



CRE

中國稀土控股有限公司

China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

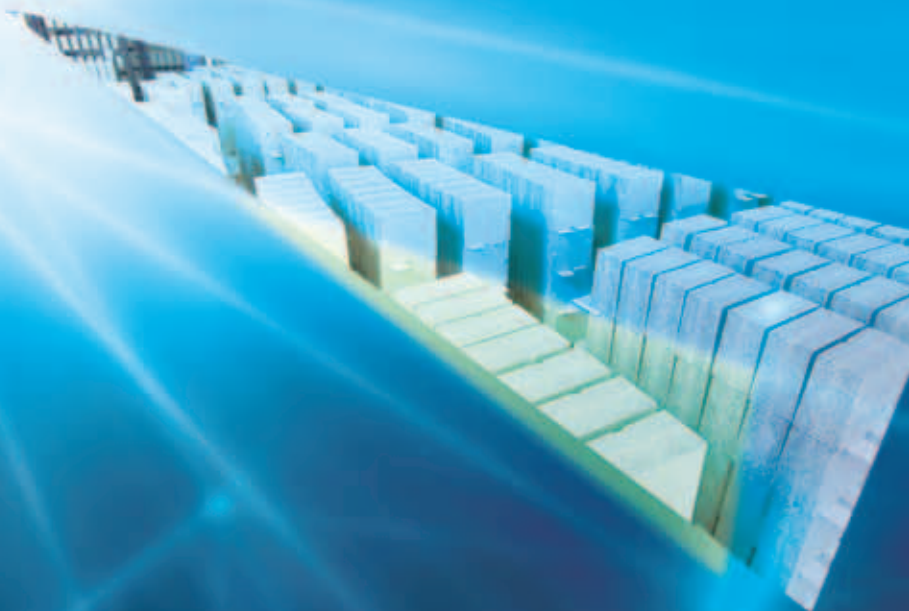
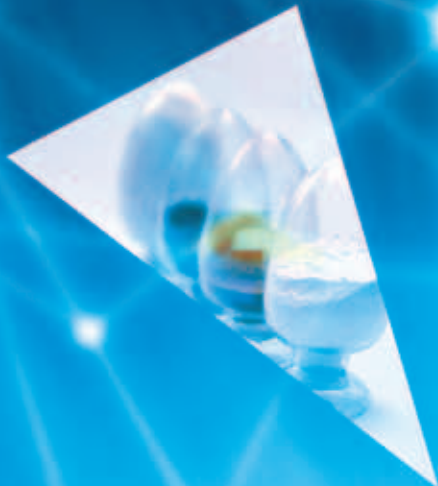
(於開曼群島註冊成立之有限公司)

Stock code 股份代號：00769



CRE

Annual Report **2016** 年報



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公司資料

CORPORATE INFORMATION

董事

執行董事

蔣泉龍先生(主席)
錢元英女士(副主席)
蔣才南先生

獨立非執行董事

黃春華先生
金重先生
王國珍先生

審核委員會

王國珍先生(主席)
黃春華先生
金重先生

薪酬委員會

黃春華先生(主席)
金重先生
王國珍先生

提名委員會

金重先生(主席)
黃春華先生
王國珍先生

公司秘書

羅納德先生

註冊辦事處

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

總辦事處及主要營業地點

中國江蘇省
宜興市丁蜀鎮

香港營業地點

香港
中環雪廠街16號
西洋會所大廈15樓

DIRECTORS

Executive Directors

Mr. Jiang Quanlong (Chairman)
Ms. Qian Yuanying (Deputy Chairman)
Mr. Jiang Cainan

Independent Non-executive Directors

Mr. Huang Chunhua
Mr. Jin Zhong
Mr. Wang Guozhen

AUDIT COMMITTEE

Mr. Wang Guozhen (Chairman)
Mr. Huang Chunhua
Mr. Jin Zhong

REMUNERATION COMMITTEE

Mr. Huang Chunhua (Chairman)
Mr. Jin Zhong
Mr. Wang Guozhen

NOMINATION COMMITTEE

Mr. Jin Zhong (Chairman)
Mr. Huang Chunhua
Mr. Wang Guozhen

COMPANY SECRETARY

Mr. Law Lap Tak

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dingshu Town, Yixing City
Jiangsu Province, the PRC

PLACE OF BUSINESS IN HONG KONG

15/F, Club Lusitano
16 Ice House Street, Central
Hong Kong

公司資料 CORPORATE INFORMATION

香港法律顧問

趙不渝 馬國強律師事務所

HONG KONG LEGAL ADVISERS

Chiu & Partners

核數師

天健德揚會計師事務所有限公司

AUDITOR

Ascenda Cachet CPA Limited

主要往來銀行

中國

中國建設銀行股份有限公司

招商銀行股份有限公司

中國交通銀行股份有限公司

中國農業銀行股份有限公司

中國銀行股份有限公司

PRINCIPAL BANKERS

PRC

China Construction Bank Corporation

China Merchants Bank Company Limited

China Bank of Communications Company Limited

Agricultural Bank of China Limited

Bank of China Limited

香港

渣打銀行(香港)有限公司

法國巴黎銀行

中信銀行(國際)有限公司

中國銀行(香港)有限公司

南洋商業銀行有限公司

Hong Kong

Standard Chartered Bank (Hong Kong) Limited

BNP Paribas

China CITIC Bank International Limited

Bank of China (Hong Kong) Limited

Nanyang Commercial Bank, Limited

主要股份過戶登記處

Royal Bank of Canada Trust Company
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

George Town

Grand Cayman KY1-1110

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

George Town

Grand Cayman KY1-1110

Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司

香港

皇后大道東183號

合和中心17樓

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

互聯網址

www.creh.com.hk

INTERNET WEBSITE

www.creh.com.hk

香港聯合交易所有限公司股份代號

769

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

769

公關顧問

縱橫財經公關顧問有限公司

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited

財務摘要

FINANCIAL HIGHLIGHTS

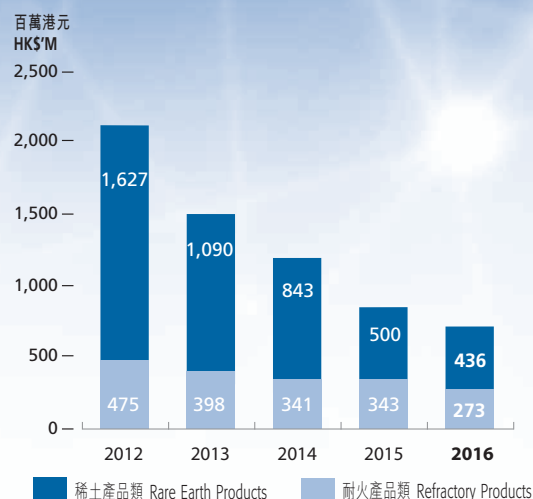
收入

REVENUE

截至十二月三十一日止年度

For the year ended 31 December

	百萬港元 HK\$'M
2012	2,102
2013	1,488
2014	1,184
2015	843
2016	709



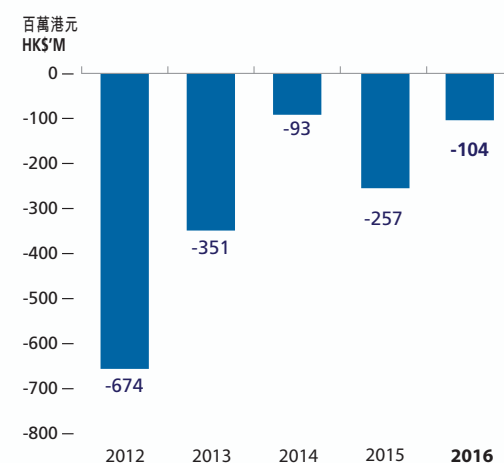
本公司擁有人應佔虧損淨額

NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

截至十二月三十一日止年度

For the year ended 31 December

	百萬港元 HK\$'M
2012	-674
2013	-351
2014	-93
2015	-257
2016	-104



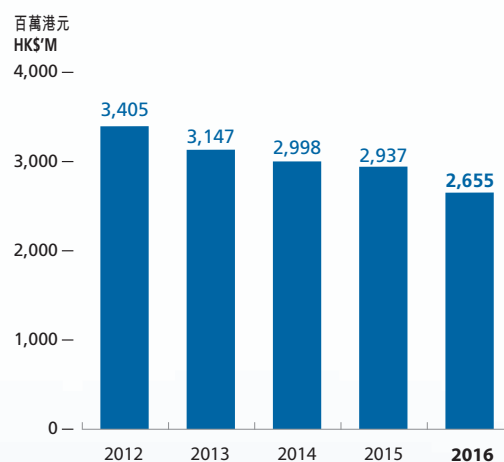
資產淨值

NET ASSETS

於十二月三十一日

As at 31 December

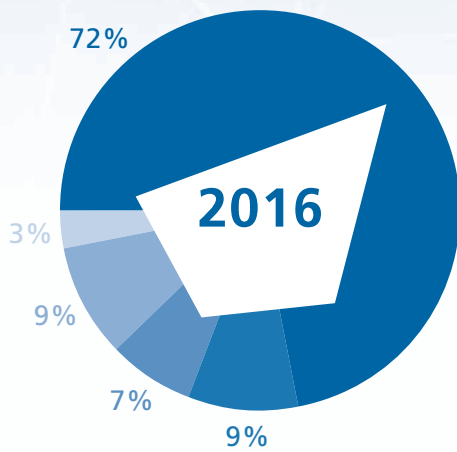
	百萬港元 HK\$'M
2012	3,405
2013	3,147
2014	2,998
2015	2,937
2016	2,655



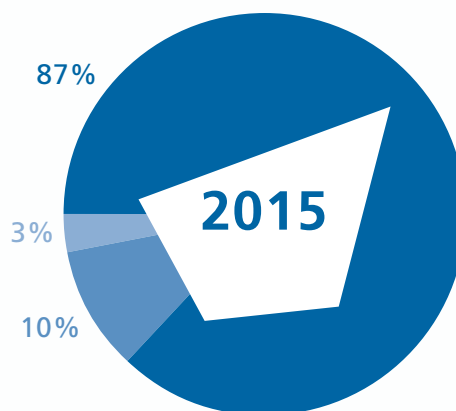
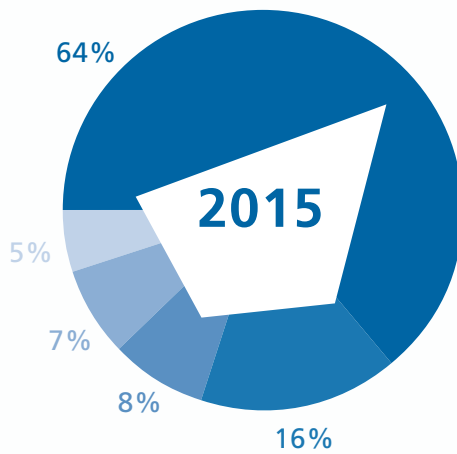
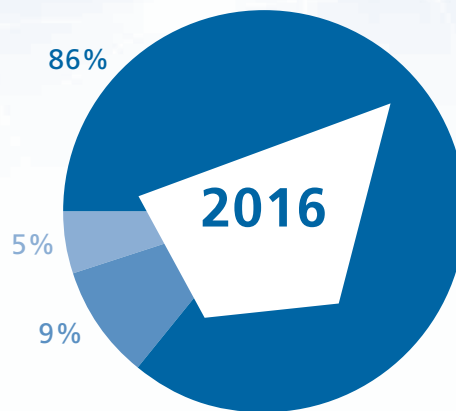
財務摘要 FINANCIAL HIGHLIGHTS

收入 REVENUE

稀土產品類
Rare Earth Products



耐火產品類
Refractory Products



- 中華人民共和國 The People's Republic of China
- 歐洲 Europe
- 美利堅合眾國 The United States of America
- 日本 Japan
- 其他 Others

- 中華人民共和國 The People's Republic of China
- 日本 Japan
- 其他 Others

主席報告書 CHAIRMAN'S STATEMENT

致各位股東：

本人謹代表董事會向各位股東提呈中國稀土控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）截至二零一六年十二月三十一日止之全年業績報告。

二零一六年是中國「十三·五」規劃的開局之年，國家頒佈多項措施並加強推進。隨著產業變革不斷深化，稀土戰略價值進一步突顯。二零一六年十月，國家工業和信息化部頒佈《稀土行業發展規劃（2016–2020年）》，作為「十三·五」時期稀土行業發展的專項規劃，將以科學指導稀土行業發展，推動稀土產業整體邁向中高端，並持續推進供給側結構性改革，加強稀土戰略資源保護。為了打造新的價值鏈，國家監管督察部門於二零一六年十二月至二零一七年四月在全國開展打擊稀土違法違規專項行動，進一步規範稀土市場秩序，提高行業發展質量和效益。本集團將密切關注及配合國家政策，使本集團之科技創新和產業發展在「十三·五」期間邁上一個新台階。

To Shareholders:

On behalf of the Board of Directors, I am pleased to present to you the annual results of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2016.

