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Burwill Holdings Limited
寶威控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 24)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of Burwill Holdings Limited (the "Company") hereby present the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 and the consolidated balance sheet of the Group as at 31 December 2018, together with the comparative figures for 2017, as follows:-

CONSOLIDATED INCOME STATEMENT

	Note	**2018** *HK$'000*	2017 *HK$'000 (restated)*
Continuing operations			
Revenue	*2*	**2,305,467**	2,491,789
Cost of sales		**(2,266,098)**	(2,456,404)
Gross profit		**39,369**	35,385
Other (expense)/income and net gains	*3*	**(52,281)**	9,914
Selling and distribution expenses		**(40,596)**	(38,661)
General and administrative expenses		**(72,136)**	(44,847)
Net impairment losses on financial assets		**(18,814)**	-
Other operating expenses		**-**	(85,801)
Share option expenses		**-**	(26,160)
Operating loss		**(144,458)**	(150,170)
Finance costs	*5*	**(57,944)**	(19,036)
(Loss)/Gain on disposal of property, plant and equipment		**(1)**	202,445
Share of profits/(losses) of associates		**2,023**	(86,840)
Share of losses of joint ventures		**(1,263)**	(164)
Loss before income tax		**(201,643)**	(53,765)
Income tax (expense)/credit	*6*	**(2,570)**	1,188
Loss for the year from continuing operations		**(204,213)**	(52,577)
Discontinued operations			
Profit for the year from discontinued operations		**94,451**	37,700
Loss for the year		**(109,762)**	(14,877)
Loss attributable to:			
Owners of the Company		**(109,496)**	(7,715)
Non-controlling interests		**(266)**	(7,162)
		(109,762)	(14,877)

CONSOLIDATED INCOME STATEMENT *(Continued)*

	Note	**2018** **HK$'000**	2017 *HK$'000* *(restated)*
(Loss)/Profit attributable to owners of the Company arises from:			
Continuing operations		**(203,947)**	(45,415)
Discontinued operations		**94,451**	37,700
		(109,496)	(7,715)

	Note	**2018**	2017 *(restated)*
(Loss)/Earnings per share from continuing and discontinued operations attributable to owners of the Company for the year	*7*		
Basic (loss)/earnings per share			
From continuing operations (HK cents)		**(4.02)**	(0.91)
From discontinued operations (HK cents)		**1.86**	0.76
		(2.16)	(0.15)
Diluted (loss)/earnings per share			
From continuing operations (HK cents)		**(4.02)**	(0.91)
From discontinued operations (HK cents)		**1.86**	0.76
		(2.16)	(0.15)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Loss for the year	**(109,762)**	(14,877)
Other comprehensive expense:		
Items that may be reclassified to profit or loss		
Share of other comprehensive income/(expense) of associates	**409**	(3,845)
Release of translation adjustments upon disposal of subsidiaries	**(55,515)**	(9,890)
Release of reserves upon reclassification of associate to available-for-sale financial assets	**-**	(9,432)
Change in fair value of available-for-sale financial assets	**-**	(33,536)
Reclassification upon impairment of available-for-sale financial assets	**-**	33,536
Currency translation differences	**(16,683)**	22,719
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**(3,463)**	-
Other comprehensive expense for the year, net of tax	**(75,252)**	(448)
Total comprehensive expense for the year	**(185,014)**	(15,325)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(184,748)**	(7,506)
Non-controlling interests	**(266)**	(7,819)
	(185,014)	(15,325)
Total comprehensive (expense)/income attributable to owners of the Company arising from:		
Continuing operations	**(223,950)**	(43,450)
Discontinued operations	**39,202**	35,944
	(184,748)	(7,506)

CONSOLIDATED BALANCE SHEET

	Note	**2018** **_HK$'000_**	2017 _HK$'000_
ASSETS			
Non-current assets			
Leasehold land and land use rights		**-**	3,754
Property, plant and equipment		**1,869**	90,774
Investments in associates		**208,026**	217,665
Investments in joint ventures		**49,695**	5,737
Financial assets at fair value through other comprehensive income		**21,601**	-
Available-for-sale financial assets		**-**	25,063
Club debentures		**1,473**	1,473
Deferred income tax assets		**14,206**	15,861
Total non-current assets		**296,870**	360,327
Current assets			
Inventories		**86,024**	35,190
Financial assets at fair value through profit or loss		**133,937**	170,086
Bills and accounts receivable	*8*	**699,462**	704,600
Deposits, prepayments and other receivables		**402,315**	253,011
Due from associates		**129,062**	120,163
Due from joint ventures		**58**	43
Income tax refundable		**649**	87
Cash and bank balances		**70,251**	149,226
Total current assets		**1,521,758**	1,432,406
Total assets		**1,818,628**	1,792,733

