlion Macro Firm Ltd. (formerly known as Merlion Marco Fund), one of the subscribers of the Bonds, on 17 February 2023 filed a winding up petition (the “**Petition**”) (Case Number: HCCW 80 of 2023) with the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the “**Court**”) against the Company. The Petition was filed against the Company in respect of an indebtedness allegedly due and payable by the Company in the amount of US\$5,000,000 and default interest accrued thereon arising from the Bonds. The Court has set the first hearing date for the Petition on 3 May 2023.
- (ii) The Company received a letter from the Official Receiver’s Office of Hong Kong which states that, inter alia, a winding-up order was made on 20 March 2023 against Xiwang Investment, which, as at the date of this announcement, directly holds a total of 868,093,000 ordinary Shares of the Company, representing approximately 36.64% of the Company’s total issued share capital. The Company is requested to remit a sum of RMB9,957,000 to them as a sum allegedly due by the Company to Xiwang Investment as at 30 June 2021 within the next 21 days from the date of the letter.

For further details, please refer to the Company’s announcement dated 30 March 2023 in relation to the abovementioned matters.

39. 報告期後事項

- (i) Merlion Macro Firm Ltd. (前稱 Merlion Marco Fund) 為債券的認購人之一，已於2023年2月17日向香港特別行政區高等法院原訟法庭(「法院」)提交對本公司的清盤呈請(「呈請」)(案件編號：2023年HCCW80)。該呈請乃針對本公司提出，有關因債券產生的聲稱本公司到期應付債務款項5,000,000美元及其應計違約利息。法院已就呈請確定首次聆訊日期，即2023年5月3日。
- (ii) 本公司接獲香港破產管理署函件，其中包括於2023年3月20日發出的對西王投資的清盤令。於本公告日期，西王投資直接持有合共868,093,000股本公司普通股，佔本公司已發行股本總額的約36.64%。本公司被要求於函件日期後的21天內向彼等匯付一筆款項人民幣9,957,000元，作為本公司據稱於2021年6月30日欠西王投資的款項。

詳情請參閱本公司日期為2023年3月30日的有關上述事項的公告。

Notes to Consolidated Financial Statements (Continued) 綜合財務報表附註(續)

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

40. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

於報告期末本公司財務狀況表的資料載列如下：

		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Other intangible assets	其他無形資產	17,437	23,939
Investments in subsidiaries	於附屬公司的投資	1,368,316	1,368,316
Right-of-use assets	使用權資產	-	435
Total non-current assets	非流動資產總值	1,385,753	1,392,690
CURRENT ASSETS	流動資產		
Prepayments and other receivables	預付款項及其他應收款項	1,010,877	1,033,228
Cash and cash equivalents	現金及現金等價物	204	294
Total current assets	流動資產總值	1,011,081	1,033,522
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	291,488	220,137
Dividend payables	應付股息	290,369	290,369
Lease liabilities	租賃負債	-	479
Interest-bearing bank and other borrowings	計息銀行及其他借款	393,061	417,772
Total current liabilities	流動負債總額	974,918	928,757
NET CURRENT ASSETS	流動資產淨值	36,163	104,765
Total assets less current liabilities	總資產減流動負債	1,421,916	1,497,455
Net assets	資產淨值	1,421,916	1,497,455
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	1,369,681	1,369,681
Reserves (note)	儲備(附註)	52,235	127,774
Total equity	權益總額	1,421,916	1,497,455

The Company's statement of financial position was approved and authorised for issue by the board of directors on 3 April 2023 and are signed on its behalf by:

本公司之財務狀況表已於2023年4月3日由董事會批准及授權刊發，並由下列董事代表簽署：

ZHANG Jian
張健
Director
董事

Sun Xihu
孫新虎
Director
董事

Notes to Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

40. 本公司財務狀況表(續)

Note:

附註：

A summary of the Company's reserves is as follows:

本公司儲備概要如下：

		Exchange reserve 匯兌儲備 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total reserves 儲備總計 RMB'000 人民幣千元
At 1 January 2021	於 2021 年 1 月 1 日	(14,428)	1,051	139,951	126,574
Profit for the year	年內溢利	-	-	599	599
Exchange differences on translation of foreign operations	換算海外業務產生的匯兌差額	601	-	-	601
Transfer of share option reserve upon the lapse of share options	於購股權失效時轉撥購股權儲備	-	(759)	759	-
At 31 December 2021	於 2021 年 12 月 31 日	(13,827)	292	141,309	127,774
Loss for the year	年內虧損	-	-	(78,464)	(78,464)
Exchange differences on translation of foreign operations	換算海外業務產生的匯兌差額	2,925	-	-	2,925
Transfer of share option reserve upon the lapse of share options	於購股權失效時轉撥購股權儲備	-	(292)	292	-
At 31 December 2022	於 2022 年 12 月 31 日	(10,902)	-	63,137	52,235

41. APPROVAL OF THE FINANCIAL STATEMENTS

41. 批准財務報表

The financial statements were approved and authorised for issue by the board of directors on 3 April 2023.