The year of 2016 represented the opening year of the 13th Five-year Plan of China with a number of measures promulgated and as propelled. The strategic values of rare earth have been further highlighted along with deepening of industry reformation. In October 2016, the Ministry of Industry and Information Technology issued the "Development Planning for the Rare Earth Industry (Year 2016–2020)" as the dedicated planning for the development of the rare earth industry during the period of the 13th Five-year Plan, which pivots on the development of the rare earth industry guided by a scientific philosophy to transform the industry as a whole to a mid and high end, to continuously further the supply-side reform and to strengthen the protection of strategic rare earth resources. In order to forge a new value chain, supervisory and regulatory departments of the PRC launched a series of targeted operations against illegal and irregular acts concerning rare earth nationwide during the period from December 2016 to April 2017 to take one step ahead in normalizing the market order of the rare earth industry as well as enhancing its development quality and effectiveness. The Group will monitor closely and align itself with the policies in China so as to advance its scientific and technological innovation and industrial development to a new height in the phase of the 13th Five-year Plan.

主席報告書

CHAIRMAN'S STATEMENT

財務業績

截至二零一六年十二月三十一日止財政年度，本集團錄得收入共約709,120,000港元，與二零一五年的843,110,000港元比較下跌了約16%。

中國於二零一六年推出了多項政策，並明確未來五年中國稀土行業的發展大綱，務求進一步加快產業的轉型升級，促進稀土行業實現可持續健康發展的長遠目標。

在過度產業的整頓期間，整個市場延續低迷走勢。由於市場需求不足、非法低價稀土產品持續衝擊市場，本集團主要稀土產品價格及銷售量同比出現不同程度下跌。本集團調整了產品組合，銷售更多高價格產品，令銷售額跌幅相對較為溫和。二零一六年，本集團的稀土產品收入約為436,477,000港元，較二零一五年的500,419,000港元下跌了約13%，約佔總收入的62%。耐火材料產品方面，行業市況仍具挑戰，收入較二零一五年的342,691,000港元相比下跌約20%至約272,643,000港元，約佔總收入的38%。

年內，本集團減少了仍然虧損的稀土分部的業務量，因此改變了過去數年負毛利率的情況。本集團的淨虧損由二零一五年度的約267,618,000港元縮窄約60%至二零一六年度的約107,876,000港元。除因減少業務量縮減虧損情況外，今年亦缺少二零一五年對非流動資產減值共約109,669,000港元。每股虧損由二零一五年的約11.98港仙大幅改善至今年的約4.45港仙。

FINANCIAL RESULTS

For the financial year ended 31 December 2016, the Group recorded a revenue of approximately HK\$709,120,000, declining by approximately 16% when compared with HK\$843,110,000 in 2015.

Policies unfolded in the PRC in 2016 have made the development framework of the Chinese rare earth industry for the next five years definitely with an aim to expedite the transformation and upgrade of the industry and to fuel realization of the long-term objective of a sustainable and healthy development of rare earth industry.

The overall market continued its downturn in the course of industry rectification though. Against a backdrop of inadequate market demand coupled with unceasing impacts on the market by illegal low-priced rare earth products, prices and sales volume of major rare earth products of the Group dropped to various extents comparatively. The Group has thus adjusted its product portfolio and sold more high-priced products to alleviate the decrease in sales. In 2016, revenue from the Group's rare earth products amounted to approximately HK\$436,477,000, representing a decrease of about 13% when compared with HK\$500,419,000 in 2015 and accounting for 62% of the total revenue. As for refractory material products, the market conditions remained challenging and revenue was approximately HK\$272,643,000, representing a decrease of about 20% when compared with HK\$342,691,000 in 2015 and accounting for 38% of the total revenue.

During the year, the Group has reduced some business volume of its loss making rare earth segment and thus altered the situation in which negative gross profit margin was being recorded for the past few years. Net loss of the Group narrowed from approximately HK\$267,618,000 in 2015 to approximately HK\$107,876,000 in 2016 by about 60%. In addition to cutting loss by reducing business volume, no impairment loss was made for the year while impairment had been made in respect of non-current assets of about HK\$109,669,000 in total in 2015. Loss per share has remarkable improvement from about HK11.98 cents in 2015 to about HK4.45 cents for the year.

主席報告書

CHAIRMAN'S STATEMENT

業務回顧

稀土業務

二零一六年，全球經濟仍影響整個稀土產業需求減緩，行業繼續陷入低迷狀態，加上國家對稀土整治和監督的力度不足，非法開採與違規生產導致稀土供過於求。在激烈的市場競爭下，產品價格持續震盪下行。中國大多數的稀土礦山冶煉分離企業均錄得虧損，經營持續困難，大多選擇停產整頓或減產保值。二零一六年「二十國集團領導人峰會」(「G20峰會」)在杭州召開期間，地方政府亦鼓勵有關地方企業減少業務量以配合會議保障專項督查。另外，於二零一六年七月，國家環境保護督察組進駐包括江蘇等八省開展環境保護督察工作，對相關企業分別採取責令立即改正、限期整改或關停取締等問責措施。致使不少稀土企業處於停產或半停產狀態。

為了確保企業營運質素，本集團亦於年內曾暫時停產約三個月以進行內部整頓。在總量控制的原則基礎上，合理配置生產工序和人力資源，縮減生產，產量較二零一五年減少了約七成。在維持客戶前提下亦增加了外購產品。二零一六年，本集團的稀土業務收入約為436,477,000港元，較二零一五年度的約500,419,000港元減少約13%。由於稀土行業市場情況欠佳，產品價格普遍下調，銷售量跌幅較大。然而本集團轉變產品組合，稀土的銷售額跌幅相對溫和，此分部的毛虧率大幅改善，由二零一五年度約26%減至本年度約6%。

BUSINESS REVIEW

Rare Earth Business

In 2016, the rare earth industry in general remained clouded by the sluggish global economy with market demand retarded and downturn continued. The ineffectiveness in rectifying and monitoring rare earth in China has also made illegal exploitation and irregular production rampant and led to over-supply of rare earth. Amid fierce competition, product prices continued their volatile declines. As a result, a majority of the rare earth mines and smelting and separation enterprises recorded losses under sustained difficult operating conditions, and many of them chose to halt production for consolidation or reduced production for preservation of value. During the session of the 2016 G20 Hangzhou Summit, local governments also encouraged enterprises in the regions to reduce business volume to act in concert with dedicated supervisions for the sake of security of the summit. Besides, in July 2016, the national environmental protection ("EP") inspection teams stationed in eight provinces (including Jiangsu) to conduct EP inspections, during which enterprises in issue were commanded to either rectify at once, to rectify within a specified timeline or to close down or be eradicated and held accountable. Consequently, many rare earth enterprises were in nil-operation or half-operation situations.

The Group has temporarily suspended its production for about three months conducting an internal consolidation during the year to secure operational quality, under which production procedures and human resources were rationally deployed and production was curtailed under the principle of aggregating control as the production volume decreased by about 70% when compared with that in 2015 while products purchased outside increased to retain customers. In 2016, revenue of the Group's rare earth business was approximately HK\$436,477,000, decreased by about 13% when compared with HK\$500,419,000 in 2015. Owing to the weak rare earth industry, product prices dropped in general and the drop in sales volume was even larger. Thanks to the Group's change of product portfolio, the drop in sales of rare earth was relatively mild and gross loss margin of the segment has thus improved much as it descended from about 26% in 2015 to about 6% for the year.

主席報告書 CHAIRMAN'S STATEMENT

年內，本集團共銷售了約1,950噸稀土氧化物，較二零一五年減少了逾四成。產品價格方面，雖然於二零一六年四月及五月完成了兩輪稀土收儲計劃，令稀土價格出現了短暫反彈，然而價格此後卻反覆向下。二零一六年全年的平均價格相較二零一五年亦普遍下跌，其中氧化鐳、氧化釹、氧化銩和氧化鉕的平均價格下跌了約一成；氧化鈷、氧化鑷、氧化鎳的下跌了約兩成；氧化鐳、氧化鈾、氧化鎳跌了約三成至五成。原材料方面，由於本集團於二零一五年與若干供應商以預付款形式簽訂了採購協議，以較優惠價格購入稀土礦材，加上稀土價格有所下降，故今年的主要稀土礦材平均成本單價較二零一五年下降了約兩成。

熒光材料方面，本集團於二零一六年共銷售了約430噸產品，較二零一五年增加約7%。然而由於產品價格下跌，如綠色熒光粉售價下跌了約一成半；藍色熒光粉及紅色熒光粉的下跌了約三成，以至本年度的銷售額按年下跌約13%。成本方面，由於作為主要原材料的稀土氧化物價格下跌，加上二零一五年本集團對部份生產設施作了減值撥備，致使攤銷成本有所減少，二零一六年的毛虧率跌至不足5%。

年內，本集團整頓了稀土業務的生產工序和人力資源，淘汰部份技術偏低的員工，減少部份人工成本。另外，隨着國家於二零一五年五月開始取消稀土出口關稅，銷售費用亦有所下降。而本集團於整頓停產期間的開支約11,055,000港元列入其他經營費用項目。

The Group sold approximately 1,950 tonnes of rare earth oxides in total during the year, a decrease of over 40% when compared with 2015. As for product prices, the prices continued their volatile declines despite a short-lived recovery after the completion of two rounds of the rare earth hoarding reserve plan in April and May 2016. The average selling prices for the whole year of 2016 declined when compared with those in 2015, among them the selling prices of praseodymium oxide, neodymium oxide, erbium oxide and terbium oxide dropped by approximately 10%; those of cerium oxide, lutetium oxide and dysprosium oxide dropped by approximately 20%; and those of lanthanum oxide, samarium oxide and europium oxide dropped by approximately 30% to 50%. As for raw materials, thanks to the procurement agreement entered into between the Group and certain suppliers in 2015 in the form of prepayment, the Group was able to purchase rare earth minerals at more favorable prices, and also thanks to the decrease in the price of rare earth, the average unit costs of major rare earth minerals dropped by around 20% when compared with that of 2015.

With regard to fluorescent materials, the Group sold about 430 tonnes of products, increased by approximately 7% when compared with that of 2015. Due to the fall in product prices, for example, the selling price of green phosphors fell by about 15%; while that of blue and red phosphors fell by about 30%, sales amount for the year recorded a decrease of around 13% year-on-year. As to costs, the fall in prices of rare earth oxides, the key raw materials of phosphors, and the provision for impairment made by the Group in respect of certain production facilities in 2015, has reduced the amortised cost and resulted in the gross loss margin sliding to below 5% in 2016.

During the year, the Group has consolidated the production procedures and human resources of its rare earth business, eliminated some unskilled staff and lessened certain labor costs. Besides, after the abolition of export tariffs on rare earth in May 2015 in China, selling expenses decreased accordingly. Expenses of approximately HK\$11,055,000 incurred during the period of rectification and production suspension were stated under other operating expenses item.

主席報告書

CHAIRMAN'S STATEMENT

市場分佈方面，中國仍是本集團稀土產品的最大市場，佔本集團稀土業務收入約72%。海外市場則集中在日本、歐洲及美國等地，其佔比分別約為9%、9%及7%。

耐火材料業務

回顧二零一六年，中國經濟發展持續放緩。據中國鋼鐵工業協會報導，受惠於市場價格回升，中國鋼鐵行業於前三季度扭轉「全行業虧損」的情況，但整體行業仍需要一段恢復期。同時，水泥、平板玻璃等行業仍面臨產能過剩的矛盾，需要進一步推進產業結構調整。耐火材料的市場狀況尚未明朗。

於二零一六年，本集團耐火材料業務的分部收入約為272,643,000港元，與二零一五年的約342,691,000港元比較下跌約20%。毛利率由二零一五年的約8%略回升至本年度約11%。

本集團於二零一六年售出約26,000噸一般耐火材料及高溫陶瓷產品，較二零一五年輕微下降約2%。產品售價方面，主要產品如電熔鎂鉻磚於本年度的平均售價較二零一五年下調約一成；澆注料的價格下調約半成；鋁碳磚及高溫陶瓷產品的價格與二零一五年的基本持平。雖然整體上銷售量和平均售價變化輕微，但其中售價較高的高溫陶瓷產品的銷售量跌幅較大，下降了約六成，以致有關的銷售額較二零一五年下跌了約兩成。二零一五年虧損較多的承包業務中的貿易部份於二零一六年已大幅減少，使毛利率回升至約9%。

Geographically, China remained the largest market for the Group's rare earth products, accounting for around 72% of the sales in rare earth business of the Group. For overseas markets, Japan, Europe and the US accounted for around 9%, 9% and 7% respectively.

Refractory Materials Business

Looking back in 2016, the economic development of China has continued to slow down. According to reports made by China Iron and Steel Industry Association, benefited from the recovery in market prices, the iron and steel industry of China has taken a favorable turn from a deadlock of "industry-wide loss-making" during the first three quarters, but it takes time to recover for the industry. Meantime, industries of cement and sheet glass and the like are still beset by conflicts associated with over-capacity and require further industry structural adjustments. In this regard, market conditions of the refractory materials are still enveloped with uncertainties.

In 2016, segment revenue of the Group's refractory materials was approximately HK\$272,643,000, decreased by about 20% when compared with approximately HK\$342,691,000 in 2015. Gross profit margin rose slightly from about 8% in 2015 to about 11% this year.