CONSOLIDATED BALANCE SHEET *(Continued)*

	Note	**2018** **HK$'000**	2017 *HK$'000*
EQUITY			
Share capital	*9*	**510,962**	497,283
Other reserves		**1,004,943**	1,010,532
Accumulated losses		**(691,187)**	(520,363)
Capital and reserves attributable to owners of the Company		**824,718**	987,452
Non-controlling interests		**(8,670)**	(35,646)
Total equity		**816,048**	951,806
LIABILITIES			
Non-current liabilities			
Borrowings		**71,301**	220,025
Deferred income tax liabilities		**4**	415
Provision for land restoration and environmental costs		**-**	4,125
Total non-current liabilities		**71,305**	224,565
Current liabilities			
Borrowings		**593,871**	251,093
Contract liabilities		**32,179**	-
Due to associates		**516**	568
Bills and accounts payable	*10*	**88,000**	116,916
Other payables and accruals		**215,109**	247,753
Income tax payable		**1,600**	32
Total current liabilities		**931,275**	616,362
Total liabilities		**1,002,580**	840,927
Total equity and liabilities		**1,818,628**	1,792,733
Net current assets		**590,483**	816,044
Total assets less current liabilities		**887,353**	1,176,371

Notes:-

(1) Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

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

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15 and the effects arising from initial application of them are summarised below. The other standards and amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(a) HKFRS 15 Revenue from Contracts with Customers

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

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major source which arise from contracts with customers:

- Steel trading

(1) Basis of preparation and accounting policies *(Continued)*

The transition to HKFRS 15 does not have impact on the Group's accumulated losses at 1 January 2018.

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

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Other payables and accruals	247,753	(20,359)	227,394
Contract liabilities	-	20,359	20,359

As at 1 January 2018, receipts in advance from customers amounting to approximately HK$20,359,000 in respect of sales contracts signed with customers previous included in other payables and accruals were reclassified to contract liabilities.

The application of HKFRS 15 has had no material impact on the Group's accumulated losses as at 1 January 2018.

(1) Basis of preparation and accounting policies *(Continued)*

(b) HKFRS 9 Financial Instruments

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

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

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

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets, subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

		Available-for-sale financial assets *HK$'000*	Equity instruments at FVTOCI *HK$'000*	Financial assets at amortised cost (previously classified as loans and receivables) *HK$'000*	Accumulated losses *HK$'000*
Closing balance at 31 December 2017 - HKAS 39		25,063	-	1,064,289	(520,363)
Reclassification					
From available-for-sale ("AFS")	(i)	(25,063)	25,063	-	-
Remeasurement					
Impairment losses under ECL model	(ii)	-	-	(10,040)	(10,040)
Opening balance at 1 January 2018		-	25,063	1,054,249	(530,403)

(1) Basis of preparation and accounting policies *(Continued)*

(i) Available-for-sale ("AFS") financial assets

From AFS financial assets to fair value through other comprehensive income ("FVTOCI")

The Group elected to present in other comprehensive income ("OCI") for the fair value changes of all its equity investment previously classified as AFS. The investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately HK$25,063,000 were reclassified from AFS financial assets to equity instrument at FVTOCI, which related to listed equity investment previously measured at fair value under HKAS 39.

(ii) Impairment under ECL model

The Group applied the new HKFRS 9 ECL model from 1 January 2018. As at 1 January 2018, additional credit loss allowance for financial assets of approximately HK$10,040,000 has been recognised against accumulated losses. The additional loss allowance is charged against the respective asset.

Impacts on opening consolidated balance sheet arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated balance sheet had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *HK$'000*	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	1 January 2018 (Restated) *HK$'000*
Non-current assets				
AFS financial assets	25,063	-	(25,063)	-
Equity instruments at FVTOCI	-	-	25,063	25,063
Current assets				
Bills and accounts receivables	704,600	-	(4,185)	700,415
Deposits and other receivables	90,257	-	(5,599)	84,658
Due from associates	120,163	-	(256)	119,907
Due from joint ventures	43	-	-	43
Cash and bank balances	149,226	-	-	149,226
Current liabilities				
Contract liabilities	-	20,359	-	20,359
Other payables and accruals	247,753	(20,359)	-	227,394
Capital and reserve				
Accumulated losses	520,363	-	10,040	530,403

The Group has not early applied any new or revised HKFRSs or HK(IFRIC) interpretations that have been issued by the HKICPA but are not yet effective.