財務報表已由董事會於2023年4月3日批准及授權刊發。

FIVE-YEAR FINANCIAL SUMMARY 五年財務概要

		2022	2021	2020	2019	2018
		2022年	2021年	2020年	2019年	2018年
For the year (RMB million)	本年度 (人民幣百萬元)					
Revenue	營業額	14,460	19,116	15,288	11,170	11,917
Gross (loss)/profit	毛(損)/利	(750)	784	469	705	1,967
EBITDA ⁽¹⁾	利息、稅項、折舊及 攤銷前盈利 ⁽¹⁾	(809)	946	705	801	1,959
Net (loss)/profit	(淨虧損)/純利	(1,329)	65	18	20	962
As at 31 December (RMB million)	於12月31日 (人民幣百萬元)					
Current assets	流動資產	2,932	4,072	3,249	2,973	3,717
Non-current assets	非流動資產	12,138	12,097	12,121	10,472	10,680
Total assets	資產總值	15,070	16,169	15,370	13,445	14,397
Current liabilities	流動負債	9,481	10,187	8,287	7,110	7,717
Non-current liabilities	非流動負債	1,128	197	1,352	614	683
Total liabilities	負債總額	10,609	10,384	9,639	7,724	8,400
Total equity	權益總額	4,462	5,785	5,731	5,721	5,997
Total liabilities and equity	負債及權益總額	15,071	16,169	15,370	13,445	14,397
Per share	每股					
(Loss)/earnings per share (RMB cent)	每股(虧損)/盈利 (人民幣分)					
Basic	基本	(0.5609)	0.0274	0.0078	0.0087	0.427
Diluted	攤薄	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	0.392
Dividends per share (RMB)	每股股息(人民幣元)	-	-	-	-	0.128

Note:

附註：

(1) (LBITDA)/EBITDA refers to (loss)/profit before tax plus finance cost, depreciation and amortisation of prepaid land lease payments (prior to the adoption of HKFRS 16) and other intangible assets.

(1) (利息、稅項、折舊及攤銷前虧損)/利息、稅項、折舊及攤銷前盈利指除稅前(虧損)/溢利加融資成本、折舊及預付土地租賃款項攤銷(於採納香港財務報告準則第16號前)及其他無形資產。

GLOSSARY

詞彙表

Articles 細則	the articles of association of the Company currently in force 本公司現時生效的組織章程細則
Audit Committee 審核委員會	audit committee of the Company 本公司審核委員會
Auditors 核數師	HLB Hodgson Impey Cheng Limited, the independent auditors of the Company 國衛會計師事務所有限公司，本公司之獨立核數師
Board 董事會	Board of directors of the Company 本公司董事會
CAS 中科院	the Chinese Academy of Sciences 中國科學院
CG Code 企業管治守則	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules 上市規則附錄十四所載之企業管治守則
China or PRC 中國或中國	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan 中華人民共和國，為本報告之目的，不包括香港、澳門特別行政區和台灣
Companies Ordinance 公司條例	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) 香港公司條例(香港法例第622章)
Company 本公司	Xiwang Special Steel Company Limited 西王特鋼有限公司
COVID-19 COVID-19	coronavirus disease 冠狀病毒病
Director(s) 董事	director(s) of the Company 本公司董事
ESG ESG	environmental, social and governance 環境、社會及管治
ESG Report ESG 報告	the environmental, social and governance report of the Company for the year ended 31 December 2022 本公司截至2022年12月31日止年度的環境、社會及管治報告

Glossary (Continued) 詞彙表(續)

Group 本集團	Company and its subsidiaries 本公司及其附屬公司
Haitong International Finance 海通國際財務	Haitong International Finance Company Limited 海通國際財務有限公司
Haitong International Holdings 海通國際控股	Haitong International Holdings Limited 海通國際控股有限公司
Haitong International Investment Solutions 海通國際策略投資	Haitong International Investment Solutions Limited 海通國際策略投資有限公司
Haitong International Securities 海通國際證券	Haitong International Securities Group Limited 海通國際證券集團有限公司
Haitong Securities 海通證券	Haitong Securities Co., Ltd. 海通證券股份有限公司
HKICPA 香港會計師公會	The Hong Kong Institute of Certified Public Accountants 香港會計師公會
HK\$ or HKD 港元	Hong Kong Dollars 港元
IMR 中科院金屬所	The Institute of Metal Research, CAS 中國科學院金屬研究所
Latest Practicable Date 最後實際可行日期	24 April 2023, being the latest practicable date prior to the printing of this report for ascertaining certain information in this report 2023年4月24日，即本報告付印前確定本報告中的若干資料的最後實際可行日期
Listing Rules 上市規則	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司證券上市規則
Model Code 標準守則	Model Code for Securities Transactions by Directors of the Listed issuers 上市發行人董事進行證券交易的標準守則