The Group sold approximately 26,000 tonnes of ordinary refractory materials and high temperature ceramics products in 2016, slightly or 2% lower than that of 2015. In terms of product selling prices, principal products such as magnesium chrome bricks declined by about 10% year-on-year, casting materials declined by around 5%, while the prices of alumina-graphite bricks and high temperature ceramics products remained flat when compared with 2015. Although the sales volume and the average selling price underwent minor changes, the drop in sales volume of some high temperature ceramics products with higher selling prices was significant, a drop of about 60%, such that related sales amount was about 20% lower than that of 2015. The proportion of trading section of the contracting businesses that was making severer loss in 2015 has been reduced notably in 2016, gross profit margin restored to about 9%.

主席報告書 CHAIRMAN'S STATEMENT

鎂砂業務方面，全年發展走勢穩定，生產時數較二零一五年有所增加，銷售量較二零一五年上升約5%至67,000噸。價格波動幅度維持在5%之內，銷售額與二零一五年相若，毛利率微升至約15%。

市場分佈方面，本集團的耐火材料業務仍是以中國市場為主，佔分部銷售額約86%。而其他海外市場方面，日本因當地經濟疲弱，減少了採購中國的耐火材料，故佔比減少至約9%。另外，由於本集團持續開拓高溫陶瓷產品的海外市場，歐洲及中東等市場比例上升至約5%。

展望

稀土價格近年持續低迷，加上同業競爭劇烈、產能過剩及違規採掘等問題困擾著行業發展。未來國家將通過關閉、淘汰、轉產等方式，提升行業集中度，化解過剩產能，淘汰落後企業，提升及優化產業結構，重點發展高端材料，並加大力度於環保的投入。國家工業和信息化部在稀土行業座談會議上提出，於「十三•五」期間，稀土行業將著力推動供給側改革，完成六大稀土集團組建工作，並提出打擊稀土違法違規的行為，建立產品追溯體系。非法開採稀土的問題有望得到遏制，掃除私礦將為稀土行業回暖打好基礎。另一方面，預期六大稀土集團在市場上的影響力進一步增強，行業秩序更為規範，聯合保價限產將提振稀土價格。稀土市場有望穩健回升，稀土行業亦將在改革創新中深化發展。

Regarding the magnesium grain business, the development was steady with increased production hours when compared with 2015. The sales volume was 67,000 tonnes, about 5% higher than that of 2015. The sales amount was also similar to that of 2015 with price variation within 5% while gross profit margin went up slightly to about 15%.

Geographically, China remained the Group's core market for refractory materials business with sales accounted for about 86% of the segment. With respect to overseas markets, sales to Japan fell owing to a fragile local economy that less refractory materials were purchased from China, accounting for about 9%. On the other hand, as the Group continued to explore overseas market for high temperature ceramics products, sales proportion to Europe and the Middle East and other markets rose to about 5%.

PROSPECTS

The industry development has been perplexed by issues such as sustained downturn of rare earth prices, coupled with intensive competition among industry players, over-capacity and irregular extractions. In the future, China will, by way of closure, elimination and transformation and the like, enhance industry centralization, resolve over-capacity, eliminate straggly enterprises, upgrade and optimize industrial structure, focus on development of high-end materials and exert more effort in input for environmental protection. The Ministry of Industry and Information Technology has proposed at a rare earth industry forum that, during the period of the 13th Five-year Plan, the rare earth industry will be devoted to promotion of supply-side reform and accomplish the formation of the six major rare earth groups. It has also put forward cracking down on illegal and irregular acts in the rare earth industry, as well as establishing product track systems, implying that illegal extraction of rare earth can be curbed, and that eradicating illegal mining will pave way for recovery of the industry. On the other hand, it is expected that with the strengthening market influence of the six major rare earth groups, the industry order can be more organised and the prices of rare earth can be elevated through concerted price-preserving and production restriction efforts. At this point, it is hopeful that the rare earth market will be recovered in sound condition and that the industry will deepen its development through reformation and innovation.

主席報告書

CHAIRMAN'S STATEMENT

國家於二零一七年一月完成了新一輪稀土儲備計劃。業界對此次國儲招標較為積極，價格較上次招標有所上升，以致二零一七年第一季度的稀土市場價格稍有回升跡象。

二零一六年十月中國江蘇省人民政府下發《省政府關於深入推進全省化工行業轉型發展的實施意見》，以及於十二月由中共江蘇省委及江蘇省人民政府下發的關於印發《「兩減六治三提升」專項行動方案》的通知。省政府的兩個政策性文件的出台，對本集團生產和發展提出了新及更高的要求，不僅在環保治理上要提檔升級，大幅減少排放及控制環境風險，而且在轉型發展上加強可持續發展能力和綜合競爭力。長期以來，本集團高度重視環境保護，通過提升環保設施，採取各項環保措施，嚴格控制環境風險，將環境保護視為保障生產運行的基本要素；本集團堅持創新發展，研究開發新產品、新技術，在產品粒度大小控制等研發上取得積極的進展，在高純產品和工藝的提升方面亦有很大的發展，此乃本集團未來持續發展和產品技術創新的增長動力。

另一方面，本集團正在積極研究收購中國東北地區菱鎂礦項目的可行性，冀能藉此加速落實耐火材料發展佈局，促進與本集團的業務產生協同效應，為將來的行業轉型奠下紮實的基礎。

The PRC has completed a new round of rare earth hoarding reserve plan in January 2017, the tender of which has solicited more active response from players in this sector with pricing ascended when compared with last time. As a result, market price of rare earth has a few signs of recovery in the first quarter of 2017.

The People's Government of Jiangsu Province in China has issued the "Provincial Government's Implementation Opinions in relation to In-depth Promotion of Transformation and Development for the Chemical Industry in the Province" in October 2016, and the Provincial Party Committee of Jiangsu and the People's Government of Jiangsu Province has issued the notice on the publication of the "Dedicated Action Proposal for 'Two Reductions, Six Treatments and Three Enhancements'" in December. The launch of these two provincial policy documents have brought up new and stricter requirements for the Group's production and development, which involve not only upgrading EP treatment measures, cutting down emissions significantly and controlling environmental risks, but also reinforcing sustainable development capacity and integrated competitiveness in the course of transformation and development. Over the years, the Group has always placed a high priority on environmental protection and has, through upgrading of its EP facilities, adoption of various EP measures and stringent control over environmental risks, turned EP to essentials securing the Group's production and operation. The Group has also persisted in development through innovation, in research and development of new products and new technologies, such as the remarkable progress made in the R&D of products particle size control and the enhancement of high purity products and crafts, thus showcasing the impetus for the Group's sustainable development and product technological innovation in future.

Besides, the Group is in active study of the feasibility for acquisition of a magnesite mine in northeast of China, in the hope of accelerating materialization of its development layout in respect of refractory materials and advancing a synergic effect with the Group's businesses so as to lay a solid foundation for future industrial transformation.

主席報告書 CHAIRMAN'S STATEMENT

流動資金及財務資源

本集團繼續保持審慎的財務安排，保留充裕流動資金。於二零一六年十二月三十一日，本集團共持有現金及銀行存款金額共約1,666,118,000港元。本集團的流動資產淨值約為2,175,444,000港元。總負債對總資產的比率約為9%。

本集團於二零一五年與若干稀土供應商簽訂供貨合約，合共支付逾400,000,000港元作稀土材料及產品的預付款項，期望能以優惠價格獲得足夠的原材料及產品供應。經過一年運作，由於本集團減少了生產，部份稀土材料供應商按本集團的要求把發貨期推延。本集團亦向部份供應商收回了合共人民幣120,000,000元的預付款項，亦有部份稀土產品的供應商因為本集團的貿易量增加，在合作暢順下已完成其預付款的供貨責任，於二零一六年繼續簽訂了新的預付款協議。於二零一六年十二月三十一日，本集團的賬上仍有約254,672,000港元的稀土預付款項。

由於本年的收入有所下降，按年下跌約16%，故年末時本集團的應收賬款亦相對減少了。於二零一六年十二月三十一日，本集團的應收賬款及應收票據約為258,315,000港元。其中一名客戶涉及國家稀土收儲計劃，其在資金安排上有所滯延，有關應收賬款的賬齡超過一年的約有36,847,000港元。該客戶沒有壞賬風險，惟亦影響本集團的應收賬款賬齡分析及資金回籠天數。另外，耐火材料市場疲弱，部份客戶的拖欠情況有所增加，經審慎考慮下本集團增加了呆壞賬減值撥備。本集團會密切注意各客戶的還款情況，適時與客戶進行商討催收。

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains prudent capital arrangements and retains adequate liquidity. As at 31 December 2016, the Group had cash and bank deposits valued at a total of approximately HK\$1,666,118,000. Net current assets amounted to approximately HK\$2,175,444,000, with the total liabilities to total assets ratio at around 9%.

The Group signed supply contracts with certain suppliers in 2015 and made prepayments exceeding HK\$400,000,000 in aggregate for rare earth materials and products in the hope of securing sufficient supply of raw materials and products at advantageous prices. After operation of the same for one year, and owing to the fact that the Group had reduced its production, some rare earth materials suppliers have delayed their delivery upon request by the Group and the Group has recouped RMB120,000,000 of prepayments in aggregate from those suppliers. There were some rare earth products suppliers who have performed their supply obligations under prepayments in smooth cooperation and renewed such prepayment agreements in 2016 in the light of the Group's increased trading volume. As at 31 December 2016, the Group had prepayments of approximately HK\$254,672,000 for rare earth on book.

The Group's trade receivables declined at the end of the year along with the year-on-year decrease of 16% in revenue. As at 31 December 2016, trade debtors and bills receivables of the Group amounted to approximately HK\$258,315,000. There was one customer who was involved in the rare earth hoarding reserve plan in the PRC and encountered some delay in its capital arrangement, with the trade receivables involved ageing over one year amounted to approximately HK\$36,847,000. Although such customer had no bad debt risk, ageing analysis and turnover days of Group's trade receivables were inevitably affected. In addition, the feeble refractory materials market has worsened deferring in payment by some customers and in respect of which the Group has, after prudent consideration, increased its impairment allowance for doubtful debts. The Group is closely monitoring the repayment situation of customers and negotiating with them for collection in a timely manner.

主席報告書

CHAIRMAN'S STATEMENT

年內，本集團一家國內子公司向銀行及財務機構套取了合共人民幣69,800,000元的短期貸款，其中以土地及廠房賬面淨值共約41,501,000港元作質押。

除上述外，本集團並無其他資產被抵押，亦未持有任何金融衍生工具產品。本集團亦無面臨重大的息率風險。匯率方面，本集團大部份之資產、負債及交易均以人民幣結算，另有部份以美元及港元列值。其匯率波幅相對穩定。本集團將繼續緊密關注匯率的波動及變化，並致力降低財務風險。

僱員及薪酬

本集團根據發展戰略和業務需要，優化人才結構。隨著本集團整頓部份稀土業務的人手後，於二零一六年十二月三十一日，本集團僱用各級員工共計約700人，包括多名經驗豐富的專業人才及大學畢業生。僱員人數較二零一五年減少，員工成本亦因而下降。年內，僱員成本包括董事酬金合計約為54,886,000港元，比二零一五年減少了約兩成。一如以往，為保持專業水準，本集團定期為員工提供在職培訓及進修機會。

During the year, a subsidiary of the Group in the PRC had acquired short-term loans totaled RMB69,800,000 from banks and financial institutions, among which land and plant with a carrying amount of approximately HK\$41,501,000 was pledged.

Save for the above, the Group had no charge on its assets, nor has it held any financial derivative products. It was not exposed to any material interest rate risk. As for foreign exchange, most of the Group's assets, liabilities and transactions are denominated in Renminbi, and the rest are in the US dollars or Hong Kong dollars. The exchange rates of these currencies have been stable. The Group will continue to monitor closely the volatility and changes of exchange rates and make efforts to lower its financial risks.

STAFF AND REMUNERATION

The Group has optimized its manpower structure according to its development strategies and business needs. Following the rectification of part of the manpower in the rare earth business, as at 31 December 2016, the Group had a workforce of approximately 700, including a number of experienced professionals and university graduates. Staff costs decreased as the number of employee dropped when compared with that of 2015. During the year, the Group spent an aggregate of approximately HK\$54,886,000, around 20% less from 2015, on staff costs, including directors' emoluments. Just as in the past, regular training and study opportunities were provided to employees to assist them in maintaining professional competence.

主席報告書 CHAIRMAN'S STATEMENT

末期股息

董事會建議不派發二零一六年度之末期股息（二零一五年：無）。

總結

全球市場經濟充滿挑戰與機遇，然而中國經濟增長依然令人翹首。本集團對行業前景仍滿有信心，未來將繼續積極配合國家發展策略，按照產業政策要求，進行環境治理，並通過持續整合企業資源與優化生產流程、創新及改良產品。本集團在未來將繼續以靈活的管理模式，以降低成本，並加大環保投入力度，配合國家政策及發展方向，務求在市場回穩時改善業績。

最後，本人謹代表本集團向各位業務夥伴、投資者、客戶、供應商以及所有管理層和員工，長期以來對公司的全力支持和信任，並為推動本集團發展所做出的貢獻，致以衷心謝意。

蔣泉龍

主席

香港，二零一七年三月三十日

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2016 (2015: nil).