(2) Segment information

The chief operating decision-maker has been identified as the board of directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The directors assess the performance of the operating segments based on a measure of profit or loss from continuing operations before income tax for the year. The information provided to the directors is measured in a manner consistent with that in the consolidated financial statements.

The Group is organised into two major operating units in its continuing operations: (i) steel trading; and (ii) lithium business. The mineral resources segment, presented as a separate reportable segment in the previous year, is classified as discontinued operations.

Revenue recognised during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Sale of goods	**2,305,467**	2,491,789

(2) Segment information *(Continued)*

The segment results for the year ended 31 December 2018 are as follows:

	Continuing operations			
	Steel trading *HK$'000*	**Lithium business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Total segment sales	**2,305,467**	**-**	**-**	**2,305,467**
Inter-segment sales	**-**	**-**	**-**	**-**
Sales to external customers	**2,305,467**	**-**	**-**	**2,305,467**
Operating profit/(loss) before below items	**16,454**	**(9,949)**	**(63,478)**	**(56,973)**
Fair value losses on financial assets at fair value through profit or loss	**-**	**-**	**(68,671)**	**(68,671)**
Net impairment losses on financial assets	**(2,990)**	**(125)**	**(15,699)**	**(18,814)**
Operating profit/(loss)	**13,464**	**(10,074)**	**(147,848)**	**(144,458)**
Finance costs	**(11,206)**	**(5,189)**	**(41,549)**	**(57,944)**
Loss on disposal of property, plant and equipment	**(1)**	**-**	**-**	**(1)**
Share of profits of associates	**-**	**-**	**2,023**	**2,023**
Share of losses of joint ventures	**-**	**(1,259)**	**(4)**	**(1,263)**
Segment results	**2,257**	**(16,522)**	**(187,378)**	**(201,643)**
Income tax expense				**(2,570)**
Loss for the year from continuing operations				**(204,213)**
Profit for the year from discontinued operations				**94,451**
Loss for the year				**(109,762)**

The segment results for the year ended 31 December 2017 are restated as follows:

	Continuing operations			
	Steel trading *HK$'000*	Lithium business *HK$'000*	Unallocated *HK$'000*	Group *HK$'000*
Total segment sales	2,491,789	-	-	2,491,789
Inter-segment sales	-	-	-	-
Sales to external customers	2,491,789	-	-	2,491,789
Operating profit/(loss) before below items	16,136	(12,530)	(45,378)	(41,772)
Fair value gains on financial assets at fair value through profit or loss	-	-	48,014	48,014
Fair value losses on derivative financial instruments	(445)	-	-	(445)
Gains on reclassification of an associate to available-for-sale financial assets	-	-	17,392	17,392
Impairment losses on amount due from associates	-	-	(75)	(75)
Impairment loss on available-for-sale financial assets	-	-	(33,536)	(33,536)
Impairment losses on deposits, prepayments and other receivables	(1,444)	-	-	(1,444)
Settlement of customer claims	-	-	(85,801)	(85,801)
Dilution loss on an associate	-	-	(26,343)	(26,343)
Share option expenses	-	-	(26,160)	(26,160)
Operating profit/(loss)	14,247	(12,530)	(151,887)	(150,170)
Finance costs	(11,465)	(2,036)	(5,535)	(19,036)
Gain on disposal of property, plant and equipment	-	-	202,445	202,445
Share of losses of associates	-	-	(86,840)	(86,840)
Share of losses of joint ventures	-	(160)	(4)	(164)
Segment results	2,782	(14,726)	(41,821)	(53,765)
Income tax credit				1,188
Loss for the year from continuing operations				(52,577)
Profit for the year from discontinued operations				37,700
Loss for the year				(14,877)

(2) Segment information *(Continued)*

Segment results represent the profit/(loss) earned by each segment without allocation of unallocated corporate expenses including directors' salaries, dilution loss on an associate, gains on reclassification of an associate to available-for-sale financial assets, fair value gains/(losses) on financial assets at fair value through profit or loss, impairment loss on available-for-sale financial assets, other operating expenses, share of profits/(losses) of associates and share option expenses.