Glossary (Continued)

詞彙表(續)

MPF Scheme	the mandatory provident fund scheme registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance of Hong Kong (Chapter 485 of the Laws of Hong Kong)
強積金計劃	根據香港法例第485章香港強制性公積金計劃條例在強制性公積金計劃管理局登記的強制性公積金計劃基金計劃
New Code Provision	the code provisions set out in Part 2 of Appendix 14 to the Listing Rules
新守則條文	上市規則附錄十四第二部所載的守則條文
Nomination Committee 提名委員會	the nomination committee of the Board 董事會提名委員會
Previous Year 去年	year ended 31 December 2021 截至2021年12月31日止年度
Remuneration Committee 薪酬委員會	The remuneration committee of the Board 董事會薪酬委員會
RMB 人民幣	Renminbi 人民幣
SFO 證券及期貨條例	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 香港法例第571章證券及期貨條例
Shandong Xiwang Sugar 山東西王糖業	Shandong Xiwang Sugar Industry Company Limited 山東西王糖業有限公司
Shandong Xiwang Sugar Group 山東西王糖業集團	Shandong Xiwang Sugar and its subsidiaries 山東西王糖業及其附屬公司
Share Option Scheme 購股權計劃	the share option scheme of the Company adopted on 3 September 2014 本公司於2014年9月3日所採納之購股權計劃
Shareholder(s) 股東	the shareholder(s) of the Company 本公司之股東

Glossary (Continued) 詞彙表 (續)

Special Steel Company 特鋼公司	Xiwang Special Steel Company Limited, an indirectly non-wholly owned subsidiary of the Company incorporated in the PRC 西王特鋼有限公司，一家在中國成立的，本公司之間接非全資子公司
Stock Exchange 聯交所	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
USA 美國	United States of America 美利堅合眾國
US\$ or USD 美元	United States Dollar 美元
VAT 增值稅	Value-added tax 增值稅
Xiwang Finance 西王財務	Xiwang Group Finance Company Limited 西王集團財務有限公司
Xiwang Foodstuffs 西王食品	Xiwang Foodstuffs Company Limited 西王食品股份有限公司
Xiwang Group 西王集團	Xiwang Group Company and its subsidiaries 西王集團公司及其附屬公司
Xiwang Group Company 西王集團公司	Xiwang Group Company Limited 西王集團有限公司
Xiwang Holdings 西王控股	Xiwang Holdings Limited 西王控股有限公司
Xiwang Hong Kong 西王香港	Xiwang Hong Kong Company Limited 西王香港有限公司
Xiwang Investment 西王投資	Xiwang Investment Company Limited (in liquidation) 西王投資有限公司(清盤中)
Xiwang Logistics 西王物流	Shandong Xiwang Logistics Company Limited 山東西王物流有限公司
Xiwang Metal Science 西王金屬科技	Xiwang Metal Science & Technology Company Ltd. 西王金屬科技有限公司

Glossary (Continued)

詞彙表(續)

Xiwang Property 西王置業	Xiwang Property Holdings Company Limited 西王置業控股有限公司
Xiwang Recycling Resources 西王再生資源	Shandong Xiwang Recycling Resources Company Limited 山東西王再生資源有限公司
Year 本年度	year ended 31 December 2022 截至2022年12月31日止年度
Zhongke Xiwang 中科西王	Zhongke Xiwang Special Steel Company Limited 中科西王特鋼有限公司
Zouping Power Branch 鄒平動力分公司	Xiwang Group Company Limited Zouping Power Branch 西王集團有限公司鄒平動力分公司
%	per cent
%	百分比

Note: the English names of the PRC laws, regulations, government authorities, institutions, companies or entities established in the PRC included in this report are translations of their Chinese names and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

附註：本報告內包含的中國法律、法規、政府機關、機構、公司或在中國成立的實體的英文名稱均為其中文名稱的翻譯，僅供識別之用。如有不一致之處，概以中文版本為準。



XIWANG SPECIAL STEEL COMPANY LIMITED
西王特鋼有限公司