CONCLUSION

Global market economy is brimming with challenges as well as opportunities, but the economic growth of China is still the most anticipated. The Group remains fully confident in the prospect of the industry and will continue to actively align itself to fit in with the Chinese development strategy, embark on environmental management according to policy requirement of the industry, and to further integration of enterprise resources and optimization of production process for product innovation and improvement. Looking ahead, the Group will also uphold a flexible management model to lower cost while reinforcing input in environmental protection in the direction in consistent with the Chinese policy and development, striving for improved results when the market stabilizes.

Last but not least, on behalf of the Group, I would like to express my sincere gratitude to our business partners, investors, customers, suppliers, management team and staff for their full support and trust and their contribution to the Group's development.

Jiang Quanlong

Chairman

Hong Kong, 30 March 2017

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

執行董事

蔣泉龍先生，64歲，本集團創辦人及主席。蔣先生負責制訂本集團整體業務發展政策。蔣先生獲江蘇省人事廳評定具高級經濟師資格。蔣先生在稀土及耐火材料行業擁有逾三十年經驗。於創辦本集團之前，蔣先生曾擔任某耐火材料製造廠的經理及某玻璃陶瓷製造公司的營業經理。此外，蔣先生亦為泛亞環保集團有限公司（其股份於香港聯合交易所有限公司上市）之主席兼執行董事，及本公司主要股東YY Holdings Limited之董事。蔣先生為本集團副主席錢元英女士之丈夫。

錢元英女士，57歲，本集團創辦人及副主席，兼為本集團行政總裁，亦為宜興銀茂熒光材料有限公司總經理。錢女士負責本集團整體管理工作及熒光材料業務之運作。錢女士獲江蘇省人事廳評定具高級經濟師資格，另外亦獲得中國職業經理人資格。錢女士在稀土及耐火材料行業方面擁有逾二十年經驗。於創辦本集團之前，錢女士曾任職學校教師。錢女士亦為本公司主要股東YY Holdings Limited之董事。錢女士為本集團主席蔣泉龍先生之妻子。

蔣才南先生，58歲，於一九八六年加入本集團，至二零零五年獲委任為執行董事。蔣先生兼為宜興新威利成耐火材料有限公司總經理，主管耐火材料業務之運作及銷售。蔣先生在耐火材料行業擁有逾三十年的豐富經驗。

EXECUTIVE DIRECTORS

Mr. Jiang Quanlong, aged 64, is a founding member and the chairman of the Group. Mr. Jiang is responsible for the formulation of the Group's overall business development policies. Mr. Jiang is recognised as a senior economist by Jiangsu Provincial Personnel Department. Mr. Jiang has over 30 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Mr. Jiang had been a factory manager of a refractory materials production plant and a sales manager of a glass and ceramics manufacturing company. Besides, Mr. Jiang is also the chairman and an executive director of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited, and a director of YY Holdings Limited, a substantial shareholder of the Company. Mr. Jiang is the husband of Ms. Qian Yuanying, the deputy chairman of the Group.

Ms. Qian Yuanying, aged 57, is a founding member and the deputy chairman of the Group. Ms. Qian is also the chief executive officer of the Group and the general manager of Yixing Silver Mile Fluorescent Materials Company Limited. Ms. Qian is responsible for the overall management of the Group and the operation of fluorescent materials business. Ms. Qian is recognised as a senior economist by Jiangsu Provincial Personnel Department, and she is also qualified as a Chinese Career Manager. Ms. Qian has over 20 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Ms. Qian was a high school teacher. Ms. Qian is also a director of YY Holdings Limited, a substantial shareholder of the Company. Ms. Qian is the wife of Mr. Jiang Quanlong, the chairman of the Group.

Mr. Jiang Cainan, aged 58, joined the Group in 1986 and was appointed as an executive director in 2005. Mr. Jiang is also the general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited and is responsible for the operation and sales of refractory materials business. Mr. Jiang has over 30 years of experience in the refractory materials industry.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

獨立非執行董事

黃春華先生，52歲，於二零零一年加入本集團，為本公司獨立非執行董事。黃先生擁有英國斯特克萊大學工商管理學碩士和市場學博士學位及武漢大學經濟學學士學位。現時黃先生為正道集團有限公司(其股份於香港聯合交易所有限公司上市)之副主席兼執行董事。黃先生於二零零七年五月至二零零九年四月期間為法國巴黎證券(亞洲)有限公司證券董事和中國資本市場策略師。在此之前，黃先生於二零零二年十一月至二零零七年十月擔任正道集團有限公司副主席，並曾在多所證券公司任職分析師。黃先生在金融市場上擁有豐富的知識和經驗。

金重先生，65歲，於二零零四年加入本集團，為本公司獨立非執行董事。金先生在武漢鋼鐵學院材料工程學系耐火專業專科畢業，曾在貴陽市耐火材料廠總廠出任副總工程師。

王國珍先生，81歲，於二零一二年加入本集團，為本公司獨立非執行董事。王先生畢業於天津大學，主修金屬物理化學。現時王先生為中國恩菲工程技術有限公司稀土項目之高級專家顧問。王先生於一九八七年至一九九四年為中國國務院稀土領導小組專家組成員及產業組組長及於一九九四年至二零零六年為國家發展和改革委員會稀土專家組成員及產業組組長。王先生於一九八零年至二零零九年曾連續擔任中國稀土學會理事、常務理事、稀土專家組專家以及稀土環保與勞動衛生專業委員會主任委員。王先生於二零零九年獲委任為中國稀土學會榮譽理事。此外，王先生亦為泛亞環保集團有限公司(其股份於香港聯合交易所有限公司上市)之獨立非執行董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Chunhua, aged 52, joined the Group in 2001 as an independent non-executive director of the Company. Mr. Huang obtained a Ph.D degree in Marketing and a Master degree in Business Administration from University of Strathclyde and a Bachelor degree in Economics from Wuhan University. Currently Mr. Huang is the deputy chairman and an executive director of Hybrid Kinetic Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited. For the period from May 2007 to April 2009, Mr. Huang was a director and China equity market strategist of BNP Paribas Securities (Asia) Limited. Prior to that he was the deputy chairman of Hybrid Kinetic Group Limited between November 2002 and October 2007 and an analyst of various securities companies. Mr. Huang has extensive knowledge and experience in financial market.

Mr. Jin Zhong, aged 65, joined the Group in 2004 as an independent non-executive director of the Company. Mr. Jin graduated from the Faculty of Material Engineering of Wuhan Steel College, specialising in refractory studies. Mr. Jin was previously the deputy chief engineer of the head factory of Guiyang City Refractory Materials Factory.

Mr. Wang Guozhen, aged 81, joined the Group in 2012 as an independent non-executive director of the Company. Mr. Wang graduated from Tianjin University, majoring in Physical chemistry of metals. Currently Mr. Wang is a senior expert consultant in rare earth projects of China Enfi Engineering Corporation. For the period from 1987 to 1994, Mr. Wang was a member of the Experts Group of the Rare Earth Leading Group of the State Council, the People's Republic of China and the head of its industry group. From 1994 to 2006, Mr. Wang was a member of the Group of Rare Earth Experts of the National Development and Reform Commission and the head of its industry group. Mr. Wang also worked at the Chinese Society of Rare Earths (the "CSRE") consecutively as a director, a standing director, an expert in its rare earth experts group and a senior member of its Rare Earth Related Environmental Protection and Labor Hygiene Professional Committee from 1980 to 2009. In 2009, Mr. Wang was appointed as honorary executive of the CSRE. Besides, Mr. Wang is also an independent non-executive director of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

高級管理人員

蔣鑫先生，32歲，於二零零八年加入本集團，至二零一二年獲委任為本公司總經理。蔣先生負責本集團業務的市場推廣工作。蔣先生擁有英國曼徹斯特大學主修國際商業、金融及經濟之文學士學位及威爾斯大學主修商業研究之文學士學位。蔣先生為本集團主席蔣泉龍先生及本集團副主席錢元英女士之子。

蔣洪君先生，58歲，於二零零零年加入本集團，現任本公司副總經理，負責本集團日常行政事務。蔣先生在行政管理方面擁有逾三十年的經驗。

俞正明先生，81歲，於一九九九年加入本集團，擔任宜興新威利成稀土有限公司的總工程師兼技術顧問。俞先生原是一家著名稀土廠的廠長及總工程師，是稀土及有色金屬行業的資深專家。

徐建文先生，48歲，於一九八八年加入本集團，現任宜興新威利成稀土有限公司總經理，主管稀土業務之運作。徐先生在稀土行業擁有逾二十年的生產管理經驗。

王建平先生，55歲，於二零零四年加入本集團，現任無錫新威高溫陶瓷有限公司總經理，主管高溫陶瓷業務之運作。王先生在行政管理及營銷方面擁有逾十五年的經驗。

張惠林先生，64歲，於一九八八年加入本集團，現任海城市蘇海鎂礦有限公司及海城新威利成鎂資源有限公司總經理，主管鎂砂業務之運作。張先生在耐火材料原材料供應及銷售上擁有豐富的管理經驗。

羅納德先生，47歲，於一九九九年加入本集團，為本公司財務總監及公司秘書。羅先生畢業於香港並取得工商管理學士學位，為香港會計師公會及英國特許公認會計師公會會員。加入本集團前，羅先生曾於香港一家國際會計師行任職核數經理。

SENIOR MANAGEMENT

Mr. Jiang Xin, aged 32, joined the Group in 2008 and was appointed as the general manager of the Company in 2012. Mr. Jiang is responsible for the marketing aspect of the Group's business. Mr. Jiang obtained a Bachelor degree in Arts majoring in International Business, Finance and Economics from University of Manchester and a Bachelor degree in Arts majoring in Business Studies from University of Wales. Mr. Jiang is a son of Mr. Jiang Quanlong, the chairman of the Group and Ms. Qian Yuanying, the deputy chairman of the Group.

Mr. Jiang Hongjun, aged 58, joined the Group in 2000. Mr. Jiang is the deputy general manager of the Company and is responsible for the daily administrative affairs of the Group. Mr. Jiang has over 30 years of experience in administrative management.

Mr. Yu Zhengming, aged 81, joined the Group in 1999. Mr. Yu is the chief engineer and technical consultant of Yixing Xinwei Leeshing Rare Earth Company Limited. Prior to joining the Group, Mr. Yu was the factory general manager and chief engineer of a renowned rare earth factory. Mr. Yu is an expert in rare earth and non-ferrous metals industries.

Mr. Xu Jianwen, aged 48, joined the Group in 1988. Mr. Xu is the general manager of Yixing Xinwei Leeshing Rare Earth Company Limited and is responsible for the operation of rare earth business. Mr. Xu has over 20 years of experience in production management in the rare earth industry.

Mr. Wang Jianping, aged 55, joined the Group in 2004. Mr. Wang is the general manager of Wuxi Xinwei High Temperature Ceramics Company Limited and is responsible for the operation of the high temperature ceramics business. Mr. Wang has over 15 years of experience in administrative management and sales.

Mr. Zhang Huilin, aged 64, joined the Group in 1988. Mr. Zhang is the general manager of Haicheng City Suhai Magnesium Ore Company Limited and Hai Cheng Xinwei Leeshing Magnesium Resources Company Limited and is responsible for the operation of magnesium grains business. Mr. Zhang has extensive management experience in raw material supply and sales of refractory materials.

Mr. Law Lap Tak, aged 47, joined the Group in 1999. Mr. Law is the financial controller and company secretary of the Company. Mr. Law graduated in Hong Kong and obtained a Bachelor degree in Business Administration. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Prior to joining the Group, Mr. Law was an audit manager in an international accounting firm in Hong Kong.

企業管治報告

CORPORATE GOVERNANCE REPORT

企業管治常規

本公司致力於維持良好之企業管治常規及程序。本公司已根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載的企業管治守則（「企業管治守則」）內的所有政策及原則而採納其本身之企業管治常規守則。董事會（「董事會」）認為，除了以下所述外，本公司於截至二零一六年十二月三十一日止年度內一直遵守企業管治守則。

根據企業管治守則條文第E.1.2條，董事會主席應出席股東週年大會。董事會主席蔣泉龍先生由於需履行其他業務安排，未能出席本公司於二零一六年六月三日舉行的股東週年大會。董事會副主席錢元英女士已獲委任代表蔣泉龍先生出席並回應股東之提問。本公司將安排更具彈性的日程，以方便主席出席本公司的股東週年大會。

董事進行證券交易

本公司已採納不低於上市規則附錄10所載之上市公司董事進行證券交易的標準守則（「標準守則」）的守則（「公司守則」）。在本公司提出特定查詢後，所有董事均已確認於截至二零一六年十二月三十一日止年度內一直遵守標準守則及公司守則。

CORPORATE GOVERNANCE PRACTICES

The Company is committed to attending good corporate governance practices and procedures. The Company has adopted its own code of corporate governance based on the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). In the opinion of the Board of Directors (the “Board”), the Company has complied with the CG Code throughout the year ended 31 December 2016, except for the following:

Pursuant to the CG Code provision E.1.2, the chairman of the board should attend the annual general meeting. Mr. Jiang Quanlong, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 3 June 2016 due to other business commitment. Ms. Qian Yuanying, the Deputy Chairman of the Board, was delegated to attend and respond to questions from shareholders on behalf of Mr. Jiang Quanlong. The Company will arrange for a more flexible schedule in order to facilitate the Chairman to attend the Company’s annual general meeting.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “Company’s Code”) regarding securities transactions by directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the Model Code and the Company’s Code throughout the year ended 31 December 2016.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事會

董事會目前有六名成員，包括三名執行董事及三名非執行董事。

董事會之組成及本年度董事會會議及股東大會之出席情況如下：

BOARD OF DIRECTORS

The Board currently comprises six members, consisting three executive directors and three independent non-executive directors.