Other segment information

The segment assets and liabilities as at 31 December 2018 and depreciation, amortisation and additions to non-current assets for the year ended 31 December 2018 are as follows:

	Continuing operations			
	Steel trading *HK$'000*	**Lithium business** *HK$'000*	**Unallocated** *HK$'000*	**Group** *HK$'000*
Assets	**1,116,118**	**96,647**	**605,863***	**1,818,628**
Liabilities	**512,240**	**102,625**	**387,715**	**1,002,580**
Depreciation	**1,112**	**-**	**33**	**1,145**
Additions to non-current assets	**-**	**-**	**6**	**6**

The segment assets and liabilities as at 31 December 2017 and depreciation, amortisation and additions to non-current assets for the year ended 31 December 2017 are restated as follows:

	Continuing operations			Discontinued operations	
	Steel trading *HK$'000*	Lithium business *HK$'000*	Unallocated *HK$'000*	Mineral resources *HK$'000*	Group *HK$'000*
Assets	990,845	125,152	584,384*	92,352	1,792,733
Liabilities	404,189	69,531	226,119	141,088	840,927
Depreciation	1,127	-	538	650	2,315
Amortisation	-	-	-	160	160
Additions to non-current assets	8	-	54	-	62

* Including investment in the listed shares of Alliance Mineral Assets Limited of approximately HK$134 million (2017: HK$170 million) which were not elected to recognise fair value gains and losses through other comprehensive income.

Segment assets exclude club debentures, deferred income tax assets, investments in associates and joint ventures, income tax refundable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred income tax liabilities, income tax payable, corporate borrowings and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(2) Segment information *(Continued)*

Geographical information

The Group's business segments operate in five main geographical areas, even though they are managed on a worldwide basis.

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Revenue (by location of customers)		
- Europe	**858,302**	1,188,167
- Mainland China	**567,654**	432,897
- Hong Kong	**440,771**	109,500
- Asia (other than Mainland China and Hong Kong)	**407,345**	418,567
- Others	**31,395**	342,658
	2,305,467	2,491,789

	2018	2017
	HK$'000	*HK$'000*
Non-current assets		
- Mainland China	**80**	91,636
- Hong Kong	**1,723**	2,791
- Europe	**66**	100
- Others	**-**	1
	1,869	94,528

The non-current assets information above is based on the location of assets and excludes club debentures, deferred income tax assets, investments in associates, investments in joint ventures, financial assets at fair value through other comprehensive income, and available-for-sale financial assets.

For the year ended 31 December 2018, the Group did not have any single customer with the transaction value above 10% of the external sales.

For the year ended 31 December 2017, the Group had sales of approximately HK$283,623,000 to a single significant customer of the steel trading segment, representing approximately 11% of the sales to external customers.

(3) Other (expense)/income and net gains

	2018 *HK$'000*	2017 *HK$'000* *(restated)*
Fair value (losses)/gains on:		
- financial assets at fair value through profit or loss	**(68,671)**	48,014
- derivative financial instruments	**-**	(445)
Gains on reclassification of an associate to available-for-sale financial assets	**-**	17,392
Impairment loss on available-for-sale financial assets	**-**	(33,536)
Interest income on:		
- bank deposits	**55**	43
- other receivables	**6,556**	159
- due from associates	**2,360**	2,190
Dividend income	**-**	9
Dilution loss on an associate	**-**	(26,343)
Others	**7,419**	2,431
	(52,281)	9,914

(4) Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and general and administrative expenses are analysed as follows:

	2018 *HK$'000*	2017 *HK$'000* *(restated)*
Depreciation of property, plant and equipment	**1,145**	1,665
Operating lease rentals	**9,081**	6,595
Provision for impairment of deposits, prepayments and other receivables	**-**	1,444
Provision for impairment of amounts due from associates	**-**	75
Provision for inventories	**-**	(2,394)
Net exchange gains	**(7)**	(14,817)

(5) Finance costs

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Interest on:		
- bank borrowings	**11,073**	11,415
- finance lease liabilities	**-**	50
- convertible bonds	**30,577**	4,738
- notes payable	**9,772**	797
- other loans	**6,522**	2,036
	57,944	19,036

(6) Income tax expense/(credit)

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax of 25% (2017: 25%) on their taxable income determined according to Mainland China tax laws. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Current tax:		
Current tax on profits for the year		
- Hong Kong taxation	**374**	-
Adjustments in respect of prior years:		
- Hong Kong taxation	**1,112**	32
	1,486	32
Deferred tax:		
Origination and reversal of temporary differences	**1,084**	(1,220)
Income tax expense/(credit)	**2,570**	(1,188)

(7) (Loss)/Earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017 *(restated)*
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(203,947)**	(45,415)
Profit from discontinued operations attributable to owners of the Company (HK$'000)	**94,451**	37,700
Loss attributable to owners of the Company (HK$'000)	**(109,496)**	(7,715)
Weighted average number of ordinary shares in issue (thousands)	**5,070,730**	4,979,271
Basic and diluted (loss)/earnings per share (HK cents)		
From continuing operations	**(4.02)**	(0.91)
From discontinued operations	**1.86**	0.76
	(2.16)	(0.15)

The outstanding share options and convertible bonds during the years ended 31 December 2017 and 31 December 2018 had an anti-dilutive effect on the basic (loss)/earnings per share.

(8) Bills and accounts receivable

The Group normally grants to its customers credit periods for sale of goods ranging from 30 days to 180 days.

Ageing analysis of bills and accounts receivable is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Within three months	**435,669**	618,072
Over three months but within six months	**125,894**	86,528
Over six months but within twelve months	**137,246**	-
Over twelve months	**653**	-
	699,462	704,600

(9) Share capital

	Number of ordinary shares *(thousands)*	Nominal value *HK$'000*
Authorised		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**6,800,000**	**680,000**
Issued and fully paid		
At 1 January 2017	5,016,565	501,656
Repurchase of shares	(53,136)	(5,313)
Share options exercised	9,400	940
At 31 December 2017 and 1 January 2018	4,972,829	497,283
Repurchase of shares	(36,506)	(3,651)
Share options exercised	173,300	17,330
At 31 December 2018	**5,109,623**	**510,962**

(10) Bills and accounts payable

Ageing analysis of bills and accounts payable is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Within three months	**87,643**	94,316
Over twelve months	**357**	22,600
	88,000	116,916

(11) Comparative figures

Certain comparative figures have been restated to conform with the current year presentation including those for the discontinued operations.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The Company's independent auditors have expressed a qualified opinion in its auditors' report on the Group's consolidated financial statements for the year ended 31 December 2018, an extract of which is as follows:

Qualified Opinion

We have audited the consolidated financial statements of Burwill Holdings Limited and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As disclosed in the Annual Report 2016, on 23 March 2016, the Group completed the disposal of its subsidiary, Burwill China Portfolio Limited ("BCPL"), to China Land Assets Limited ("CLA"), a 45% owned associate of the Group. As a result, the Group's investment in CLA, accounted for by the equity method, was carried at approximately HK$139,984,000 on the Group's consolidated balance sheet as at 31 December 2018 (2017: HK$147,340,000), and the Group's share of the loss of CLA of approximately HK$431,000 (2017: HK$82,942,000) and other comprehensive income of CLA of approximately HK$409,000 (2017: other comprehensive expense of HK$2,290,000), were included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2018, respectively.

Due to disputes between the Group and the 55% shareholder of CLA, we were unable to obtain sufficient appropriate audit evidence about the financial information of CLA as at and for the year ended 31 December 2017. In view of the above and in the absence of practicable alternative procedures in respect of the financial information of CLA, we were unable to satisfy ourselves as to whether (i) the carrying amount of the Group's investment in CLA of approximately HK$147,340,000 (net of provision for impairment loss of approximately HK$91,032,000 which was made by the Group against the net assets of CLA at 31 December 2017) as included in the Group's consolidated balance sheet as at 31 December 2017; and (ii) the Group's share of the loss of CLA of approximately HK$82,942,000 (net of provision for impairment loss of approximately HK$91,032,000 which was made by the Group against the net assets of CLA at 31 December 2017) and other comprehensive expense of CLA of approximately HK$2,290,000, as included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2017, respectively, were fairly stated. In our auditor's report dated 29 March 2018 on the consolidated financial statements of the Group for the year ended 31 December 2017 we qualified our opinion due to a limitation in the scope of our audit relating to this matter.

EXTRACT OF INDEPENDENT AUDITORS' REPORT *(Continued)*

During the year ended 31 December 2018 and up to the date of this report, this matter has not been resolved as the legal proceedings between the shareholders of CLA were still ongoing. In view of the above and in the absence of practicable alternative procedures in respect of the financial information of CLA, we continue to be unable to satisfy ourselves as to whether (i) the carrying amount of the Group's investment in CLA of approximately HK$139,984,000 as included in the Group's consolidated balance sheet as at 31 December 2018; and (ii) the Group's share of the loss of CLA of approximately HK$431,000 and other comprehensive income of CLA of approximately HK$409,000, as included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2018, respectively, were fairly stated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments found to be necessary in respect of the above would affect the Group's net assets as at 31 December 2018, and could also affect the Group's consolidated financial performance for the year then ended, the opening balances of the Group's net assets, accumulated losses and other reserves as at 1 January 2018, and the related disclosures in these consolidated financial statements. In addition, the required summarised financial information about CLA has not been disclosed in accordance with HKFRS 12 "Disclosure of Interests in Other Entities" issued by the HKICPA.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

DIVIDENDS

No interim dividend was paid during the year ended 31 December 2018.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

REVIEW AND OUTLOOK

During the year 2018, the Group's turnover decreased by 7% to approximately HK$2.3 billion while gross profits increased by 11% to approximately HK$39 million year-on-year. The Group recorded a loss attributable to owners of the Company of approximately HK$109 million, among which impairment loss to book value of Singapore listed securities of approximately HK$69 million, bad debt provision of approximately HK$16 million and increase in interest expense of approximately HK$39 million.