The composition of the Board and the attendance of the Board meetings and general meeting during the year are as follows:

董事 Director	會議出席/舉行數目 No. of meeting(s) attended / held	
	董事會 Board meeting	股東大會 General meeting
執行董事 Executive director		
蔣泉龍 (主席) Jiang Quanlong (Chairman)	4/4	0/1
錢元英 (副主席兼行政總裁) Qian Yuanying (Deputy Chairman and Chief Executive Officer)	4/4	1/1
蔣才南 Jiang Cainan	4/4	0/1
獨立非執行董事 Independent non-executive director		
黃春華 Huang Chunhua	4/4	0/1
金重 Jin Zhong	4/4	0/1
王國珍 Wang Guozhen	4/4	1/1

除董事會會議外，主席於年內亦與獨立非執行董事在執行董事並不在場的情況下舉行了一次會議。

Apart from Board meetings, the Chairman also held a meeting with the independent non-executive directors without the presence of executive directors during the year.

董事履歷資料載於本年報第16頁至18頁的「董事及高級管理人員簡介」內。

The biographical information of the directors are set out in "Directors and Senior Management Profile" on pages 16 to 18 of the annual report.

蔣泉龍先生乃錢元英女士之丈夫。除已披露者外，董事會成員間並無家庭或其他重要關係。

Mr. Jiang Quanlong is the husband of Ms. Qian Yuanying. Save as disclosed, there are no family or other material relationship among the Board members.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事培訓及持續專業發展

每名新獲委任董事於其任期開始時將會接受綜合、正規及特定之開導，以確保其適當地瞭解本公司之業務及營運，並完全知悉根據上市規則及有關法規所規定其須履行之責任及義務。

倘有需要，本公司亦有適當的安排向董事提供持續指導及專業發展。

於本年度，本公司並沒為董事安排講座。然而本公司為董事提供了若干份香港聯合交易所有限公司（「聯交所」）發出的指引信，讓董事自行研習以加深其對上市規則的理解。

會議常規及操守

董事會定期會議之通告至少於會議舉行日期前十四天送呈全體董事。就其他董事會及委員會會議而言，一般亦發出合理之通告。

董事會文件連同所有合適、完整及可靠之資料均至少於每次董事會會議或委員會會議舉行日期前三天送呈全體董事，以讓董事評估本公司最近之發展及財務狀況，並讓彼等能夠作出知情決定。董事會及各位董事亦於必要時，分別及獨立接觸高級管理人員。

公司秘書負責編撰及保管所有董事會會議及委員會會議記錄。草擬的記錄一般於每次會議後，在合理的時間內給董事傳閱以發表意見，而最後之版本公開供董事查閱。

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary.

During the year, the Company has not arranged any seminar for directors. Nevertheless, the Company has provided certain Guidance Letters issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to directors for their own study to strengthen their understanding on the Listing Rules.

PRACTICES AND CONDUCT OF MEETINGS

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

企業管治報告

CORPORATE GOVERNANCE REPORT

根據現時之董事會常規，任何涉及主要股東或董事利益衝突之重大交易將由董事會於正式召開之董事會會議上考慮及處理。

主席及行政總裁

儘管董事會主席蔣泉龍先生乃行政總裁錢元英女士之丈夫，惟彼等之角色及職責乃分開。主席負責制定本集團之整體業務發展政策，而行政總裁負責本集團業務之整體管理。

獨立非執行董事

董事會於截至二零一六年十二月三十一日止年度內一直符合上市規則中有關委任至少三名獨立非執行董事，其中一名擁有適當專業資格或會計相關的財務管理經驗之規定。

本公司之獨立非執行董事乃才能超卓之專業人士，具有財務管理及本集團相關業務方面之專業技術及經驗。彼等就策略發展向本公司提供建議，並使董事會能夠於遵守財務及其他強制性申報規定方面維持高水準，並提供足夠之檢查及平衡，以保護股東及本公司之整體利益。每位獨立非執行董事已與本公司訂立服務合約，為期兩年。本公司已接獲全體獨立非執行董事就其獨立性作出之書面確認。董事會認為彼等均獨立。

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Although Mr. Jiang Quanlong, the Chairman of the Board, is the husband of Ms. Qian Yuanying, the Chief Executive Officer, their roles and responsibilities are separated. The Chairman is responsible for the formulation of the Group's overall business development policies while the Chief Executive Officer is responsible for the overall management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with one of whom possessing appropriate professional qualifications or accounting related financial management expertise throughout the year ended 31 December 2016.

The independent non-executive directors of the Company are highly skilled professionals with expertise and experience in the field of financial management and businesses related to the Group. They advise the Company on strategy development and enable the Board to maintain high standards of compliance of financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of shareholders and the Company as a whole. Each of the independent non-executive directors has entered into a service contract with the Company for a term of two years. The Company has received written confirmations from all independent non-executive directors concerning their independence. The Board considers that all of them are independent.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事會及管理層職責、問責及貢獻

本公司由董事會規管，負責指導及監察本公司之事務，並監督本集團之業務、決策及表現。董事會委派管理人員執行其決策及日常運作。

企業管治功能

董事會負責執行企業管治守則的第D.3.1條守則條文所載之功能。

董事會已審閱本公司企業管治的政策及實施、董事及高級管理人員的培訓及持續專業發展、本公司就合法及合規要求、標準守則及企業管治守則的遵守而制定的政策及實施，及在本企業管治報告中披露。

董事會已採納了董事會成員多元化政策以載列董事會達至多元化的途徑。董事會認為董事會成員多元化能透過考慮不同方面，包括但不限於性別、年齡、文化及教育背景、專業資格、技術知識及行業及區域經驗而達至。本公司目標於維持一適當平衡與本公司業務發展相關的多元化觀點的董事會。

董事會委員會

董事會已設立三個委員會，即審核委員會、薪酬委員會及提名委員會以處理本公司的特定事宜。本公司所有委員會均設立了明確的書面職權範圍。董事會委員會之職權範圍已在本公司及聯交所網頁上刊載，及按要求提供予股東。

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Company is governed by the Board which is responsible for directing and supervising its affairs and oversight of the Group's businesses, strategic decision and performance. Execution of the Board's decisions and daily operations are delegated to the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, and the compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board has adopted a Board Diversity Policy setting out the approach to achieve diversity on the Board. The Board has considered that diversity of the Board members can be achieved through consideration of a number of aspects, including but not limit to gender, age, cultural and educational background, professional qualification, skills, knowledge and industry and regional experience. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of Board committees are posted on the websites of the Company and the Stock Exchange and are available to shareholders upon request.

企業管治報告

CORPORATE GOVERNANCE REPORT

審核委員會

審核委員會之主要職能為協助董事會審閱與本公司核數師之關係、財務資料、財務申報系統、風險管理系統及內部監控程序。

審核委員會之組成及本年度委員會會議之出席情況如下：

成員

Member

會議出席／舉行數目

No. of meeting(s) attended/held

獨立非執行董事

Independent non-executive director

王國珍 (主席)	2/2
Wang Guozhen (Chairman)	
黃春華	2/2
Huang Chunhua	
金重	2/2
Jin Zhong	

在會議上，審核委員會審閱了本公司所採納之會計政策及慣例及討論審核、內部監控及財務申報事宜，包括於執行董事缺席及核數師協助下，審閱了本公司之中期及全年業績。

薪酬委員會

薪酬委員會之主要職能為向董事會提供本公司董事及高級管理人員薪酬政策及結構方面之意見，並檢討彼等之具體薪酬組合。

AUDIT COMMITTEE

The principal functions of the Audit Committee are to assist the Board in reviewing the relationship with the auditor of the Company, the financial information, the financial reporting system, risk management system and internal control procedures.

The composition of the Audit Committee and the attendance of the Committee meetings during the year are as follows:

During the meetings, the Audit Committee reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters, including the review of the interim and annual results of the Company with the assistance of the auditor without the presence of the executive directors.

REMUNERATION COMMITTEE

The principal functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management, and to review their specific remuneration packages.

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薪酬委員會之組成及本年度委員會會議之出席情況如下：

The composition of the Remuneration Committee and the attendance of the Committee meetings during the year are as follows:

成員 Member	會議出席／舉行數目 No. of meeting(s) attended/held
獨立非執行董事 Independent non-executive director	
黃春華 (主席) Huang Chunhua (Chairman)	1/1
金重 Jin Zhong	1/1
王國珍 Wang Guozhen	1/1

在會議上，薪酬委員會檢討了薪酬政策及對董事之薪酬組合向董事會作出了建議。

During the meeting, the Remuneration Committee reviewed the remuneration policy and recommended the remuneration packages of the directors to the Board.

提名委員會

提名委員會之主要職能為參考已採納的董事會成員多元化政策審閱董事會之組成、討論及協定以達至董事會成員多元化之可衡量目標、制定及發展董事提名及委任之有關程序、向董事會就董事委任及繼任、及評核獨立非執行董事之獨立性等提供意見。

NOMINATION COMMITTEE

The principal functions of the Nomination Committee are to review the Board composition with reference to the Board Diversity Policy adopted, discuss and agree on measurable objectives for achieving diversity on the Board, develop and formulate relevant procedures for the nomination and appointment of directors, make recommendations to the Board on the appointment and succession planning of directors, and assess the independence of independent non-executive directors.

提名委員會之組成及本年度委員會會議之出席情況如下：

The composition of the Nomination Committee and the attendance of the Committee meetings during the year are as follows:

成員 Member	會議出席／舉行數目 No. of meeting(s) attended/held
獨立非執行董事 Independent non-executive director	
金重 (主席) Jin Zhong (Chairman)	1/1
黃春華 Huang Chunhua	1/1
王國珍 Wang Guozhen	1/1

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在會議上，提名委員會檢討了本公司之董事會組成、獨立非執行董事的獨立性及董事會成員多元化政策。提名委員會認為本公司之董事會組成適當。

During the meeting, the Nomination Committee reviewed the Board composition, the independence of the independent non-executive directors and the Board Diversity Policy of the Company. The Nomination Committee considers that the Board composition is appropriate.

董事之重選

本公司之公司細則訂明每位董事須至少每三年輪值退任一次，及董事獲委任以填補空缺者須留任至本公司下屆股東大會。錢元英女士及黃春華先生將根據細則第108(A)及(B)條輪值退任。兩位均合資格並願意膺選連任。

RE-ELECTION OF DIRECTORS

The Company's Articles of Association specify that every director should be subject to retirement by rotation at least once every three years and the director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company. Ms. Qian Yuanying and Mr. Huang Chunhua will retire by rotation according to Article 108(A) and (B). Both of them, being eligible, will offer themselves for re-election.

董事對財務報表所負之責任

編製真實及公平地反映本集團財務狀況及各個財政期間之業績及現金流量之財務報表乃董事之責任。於編製財務報表時，董事須確保採納適當會計政策。財務報表乃按持續經營基準編製。

DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

It is the directors' responsibility to prepare financial statements which give a true and fair view of the state of affairs of the Group, the results and cash flows for each financial period. In preparing the financial statements, the directors have to ensure that appropriate accounting policies are adopted. The financial statements are prepared on a going concern basis.

本公司核數師就其於財務報表之報告責任載於本年報第46頁至57頁的獨立核數師報告內。

The statement of the auditor of the Company about the reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 46 to 57 of this annual report.

核數師之酬金

於本年度，本公司就核數師提供之法定審核服務（包括中期審閱）支付之酬金為3,185,000港元。核數師並無提供任何其他非審核服務。

AUDITOR'S REMUNERATION

During the year, the remuneration in respect of statutory audit services (including interim review) provided by the auditor of the Company was HK\$3,185,000. There was no other non-audit service provided by the auditor.