Lithium-related Business

Faced with the scheduled phase-out of subsidies policy for new energy electric vehicles (NEVs), the entire industry value chain including the lithium segment in China felt the pinch of tightening cash flow in 2018. In particular, the second-tier and lower-tier lithium compound processers that suffered from lackluster sales with rising inventories, were among the first to resort to price cut in the hope to maintain their market shares and generate cash. Meanwhile, the price decline of imported lithium concentrate lagged behind that of lithium compounds. This further squeezed profit margins of those processers, who solely rely on procuring raw materials from overseas mines. All these factors contributed to a shift from restocking to destocking across the upstream and downstream players.

On the supply side, new capacity of domestic salt lakes and lithium compound plants gradually came on line, though the quality of their products remains to be tested. On the demand side, though the growth of NEVs sales continued to surprise on the upside throughout the year, the implied demand for lithium was not at par with that of supply due to seasonal fluctuations. This partly contributed to a sharp adjustment in lithium price in China, where the price of lithium carbonate almost halved in 2018: price of battery-grade lithium carbonate fell from RMB166,000/tonne at the beginning of the year, to approximately RMB80,000/tonne at the end of the year; while the price of industry-grade lithium carbonate fell from RMB150,000/tonne to approximately RMB70,000/tonne. In sharp contrast to the domestic market, the overseas market was featured with a price inversion – the battery-grade lithium carbonate price has been oscillating at high level since its steady ascending in 2017, and stood around US$14,000/tonne (approximately RMB100,000/tonne) in the fourth quarter of 2018.

As for the downstream application of lithium, NEVs continued to be the major growth driver, contributing to 37% of the total demand for lithium in 2018. Meanwhile, consumer electronics and traditional industrial applications accounted for 28% and 35%, respectively.

It is notable that the worldwide electric car sales advanced by leaps and bounds in 2018: global sales of electric passenger vehicles surged by 64.5% YoY to hit a record high of 2,018,247 units, surpassing 2 million units for the first time. The penetration rate of electric cars reached 2.1%. In China, according to China Association of Automotive Manufacturers (CAAM), the production and sales of NEVs reached 1.27 million units and 1.256 million units in 2018, representing a year-on-year increase of 59.9% and 61.7%, respectively. At the end of 2018, China's ownership of NEVs increased by 70% year-on-year to 2.61 million units, or 1.1% of the total car ownership.

Against the overhang of the phase-out of subsidies policy, many advantages of owing NEVs have been well received and gaining more tractions, thanks to introductions of new models and technologies. This has gradually helped the market to shift from a policy-driven to a market-driven one. According to China Industrial Association of Power Sources (CIAPS), China's total installed lithium battery capacity in NEVs reached 56.9GWh in 2018, up by 56.9% YoY. By the end of 2018, the energy density of lithium battery cell produced in China reached 265Wh/kg with cost below RMB1/Wh, meeting the 2020 target in advance.

REVIEW AND OUTLOOK *(Continued)*

Lithium-related Business *(Continued)*

Globally, the annual growth rate of electric vehicle sales over the past five years reached 60% in average. This sustained strong growth has initiated a new cycle for lithium. Top 13 global automakers have kicked off their long-term plan for ‘electrification’ with massive investment. According to their plans, 2020 will be the year that they began to roll out streams of new NEV models. In China, the NEV subsidies in 2019 are expected to be at least 30% below the level in 2018, However, as the cost structure of NEVs gets competitive to that of traditional ICE cars, the auto industry expects the demand to be unleashed to the level that will be eventually free from subsidies support. 2019 sets to be a critical year for the market-driven model to prevail: on the one hand, the ‘Dual-credit’ policy incentivizes automakers to produce more NEVs instead of ICE cars, this should in turn provide a base line support; on the other hand, substitutes of low-speed electric vehicles widely used in rural areas, as well as intercity operations of NEVs will likely trigger additional demand to sustain rapid sales.

The Group is optimistic and confident about the long-term development and future prospects of the lithium industry, and expects a new round of upcycle in lithium industry to pan out in coming years. As EU, Japan, South Korea, US and other countries are increasingly aware of environmental issues, thus promote policies that encourage adoption of electric vehicles, automakers have committed huge investment so that the trend of ‘electrification’ will strengthen across the globe. Looking forward to 2019, the Ministry of Industry and Information Technology (MIIT）forecasts that China's NEV production and sales will both exceed 1.5 million units, while Bloomberg predicts that the global electric car sales will rise 40% to 2.6 million units, of which China will account for approximately 57% of the market.

In terms of business operations, the Group remains committed to transform into an integrated supplier in the upstream of new energy materials. The Bald Hill Project in Western Australia has produced a total of 68,546 tonnes of high-quality lithium concentrates (SC6%) in 2018. In view of the volatile price change of lithium compound in domestic market, the Group has successfully amended the offtake contract in January 2019, changing the buying entity to Jiangxi Baojiang Lithium Industrial Limited (“Baojiang Lithium”), a joint venture that the Group owns a 50% stake and also the eventual processing plant for the contracted lithium concentrate. Besides, the pricing mechanism has been adjusted from fixed price to a market-based floating price. This greatly helps reduce the risk from large fluctuations in spot price and is in the interest of the shareholders of the Group.

In addition, Baojiang Lithium begun trial production at the end of 2018. Commissioning and processing optimization work has been organised by the production technology department. The plant has successfully produced industry-grade lithium carbonates after completing the single machine commissioning, water linkage test and feeding test. Baojiang Lithium aims to produce battery-grade lithium carbonates around the middle of 2019, so as to reach the designed capacity within the year. The product will then be available for sales after its quality is certified by end users.

REVIEW AND OUTLOOK *(Continued)*

Steel Trading

In 2018, the Group's steel trading volume declined by approximately 23% compared to 2017, but the overall result was about the same as in 2017.

In 2018, global demand for steel trended up. According to the World Steel Association, global steel demand reached approximately 1.66 billion tonnes during the year, increased by approximately 4% compared with 2017. In particular, growth in Asia and Oceania was the strongest, with demand increasing by approximately 5%.

As for the Chinese market, both infrastructure investment and equipment manufacturing in the nation continued to thrive in 2018. Downstream demand for steel continued to grow, while the relatively high level of real estate investment activities further boosted the demand for steel, making consumption of construction steel stronger. The National Development and Reform Commission announced that, in 2018, China's crude steel production was approximately 928 million tonnes, up 6.6% year-on-year; steel production climbed 8.5% year-on-year to approximately 1.1 billion tonnes.

As improvements in steel demand provided strong support for steel prices in China, domestic steel prices continued to rise above the price level of the general export markets, causing China's steel exports to keep declining. Last year, the United States and the European Union imposed a 25% tariff on imported steel products and temporary safeguards for 23 types of imported steel products respectively. This further affected the steel exports of China. According to the General Administration of Customs, China's steel exports in 2018 were only approximately 69 million tonnes, down by as much as 8.1% from 2017.

In the face of the above, the Group has adjusted its business strategies, that is procuring part of its steel export resources from regions outside of China instead of relying on China as the main source. The Group’s European branch is proactively exploring resources in Europe and the Mediterranean region in an effort to reduce its dependence on Chinese steel resources.

Looking forward to 2019, there is uncertainty around the global demand for steel. Despite the continuous recovery of steel demand in 2018, the uplift in 2019 may be weakened. Meanwhile, China’s GDP growth has shown a downward trend each quarter last year, and the effects of anti-dumping and exchange rate volatility have also increased trade risks. The World Steel Association forecasts that the growth of global steel demand will fall back to 1.4% in 2019.

In view of the fact that China's steel industry has shifted from a stage of rapid production growth to a new stage of high-quality development, the Group will no longer adopt a commercial steel-focused business model but continue to strengthen its exports of high-quality Chinese steels for a variety of infrastructure and machinery projects in 2019. In addition to the European market, the Group will enhance its marketing efforts in Southeast Asia and continuously strengthen its relationship with domestic and foreign steel procurement channels, with the aim to improve competitiveness and business performance.

LIQUIDITY AND FINANCIAL RESOURCES

Due to the fair value change in the listed investments during the year, the Group's total equity decreased to approximately HK$816 million. The Group's gearing ratio, as a ratio of total borrowings net of total cash and cash equivalents to total equity, increased to 0.73 (2017: 0.37) and current ratio, as a ratio of current assets to current liabilities, decreased to 1.63 (2017: 2.32) respectively as at 31 December 2018.