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風險管理及內部監控

本集團已制定風險管理組織架構，由本集團董事會、審核委員會及高級管理層組成。

董事會釐定就達成本集團策略目標可接受的主要風險性質和程度，並確認其對維持合適及有效的風險管理及內部監控系統的全面責任。審核委員會協助董事會監察風險管理及內部監控系統的運作成效而高級管理層則負責設計及執行有關程式。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

本集團已採納各式風險管理程式和指引以明確授權由主要營運單位或部門包括銷售與收款、採購與付款、生產與倉儲、財務與司庫及固定資產管理執行。各主要營運單位或部門均負責日常風險管理活動，包括鑒定可能對本集團表現造成影響的重大風險、根據可能受到的影響及出現的可能性評核及評估已識別的風險、制定及執行措施、監控及應對計劃，以管理及減輕該等風險。於每月例會上主要營運單位或部門主管討論業務並向本集團行政總裁匯報風險管理及內部監控事宜，行政總裁直接向董事會負責。

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has established a risk management framework, which consists of the Board, the Audit Committee and senior management of the Group.

The Board evaluates and determines the nature and extent of principal risks that is acceptable in achieving the Group's strategic objectives, and acknowledges its overall responsibility for maintaining appropriate and effective risk management and internal control systems. The Audit Committee supports the Board in monitoring the operating effectiveness of the risk management and internal control systems, while the senior management is responsible for the design and implementation of relevant procedures. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has adopted various risk management procedures and guidelines with defined authority for implementation by major units or departments, including sales and collection, procurement and payment, production and warehousing, finance and treasury as well as fixed assets management. Each major unit or department is responsible for daily risk management activities, including identifying major risks that might impact on the Group's performance, accessing and evaluating the identified risks according to their likely impacts and the likelihood of occurrence, formulating and implementing measures, controls and response plans to manage and mitigate such risks. During monthly regular meetings heads of major operation units or departments discuss the business and report the risk management and internal control matters to the Group's Chief Executive Officer, who is directly responsible to the Board.

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董事會已將持續監察風險管理及內部監控系統以及每年審閱該等系統成效的責任交託予審核委員會執行。為履行內部審核的職能，本集團於截至二零一六年十二月三十一日止年度內藉由獨立顧問的協助下進行了風險管理及內部監控系統的審閱，並將主要結果向審核委員會匯報。該審閱涵蓋有關財務、運作、合規及風險管理的主要及重要控制範疇。雖然仍有改進空間，惟於該審閱中並無確認重大內部監控失誤。

本集團維持內部指引以確保內幕消息根據適用法例及規則公平及適時地傳播予公眾人士。本集團投資關係、企業事務及財務管理職能的高級行政人員獲授權負責控制及監察內幕消息之披露。只限於相關高級管理層按情況需要方能獲取內幕消息，並提醒相關負責之員工及其他專業人士須將內幕消息保密直至已公開披露。

股東權利

股東大會

本公司股東大會為股東及董事會提供溝通之機會。董事會主席以及審核委員會、薪酬委員會及提名委員會之主席（或於其缺席之情況下，其正式委任之代表）將於股東大會上回答提問，本公司核數師亦被邀請出席本公司的股東週年大會（「股東週年大會」）及協助董事回答股東有關審核處理及獨立核數師報告之編製與內容之疑問。股東大會上將就各重大事宜（包括選舉個別董事）提呈單獨決議案。

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems on an on-going basis and to review the effectiveness of the systems annually. To perform the internal audit function, the Group has conducted a review of the effectiveness of the risk management and internal control systems with the assistance of an independent advisor during the year ended 31 December 2016 and reported the key findings to the Audit Committee. The review covers major and material controls in areas of financial, operational and compliance and risk management functions. Although there is room for improvement, no significant deficiency of the internal control has been identified in the review.

The Group has maintained internal guidelines for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. Senior executives of the investor relations, corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the disclosure of inside information. Access to inside information is confined to relevant senior management on “need-to-know” basis. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed.

SHAREHOLDERS' RIGHTS

General meeting

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, their duly appointed delegates are available to answer questions at the shareholders' meetings. Auditor of the Company is also invited to attend the Company's annual general meeting (“AGM”) and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditor's Report. Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

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股東週年大會及股東特別大會（「股東特別大會」）通告連同相關文件最少於個別大會前二十營業日及十四日發送予股東，當中載列各提呈決議案的詳情、投票程序及其他有關資料。股東於股東大會上之所有投票按上市規則須以點票表決方式進行。主席將於股東大會上就所提呈之各項決議案要求以點票方式表決，並將於股東大會上就決議案進行投票前對有關權利及程序作出闡釋。會上將委任獨立監票員進行點票，而表決結果將刊載於本公司及聯交所網頁上。

本公司股東可按本公司的公司細則第64條要求召開股東特別大會。股東召開股東特別大會之程序如下：

1. 於投遞請求書之日持有本公司具有權利於股東大會投票之繳足股本不少於十分之一的一名或以上股東（「請求人」）有權以書面通知要求本公司董事召開股東特別大會，以處理該要求書中指明之任何事項。

Notice of AGM and extraordinary general meetings (“EGM”) together with related papers are sent to the shareholders at least 20 clear business days and 14 days before the respective meetings, setting out details of each proposed resolution, voting procedures and other relevant information. All votes of shareholders at the general meeting will be decided by poll pursuant to the Listing Rules. The Chairman will demand that all resolutions put to the vote at general meetings be taken by poll and will explain such rights and procedures during the general meetings before voting on the resolutions. An independent scrutineer will be appointed to count the votes and the poll results will be posted on the websites of the Company and the Stock Exchange after the general meetings.

Shareholders of the Company can make a requisition to convene an EGM pursuant to Article 64 of the Company’s Articles of Association. The procedures for the shareholders to convene an EGM are as follows:

1. One or more shareholders (“Requisitionist”) holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the directors for the transaction of any business specified in such requisition.

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2. 有關請求書須以書面方式按以下全部地址向本公司董事或公司秘書作出：

本公司於香港之主要營業地點

地址： 香港中環雪廠街16號西洋會所大廈15樓
 電郵： info@creh.com.hk
 聯絡人： 公司秘書

本公司總辦事處

地址： 中華人民共和國江蘇省宜興市丁蜀鎮
 聯絡人： 公司秘書

本公司註冊辦事處

地址： Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
 聯絡人： 公司秘書

股東須提供彼等的全名、聯絡詳情及身分，以便本公司回覆。股東資料可能根據法律規定而予以披露。

3. 股東特別大會須於有關請求書投遞後兩個月內舉行。
4. 倘董事未能於該投遞起計二十一日內召開該大會，一名或以上請求人本身可以相同方式召開，而請求人因董事未能行事而產生之一切合理開支須由本公司發還予請求人。

2. Such requisition shall be made in writing to the directors or the company secretary of the Company at all of the following addresses:

Principal place of business of the Company in Hong Kong

Address: 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong
 Email: info@creh.com.hk
 Attention: Company Secretary

Head office of the Company

Address: Dingshu Town, Yixing City, Jiangsu Province, the People's Republic of China
 Attention: Company Secretary

Registered office of the Company

Address: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
 Attention: Company Secretary

Shareholders must provide their full name, contact details and identification in order to given effect thereto. Shareholders' information may be disclosed as required by law.

3. The EGM shall be held within two months after the deposit of such requisition.
4. If the directors fail to proceed to convene such meeting within 21 days of such deposit, the Requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the Requisitionist as a result of the failure of the directors shall be reimbursed to the Requisitionist by the Company.

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股東向本公司發表查詢之程序

對於董事會之事宜，股東可按以下方式與本公司聯絡：

地址：香港中環雪廠街16號西洋會所大廈15樓
 電郵：info@creh.com.hk
 電話：(852) 2869 6283
 傳真：(852) 2136 0030
 聯絡人：公司秘書

對於股份登記相關事宜（如股份過戶及登記、更改姓名或地址、遺失股票或股息單），登記股東可聯絡：

本公司之香港股份過戶登記分處
 香港中央證券登記有限公司
 地址：香港皇后大道東183號合和中心17樓
 電話：(852) 2862 8555
 傳真：(852) 2865 0990

股東於股東大會上提呈建議書之程序

為了於本公司股東大會上提呈建議，股東應以書面通知將建議書（「建議書」）連同其詳細之聯絡資料遞交本公司於香港之主要營業地點，地址為香港中環雪廠街16號西洋會所大廈15樓。

該要求將交予本公司之香港股份過戶登記分處進行核證，建議書一經確定為妥當及適當，本公司董事會將被要求於股東大會之議程中載入建議書。

Procedures for shareholders to direct enquiries to the Company

For matters in relation to the Board, shareholders can contact the Company at the following:

Address: 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong
 Email: info@creh.com.hk
 Tel: (852) 2869 6283
 Fax: (852) 2136 0030
 Attention: Company Secretary

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered shareholders can contact:

Hong Kong branch share registrar and transfer office
 Computershare Hong Kong Investor Services Limited
 Address: 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong
 Tel: (852) 2862 8555
 Fax: (852) 2865 0990

Procedures for shareholders to put forward proposals at shareholders' meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business in Hong Kong at 15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

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給予全體股東以考慮有關股東於股東大會上提出之建議書之通知期因應建議書之性質有以下差異：

1. 倘建議書須以本公司普通決議案批准，則至少十四日書面通知。
2. 倘建議書須以本公司特別決議案於本公司股東特別大會上或以本公司普通決議案於本公司股東週年大會上批准，則至少二十一日書面通知。

投資者關係

本公司繼續加強與其投資者之溝通及聯繫。獲指派之高級管理人員與機構投資者及分析師保持定期交談，以讓彼等瞭解本公司之最新發展情況。投資人之查詢以具資訊性及適時方式處理。

為促進有效溝通，本公司亦設有一個網頁，於 www.creh.com.hk，廣泛刊載本公司業務發展及營運之最新訊息、財務訊息及其他訊息。

於本年度內，本公司並無對其《組織章程細則》作出任何修訂。本公司《組織章程細則》的最新版本於本公司及聯交所網頁上可供查閱。

The notice period to be given to all the shareholders for consideration of the Proposal raised by the shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

1. At least 14 days' notice in writing if the Proposal requires approval by way of an ordinary resolution of the Company.
2. At least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or an ordinary resolution of the Company in an AGM.

INVESTOR RELATIONS

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at www.creh.com.hk, where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

During the year, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is available on the websites of the Company and the Stock Exchange.

董事會報告 DIRECTORS' REPORT

董事會同寅欣然呈報中國稀土控股有限公司(「本公司」)及其附屬公司(「本集團」)截至二零一六年十二月三十一日止年度的年報及經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。本集團的主要業務為稀土產品及耐火材料產品之製造及銷售。

附屬公司的主要業務載於財務報表附註19。

分類資料

本集團分類資料的詳情載於財務報表附註15。

業績及分派

本集團於截至二零一六年十二月三十一日止年度的業績載於本年報第58頁的綜合損益表內。

就本年度未有宣佈及派發中期及末期股息。

其他分派詳情載於財務報表附註29。

本公司可供分派之儲備

本公司可供派發之儲備包括股份溢價賬、公平值儲備及保留溢利／累計虧損。於二零一六年十二月三十一日，本公司可供分派給股東的儲備為2,224,272,000港元。

財務概要

本集團於過去五個財政年度的業績概要載於本年報第176頁。

The directors have pleasure in presenting the annual report and the audited consolidated financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are manufacturing and sales of rare earth products and refractory products.

The principal activities of the subsidiaries are set out in note 19 to the financial statements.

SEGMENTAL INFORMATION

Details of segmental information of the Group are set out in note 15 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 58 of the annual report.

No interim and final dividend was declared and paid to the shareholders for the year.

Details of other appropriations are set out in note 29 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise the share premium account, fair value reserve and retained profits/accumulated losses. As at 31 December 2016, the reserves of the Company available for distribution to shareholders amounted to HK\$2,224,272,000.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 176 of the annual report.

董事會報告

DIRECTORS' REPORT

物業、廠房及設備以及在建工程

本集團於年內的物業、廠房及設備以及在建工程的變動詳情載於財務報表附註17。

股本

年內，本公司股本變動的詳情載於財務報表附註29。

借貸

本集團於二零一六年十二月三十一日的借貸詳情載於綜合財務報表附註27。

退休計劃

本集團的退休計劃詳情載於財務報表附註12。

董事

年內及直至本報告刊行日期止本公司的董事為：

執行董事

蔣泉龍先生(主席)

錢元英女士(副主席兼行政總裁)

蔣才南先生

獨立非執行董事

黃春華先生

金重先生

王國珍先生

根據本公司的公司細則第108(A)及(B)條，錢元英女士及黃春華先生將於即將舉行的股東週年大會上輪值退任，惟合資格並願意膺選連任。

PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the financial statements.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2016 are set out in note 27 to the financial statements.

RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in note 12 to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive directors

Mr. Jiang Quanlong (*Chairman*)

Ms. Qian Yuanying (*Deputy Chairman and Chief Executive Officer*)

Mr. Jiang Cainan

Independent non-executive directors

Mr. Huang Chunhua

Mr. Jin Zhong

Mr. Wang Guozhen

In accordance with Articles 108(A) and (B) of the Company's Articles of Association, Ms. Qian Yuanying and Mr. Huang Chunhua will retire by rotation from the Board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

董事會報告

DIRECTORS' REPORT

於二零一六年十二月三十一日，概無董事與本公司訂立不可由本公司於一年內終止而毋須支付法定賠償以外的賠償的服務合約。

As at 31 December 2016, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

董事及主要行政人員的權益及淡倉

於二零一六年十二月三十一日，本公司依據「證券及期貨條例」第352條而存置之登記冊內所載，或依據上市公司董事進行證券交易的標準守則而通知本公司及聯交所的本公司董事及主要行政人員及其緊密關聯人士於本公司及其相聯公司之股份、相關股份及債券的權益及淡倉如下：

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 31 December 2016, the interests and short positions of the directors and chief executives of the Company and their respective close associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

1. 於本公司股份權益

1. Interests in shares of the Company

董事	權益性質／身份	股份數目	佔本公司已發行股本的百分比 % to the issued share capital of the Company
Director	Nature of interest/Capacity	Number of shares	
蔣泉龍 Jiang Quanlong	配偶之權益／受控公司之權益 Interest of spouse/Interest of controlled corporation	744,755,200	31.80%
錢元英 Qian Yuanying	信託之成立人 Founder of a trust	744,755,200	31.80%

附註：

該等股份均以好倉透過YY Holdings Limited持有，其全部已發行股本由YY Trust的受託人YYT (PTC) Limited所持有，而受益人為蔣泉龍先生的配偶錢元英女士及其子全資擁有的公司。按證券及期貨條例第XV部之定義錢元英女士為YY Trust的成立人。蔣泉龍先生及錢元英女士為YY Holdings Limited的董事。

Note:

These shares are held in long position through YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her sons. Ms. Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr. Jiang Quanlong and Ms. Qian Yuanying are the directors of YY Holdings Limited.

董事會報告

DIRECTORS' REPORT

2. 於相聯公司股份、相關股份或股本權益

(a) 微科資源有限公司

董事	權益性質／身份	已發行股份類別及數目	佔該公司已發行股本中該股份類別的百分比 % in the class of shares in the issued share capital of the Company
Director	Nature of interest/ Capacity	Number and class of issued shares	
蔣泉龍	實益擁有人	無投票權遞延股份7,000,000股	70%
Jiang Quanlong	Beneficial owner	7,000,000 non-voting deferred shares	
錢元英	實益擁有人	無投票權遞延股份3,000,000股	30%
Qian Yuanying	Beneficial owner	3,000,000 non-voting deferred shares	

(b) 宜興新威利成稀土有限公司

(b) Yixing Xinwei Leeshing Rare Earth Company Limited

董事	權益性質／身份	股本權益百分比
Director	Nature of interest/Capacity	% equity interest
蔣泉龍	受控公司之權益	5%
Jiang Quanlong	Interest of controlled corporation	

附註：

該等權益乃透過宜興新威集團有限公司持有。該中國企業由蔣泉龍先生擁有90%權益，餘下的10%權益由其子持有。蔣先生亦為該企業的法定代表人。

Note:

The equity interest is held by Yixing Xinwei Group Co., Ltd., a PRC domestic enterprise 90% owned by Mr. Jiang Quanlong, with the remaining 10% owned by his son. Mr. Jiang is also the legal representative of the enterprise.

董事會報告

DIRECTORS' REPORT

(c) YY Holdings Limited

(c) YY Holdings Limited

董事	權益性質／身份	已發行股份類別及數目	佔該公司已發行股本中該股份類別的百分比 % in the class of shares in the
Director	Nature of interest/Capacity	Number and class of issued shares	issued share capital of the Company
錢元英 Qian Yuanying	信託之成立人 Founder of a trust	普通股份1股 1 ordinary share	100%
錢元英 Qian Yuanying	信託之成立人 Founder of a trust	優先股份25,000股 25,000 preference shares	100%
蔣泉龍 Jiang Quanlong	受控公司之權益 Interest of controlled corporation	普通股份1股 1 ordinary share	100%
蔣泉龍 Jiang Quanlong	受控公司之權益 Interest of controlled corporation	優先股份25,000股 25,000 preference shares	100%

附註：

YY Holdings Limited的全部已發行股本由YY Trust的受託人YYT (PTC) Limited所持有，而其受益人為蔣泉龍先生的配偶錢元英女士及其子全資擁有的公司。按證券及期貨條例第XV部之定義錢元英女士為YY Trust的成立人。蔣泉龍先生及錢元英女士為YYT (PTC) Limited的董事。

Note:

The entire issued share capital of YY Holdings Limited is held by YYT (PTC) Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her sons. Ms. Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr. Jiang Quanlong and Ms. Qian Yuanying are the directors of YYT (PTC) Limited.

除上述披露外，於二零一六年十二月三十一日，根據「證券及期貨條例」第352條所存置之登記冊內所載，概無本公司董事或主要行政人員或其緊密關聯人士於本公司及其相聯公司之股份、相關股份及債券持有或被視為持有任何權益或淡倉。

Save as disclosed above, as at 31 December 2016, none of the directors or chief executives of the Company and their respective close associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept under Section 352 of the SFO.

董事會報告

DIRECTORS' REPORT

主要股東權益及淡倉

據董事會所知，於二零一六年十二月三十一日，本公司依據「證券及期貨條例」第336條而存置之登記冊內所載，除本公司董事及主要行政人員外，其他股東持有本公司的股份及相關股份的權益及淡倉如下：

1. 全部已發行股本由YYT (PTC) Limited所持有的公司YY Holdings Limited以實益擁有人身份持有本公司股份744,755,200股，約佔本公司已發行股份的31.80%。
2. YYT (PTC) Limited被視為持有其所擁有全部已發行股本的YY Holdings Limited所持有的本公司股份744,755,200股的權益。

除上述披露外，於二零一六年十二月三十一日，根據「證券及期貨條例」第336條所存置之登記冊內所載，除本公司董事或主要行政人員外，概無其他人仕通知本公司於本公司之股份或相關股份持有任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the directors, as at 31 December 2016, the interests and short positions of shareholders, other than the directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

1. YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited, was holding 744,755,200 shares of the Company, representing approximately 31.80% of the issued share capital of the Company as beneficial owner.
2. YYT (PTC) Limited was deemed to be interested in 744,755,200 shares of the Company held by YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited.

Save as disclosed above, no other party, other than the directors or chief executives of the Company, has notified the Company that he had any interest or short position in the shares or underlying shares of the Company as recorded in the register kept under Section 336 of the SFO as at 31 December 2016.

董事會報告 DIRECTORS' REPORT

購股權計劃

由於先前於二零零四年六月四日採納的舊購股權計劃於二零一四年六月三日失效，本公司股東於二零一四年六月六日召開的股東周年大會批准採納現時生效的新購股權計劃（「新計劃」），旨在以提供獎勵鼓勵參與者向本集團作出貢獻。於截至二零一六年十二月三十一日止年度，無購股權按新計劃被授出、取消或失效。

新計劃之主要條款如下：

1. 新計劃旨在使本集團能向曾對本集團作出貢獻的合資格參與者授出購股權作為獎勵或回報。
2. 合資格參與者包括本公司或其任何附屬公司或本集團任何成員公司持有任何股權之任何實體之任何僱員（不論全職或兼職，包括任何執行董事）、任何非執行董事、任何股東、任何供應商及任何客戶，以及對本集團的發展及成長作出貢獻的任何人士。
3. 按新計劃，可予發行的總股份數目為167,264,305股，約佔於新計劃採納日期時本公司已發行股本的10%。
4. 各參與者按新計劃在任何十二個月期間內可獲發行之股份數目不可超過本公司已發行股本之1%。
5. 授出購股權之可行使日期可由董事會釐定，但不可於要約日期十年後結束。
6. 任何授出購股權之要約可由參與者於要約日起二十一日內以付出代價1港元接納。

SHARE OPTION SCHEME

At the Company's annual general meeting held on 6 June 2014, the shareholders of the Company approved the adoption of a new share option scheme currently in force (the "New Scheme") after the old share option scheme, which was previously adopted on 4 June 2004, lapsed on 3 June 2014 for the purpose of providing incentives to participants for their contribution to the Group. During the year ended 31 December 2016, there was no option granted, cancelled or lapsed under the New Scheme.

The major terms of the New Scheme are as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.
2. The eligible participants include any employee (whether full-time or part-time, including any executive director), any non-executive director, any shareholder, any supplier and any customer of the Company or any of its subsidiaries or any entity in which any member of the Group holds any equity interest, and any party having contributed to the development and growth of the Group.
3. Under the New Scheme, the total number of shares available for issue is 167,264,305 which represents approximately 10% of the issued share capital of the Company as at the date of adoption of the New Scheme.
4. The maximum entitlement of each participant under the Scheme in any 12-month period should not exceed 1% of the issued share capital of the Company.
5. The exercisable period of an option granted may be determined by the directors and should not end later than 10 years after the date of offer.
6. Any offer for the grant of an option may be accepted by the participant within 21 days from the date of offer with a consideration of HK\$1 paid.

董事會報告

DIRECTORS' REPORT

7. 行使價可由董事會釐定，但不可少於下列各項之最高者：
- (i) 要約當日本公司股份於聯交所每日報價表所示之收市價；
 - (ii) 緊接要約當日前五個營業日本公司股份於聯交所每日報價表所示之平均收市價；及
 - (iii) 本公司股份面價。
8. 新計劃自二零一四年六月六日，即新計劃被採納日起十年內有效。
7. The exercise price may be determined by the directors provided that it should not be less than the highest of:
- (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of offer;
 - (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and
 - (iii) the nominal value of a share of the Company.
8. The New Scheme is valid and effective for a period of 10 years from 6 June 2014, the date on which the Scheme was adopted.

除上述披露外，年內本公司或其附屬公司概無參與任何能夠使本公司之任何董事或主要行政人員或其配偶或未滿十八歲的子女藉購入本公司或任何其他法人團體之股份或債券而獲得利益之任何安排。

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement, which enables any of the directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

董事於合約的權益

年內，本集團向蔣泉龍先生支付約831,000港元，作為使用其辦公室的租金費用。

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid approximately HK\$831,000 as rental expenses to Mr. Jiang Quanlong for the use of his office premises.

年內，本集團向一間由錢元英女士及蔣泉龍先生被視為擁有權益的關連公司無錫泛亞環保科技有限公司支付約61,000港元，作為使用其辦公室的租金費用。

During the year, the Group paid approximately HK\$61,000 as rental expenses to Wuxi Pan-Asia Environmental Protection Technologies Limited, a related company in which Ms. Qian Yuanying and Mr. Jiang Quanlong were deemed to have beneficial interests, for the use of its office premises.

除上述及於財務報表附註31披露外，於年結日或年內任何時間各董事概無於本公司或其任何附屬公司訂立與其業務有關的任何重大合約中擁有直接或間接的實際權益。

Save as disclosed above and in note 31 to the financial statements, no director had a beneficial interest, either direct or indirect, in any contract of significance to which the Company or any of its subsidiaries was a party at the year-end date or at any time during the year.

董事會報告 DIRECTORS' REPORT

董事於競爭業務的權益

年內，概無董事於與本集團之業務有直接或間接競爭或可能存在競爭之任何業務中擁有任何權益。

獲准許彌償條文

年內，本公司按開曼群島公司法的允許，備有以本公司董事為受益人的彌償條文。獲准許彌償條文載於本公司組織章程細則以及為董事及高級行政人員購買的責任保險內，有關保險就董事可能面對任何訴訟而產生相關的潛在責任和費用而作出賠償。

管理合約

年內概無訂立或存在任何對本集團全部或重大部份之業務與管理及行政有關之合約。

購買、出售或贖回本公司的上市證券

本集團於年內概無購買、出售或贖回任何本公司之上市證券。

主要客戶及供應商

本集團主要客戶及供應商於年內所佔的銷售及採購百分比如下：

銷售

– 最大客戶	18%
– 最大五名客戶合計	41%

採購

– 最大供應商	32%
– 最大五名供應商合計	59%

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PREMITTED INDEMNITY PROVISIONS

During the year, the Company has in force indemnity provisions as permitted under the Cayman Islands Companies Law for the benefit of the directors of the Company. The permitted indemnity provisions are provided for in the Company's Articles of Association and in the directors and officers liability insurance maintained in respect of potential liability and costs associated with any proceedings that may be brought against the directors.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

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

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales

– the largest customer	18%
– five largest customers combined	41%

Purchases

– the largest supplier	32%
– five largest suppliers combined	59%

董事會報告

DIRECTORS' REPORT

據各董事所知，各董事、彼等的緊密聯繫人及擁有本公司5%以上已發行股本的任何股東概無於本集團最大五名客戶或供應商的股本中擁有任何權益。

企業管治

本公司致力於發展及維持良好的企業管治常規以保障本公司股東利益，同時提高本公司價值、問責性及透明度。本公司採納的主要企業管治常規相關資料規載於本年報第19頁至32頁的企業管治報告內。

業務回顧

本集團業務的回顧及展望已於本年報第6頁至15頁的主席報告書中討論。

1. 主要風險及不明朗因素

業務環境持續改變而本集團面對的主要風險及不明朗因素亦與此相依。全球尤其是中國的經濟不穩，導致稀土產品及耐火材料產品市場需求波動。此外，中國政府的態度及所推行的政策亦對市場有重大影響而致使價格及需求變化不定。再者，高新技術的發展亦引發稀土的新應用及引伸對稀土的新需求。本集團將密切監察市場趨勢並制定適合的策略以應對前方之轉變。

2. 關鍵財務表現指標

包括毛利率等的關鍵財務表現指標分析載於本年報第8頁至11頁的主席報告書中業務回顧一節內。

None of the directors, their respective close associates or any shareholders who own more than 5% of the Company's issued share capital to the knowledge of the directors, have any interest in the share capital of any of the five largest customers or suppliers of the Group.