Following the issue of convertible bonds and the Company's notes during the year, the total borrowings of the Group increased to approximately HK$665 million (2017: HK$471 million) as at 31 December 2018 and their maturity profile was as follows:

	2018	2017
	HK$ million	*HK$ million*
Within one year	**594**	251
Between one and two years	**67**	159
Between two and five years	**4**	61
	665	471

The Group's borrowings were denominated in US Dollar, Hong Kong Dollar, Euro and Singapore Dollar and were charged interest at prevailing market rates.

FOREIGN EXCHANGE RISK EXPOSURE

The Group's receipts, payments, assets and liabilities are principally denominated in US Dollar, Renminbi, Hong Kong Dollar, Euro and Singapore Dollar. To minimise the exchange rate risk, forward exchange contracts are used when required.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2018.

CAPITAL COMMITMENTS

As at 31 December 2018, the Group had no capital commitments (2017: HK$48,192,000).

CHARGE ON ASSETS

As at 31 December 2018, the following assets were pledged: (i) certain bank balances of approximately HK$346,000 (2017: HK$27,696,000); (ii) certain bills and accounts receivable of approximately HK$38,655,000 (2017: HK$126,436,000); (iii) certain inventories of approximately HK$67,601,000 (2017: HK$27,355,000); and (iv) certain financial assets at fair value through profit or loss of approximately HK$115,157,000 (2017: HK$167,792,000).

STAFF

As at 31 December 2018, the Group employed 259 staff. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits. The Group also provides other staff benefits which include contributory provident fund and medical insurance. Share options and discretionary bonus may also be granted to eligible staff based on individual and the Group performances. Training programmes for staff are provided as and when required.

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

During the year ended 31 December 2018, the Company via Hillot Limited, a wholly-owned subsidiary of the Company, repurchased a total of 36,506,000 shares of the Company on The Stock Exchange of Hong Kong Limited pursuant to the general mandate granted by the shareholders at the annual general meeting held on 7 June 2018, details of which were as follows:-

Month/Year	Number of shares repurchased	Price per share Highest	Lowest	Total consideration (before expense)
		HK$	*HK$*	*HK$'000*
10/2018	23,110,000	0.163	0.132	3,359
12/2018	13,396,000	0.163	0.143	2,078

All shares repurchased were subsequently cancelled and accordingly the Company's issued share capital was reduced by the nominal value of these shares. The repurchases were effected for the benefit of the shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

AUDIT COMMITTEE

The Company has established an Audit Committee which currently comprises three Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. TSANG Kwok Wa and Mr. CHEUNG Sing Din. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited financial statements of the Group for the year ended 31 December 2018 have been reviewed by the Audit Committee. The Audit Committee has explored with the Company's auditors how the qualified opinion could be removed in future and noted the view of the auditors was that the qualified opinion could only be removed provided that:

1. the outcome of the legal proceedings between the shareholders of CLA becomes certain; and

2. they are able to obtain sufficient appropriate audit evidence regarding the financial information of CLA.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2018, except for the following deviations:

- Code provision A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals with active participation, either in person or through other electronic means of communication, of a majority of directors entitled to be present. As the Company did not announce its quarterly results, two regular Board meetings were held during the year for reviewing and approving the 2017 annual results and the 2018 interim results of the Group, which the relevant Code provision had not been fully complied with. Board meetings will be held on other occasions when Board decisions are required.

- Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Chairman and Managing Director of the Company, Mr. CHAN Shing, currently assumes the role of the chairman and also the chief executive. Given the nature of the Group's businesses which require considerable market expertise, the Board believed that the vesting of the two roles provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

- Code provision A.4.2 stipulates, inter alias, that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

  The Directors have not been required by the Bye-laws of the Company (the "Bye-laws") to retire by rotation at least once every three years. However, in accordance with Bye-law 85 of the Bye-laws, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), other than the Director holding office as Chairman or Managing Director, shall retire from office by rotation. The Board will ensure the retirement of each Director, other than the one who holds the office as Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provision A.4.2. The Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

The Board reviews the corporate governance structure and practices from time to time and makes necessary arrangements when the Board considers appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2018.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chan Shing, Mr. Sit Hoi Tung, Mr. Kwok Wai Lam and Mr. Sham Kai Man as executive directors; Mr. Cui Shu Ming, Mr. Tsang Kwok Wa and Mr. Cheung Sing Din as independent non-executive directors; and Mr. Huang Shenglan as non-executive director.