CORPORATE GOVERNANCE

The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 19 to 32 of the annual report.

BUSINESS REVIEW

A review and prospects of the business of the Group are discussed in the Chairman's Statement on pages 6 to 15 of the annual report.

1. Principal risks and uncertainties

Business environment changes continuously and the Group is facing significant risks and uncertainties associates to it. Instabilities in the global economy, especially in China, led to fluctuation in the market demand of rare earth products and refractory materials products. In addition, the attitude and the policies implemented by the Chinese Government will have great impact on the markets and which will fluctuate the prices and demand. Moreover, the development of advanced technology will also lead to new application of rare earth and it may also derive new demand for rare earth. The Group will closely monitor the market trends and derive appropriate strategies to cope with the changes ahead.

2. Key financial performance indicators

Analysis of key performance indicators including gross profit ratios are set out in the Business Review section of Chairman's Statement on pages 8 to 11 of the annual report.

董事會報告 DIRECTORS' REPORT

3. 環境政策及表現

本集團清楚理解環境保護對本集團持續及將來發展的重要性。本集團盡力在生產環境中減少污水、廢氣及噪音的排放。所有廢物的棄置及處理交由適當單位負責。本集團亦進行了一系列節能減排的改造以保持在同業中對環境保護的領導地位。年內，本集團並無知悉有不符環境保護法律法規的情況。

4. 符合法律法規

本集團大部分的運作皆位於中國。故中國所有影響外商投資企業運作的法律法規，包括公司法、外資企業法及貨物進出口管理條例等均對本集團至為重要。此外，中國政府推行有關稀土行業的條例如「國務院關於促進稀土行業持續健康發展的若干意見」及「稀土行業准入條件」等亦對本集團運作構成重大影響。年內，本集團並無知悉有違反上述法律法規的情況。

3. Environmental policies and performance

The Group is fully aware of the importance of environment protection on the Group's sustainability and future development. The Group devotes to minimize the release of water, air and sound pollutants to the production environments. All wastage are discharged and handled by appropriate entities. The Group had undergone a series of energy-savings and anti-pollution innovations to maintain its leadership status in environment protection among the peers in the industry. The Group did not aware of any non-compliance of the laws or regulations on environment protection during the year.

4. Compliance with laws and regulations

Most of the Group's operations are situated in China and so all of those laws and regulations can affect foreign invested enterprise's operation in China, including the Company Law, Law of Foreign-Capital Enterprises and Regulation on the Administration of the Import and Export of Goods are critical to the Group. In addition, those provisions implemented by the Chinese Government in relation to the rare earth industry such as "Several Opinions of the State Council on Promoting the Sustainable and Healthy Development of the Rare Earth Industry" and "Rare Earth Industry Access Conditions" also have significant influence to the Group's operation. The Group did not aware of any violations on the above laws and regulations during the year.

董事會報告

DIRECTORS' REPORT

5. 與主要持份者的關係

本集團認為員工乃其成功之本。本集團為員工提供了完善的薪酬體系及福利待遇。亦為保持集團的專業水準，本集團亦定期為在職員工提供培訓及進修機會。所有員工皆與本集團簽訂僱傭合約以受有關勞工法例所保障。

本集團累積龐大客戶群遍及全世界。本集團一直專注與客戶保持良好關係。每年，管理層及銷售團隊均會拜訪客戶，聆聽其需要，從而調整銷售策略。

本集團於不同的材料向不同的供應商採購。本集團並不依賴單一供應商以避免集中風險。本集團維持了健康的採購制度，與供應商保持良好合作關係。

優先購股權

根據本公司之公司組織章程及細則及開曼群島公司法，本公司並無對於發行新股設立任何優先購股權之規定。

足夠公眾持股量

根據本公司從公開途徑所得的資料及據董事會所知，本公司於年內一直維持上市規則所規定的足夠公眾持股量。

5. Relationship with key stakeholders

The Group shares a view that its staff is critical to its success. The Group has provided a comprehensive staff remuneration and welfare system. It also provided regular training and study opportunities to employees to assist them in maintaining professional competence. All staff had entered into appropriate employment contract with the Group so as to be protected by relevant labour laws.

The Group accumulated a large number of customer bases all over the world. The Group has always focused on maintaining good customer relationship. Every year, the management and sales team will visit customers and listen to their needs so as to adjust its sales strategy.

The Group sources different materials with different suppliers. The Group would not depend on a single supplier to avoid the concentration risk. The Group maintains a healthy procurement system and maintains good cooperation relationship with suppliers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association and the Cayman Islands Companies Law in relation to the issue of new shares by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Listing Rules during the year.

董事會報告 DIRECTORS' REPORT

核數師

由二零一三年開始作為本公司核數師的國富浩華(香港)會計師事務所有限公司於二零一七年一月二十四日辭任而天健德揚會計師事務所有限公司於同日獲委聘為本公司之核數師。

截至二零一六年十二月三十一日止年度的綜合財務表已經由天健德揚會計師事務所有限公司審核。

天健德揚會計師事務所有限公司將任滿告退，惟合資格並願意膺選連任。有關續聘天健德揚會計師事務所有限公司為本公司核數師的決議案將於本公司應屆股東週年大會上提呈。

承董事會命

蔣泉龍

主席

香港，二零一七年三月三十日

AUDITOR

Crowe Horwath (HK) CPA Limited, who acted as the auditor of the Company since 2013, resigned on 24 January 2017 and Ascenda Cachet CPA Limited was appointed as auditor of the Company on the same day.

The consolidated financial statements for the year ended 31 December 2016 have been audited by Ascenda Cachet CPA Limited.

Ascenda Cachet CPA Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Jiang Quanlong

Chairman

Hong Kong, 30 March 2017

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT



獨立核數師報告

致中國稀土控股有限公司各股東

(於開曼群島註冊成立之有限公司)

意見

吾等已審核第58至第175頁所載中國稀土控股有限公司(「貴公司」)及其附屬公司(下文統稱「貴集團」)之綜合財務報表，包括於二零一六年十二月三十一日之綜合財務狀況表及截至該日止年度之綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實公平地反映 貴集團於二零一六年十二月三十一日之綜合財務狀況及截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露規定妥為編製。

13F Neich Tower
128 Gloucester Road
Wanchai Hong Kong
香港灣仔
告士打道128號
祥豐大廈13樓F室

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHINA RARE EARTH HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 58 to 175, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, 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.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

意見基礎

吾等根據香港會計師公會頒佈之香港審計準則（「香港審計準則」）進行審核。在該等準則下，吾等之責任在吾等之報告內「核數師就審計綜合財務報表承擔之責任」一節進一步闡述。根據香港會計師公會之「專業會計師道德守則」（「守則」），吾等獨立於貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得之審核憑證能充足及適當地為吾等之審核意見提供基礎。

關鍵審計事項

根據吾等之專業判斷，關鍵審計事項為吾等審核於本期間之綜合財務報表中最重要之事項。吾等在審核綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。就下文各事項而言，有關吾等審核時處理此等事項的描述僅適用於此等情況。

吾等已履行本報告「核數師就審計綜合財務報表承擔之責任」一節闡述之責任，包括與該等關鍵審計事項相關之責任。相應地，吾等之審計工作包括執行為應對評估綜合財務報表重大錯誤陳述風險而設計之審計程序。吾等執行審計程序之結果，包括應對下述事項所執行之程序，為綜合財務報表發表審計意見提供基礎。

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

就 貴集團主要業務之物業、廠房及設備以及經營租約下預付土地租金之減值評估

Impairment assessment on property, plant and equipment, and prepaid lease payments on land under operating leases for the Group's key businesses

請參閱綜合財務報表附註2(i)及4(a)之董事披露有關會計政策、判斷及估計以及綜合財務報表附註17及18之進一步資料。

Refer to notes 2(i) and 4(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 17 and 18 to the consolidated financial statements for further information.

關鍵審計事項

Key Audit Matter

貴集團於二零一六年十二月三十一日之物業、廠房及設備以及經營租約下預付土地租金分別約319,212,000港元及143,648,000港元，當中 貴集團稀土業務及耐火業務的現金產生單位（「現金產生單位」）中該等資產於二零一六年十二月三十一日之賬面值分別約為227,960,000港元及234,887,000港元。

The Group's property, plant and equipment, and prepaid lease payments on land under operating leases were approximately HK\$319,212,000 and HK\$143,648,000, respectively, as at 31 December 2016, of which the carrying amounts of these assets in the Group's cash generating units ("CGUs") of rare earth business and refractory business were approximately HK\$227,960,000 and HK\$234,887,000, respectively, as at 31 December 2016.

於各申報期間結算日， 貴集團根據內部及外部資料審查 貴集團的現金產生單位以評估現金產生單位是否出現減值跡象。倘出現有關跡象， 貴集團將估計現金產生單位的可收回款額。

At the end of each reporting period, the Group performed review on the Group's CGUs based on internal and external sources of information to assess whether there is any indication that the CGU may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the CGU.

就評估減值而言，該等資產分配至現金產生單位，而各現金產生單位之可收回金額由管理層使用現金流量預測按使用價值計算釐定。於進行減值評估時，管理層會採用重大判斷以識別現金產生單位及釐定使用價值計算涉及之關鍵假設，包括經營利潤率、最終增長率及貼現率。

For the purpose of assessing the impairment, these assets were allocated to CGUs, and the recoverable amount of each CGU was determined by management based on value in use calculations using cash flow projections. In carrying out the impairment assessments, significant management judgement was used to appropriately identify CGUs and to determine the key assumptions, including operating margins, terminal growth rates and discount rates, underlying the value in use calculations.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

吾等就 貴集團的現金產生單位的該等資產的減值評估所進行之程序包括（其中包括）以下各項：

Our procedures in relation to impairment assessment of these assets on the Group's CGUs included, among others, the followings:

- 根據 貴集團的會計政策及吾等對 貴集團業務的了解評估管理層對現金產生單位的識別；
- Assessing management's identification of CGUs based on the Group's accounting policies and our understanding of the Group's businesses;
- 審閱管理層對 貴集團現金產生單位減值跡象之評估；
- Reviewing management's assessment of impairment indication on the Group's CGUs;
- 評估估值師的資格、能力及客觀程度；
- Assessing the competence, capabilities and objectivity of the Valuer;
- 評估估值師所使用估值技巧的相關性及合理性；
- Assessing the relevance and reasonableness of valuation techniques used by the Valuer;
- 將相關現金流量與董事會經批准預算進行比較，及評估該等預算的編算方式；
- Comparing the underlying cash flows to board approved budgets and assessing how these budgets are compiled;
- 將本年度的實際現金流量與去年現金流量預測進行比較，以考慮有關預測（包括假設）是否過於樂觀；
- Comparing the current year actual cash flows with the prior year cash flow projections to consider if the projections included assumptions that were overly optimistic;

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

就 貴集團主要業務之物業、廠房及設備以及經營租約下預付土地租金之減值評估 (續)

Impairment assessment on property, plant and equipment, and prepaid lease payments on land under operating leases for the Group's key businesses (Continued)

關鍵審計事項

Key Audit Matter

管理層結論為，於二零一六年十二月三十一日，耐火業務現金產生單位的該等資產並無出現減值跡象。

The management concluded that there was no impairment indication in respect of these assets for the CGU of refractory business as at 31 December 2016.

就稀土業務現金產生單位而言，由於管理層於二零一六年十二月三十一日確認減值跡象，因此已進行減值評估。二零一六年十二月三十一日，稀土業務現金產生單位的可收回金額乃由 貴集團參考 貴集團委聘的獨立合資格專業估值師（「估值師」）按使用價值計算（「估值」）後釐定。根據估值，稀土業務現金產生單位的可收回價值高於其於二零一六年十二月三十一日的賬面值， 貴公司董事認為，於二零一六年十二月三十一日並無就稀土業務現金產生單位確認減值虧損。

For the CGU of rare earth business, impairment assessment was conducted by the management as a result of impairment indication identified as at 31 December 2016. The recoverable amount of the CGU of rare earth business as at 31 December 2016 was determined by the Group with reference to the value in use calculations (the "Valuations") performed by an independent qualified professional valuer (the "Valuer") engaged by the Group. Based on the Valuations, the recoverable amount of the CGU of rare earth business was higher than its carrying amount as at 31 December 2016 and, in the opinion of the directors of the Company, no impairment loss was recognised in respect of the CGU of rare earth business as at 31 December 2016.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

- 根據吾等的業務及行業知識評估關鍵假設的合理性（包括經營利潤率、最終增長率及貼現率）；及
- Assessing the reasonableness of key assumptions (including operating margins, terminal growth rates and discount rates) based on our knowledge of the business and industry; and
- 將輸入數據與支持證據對賬，例如經批准預算，並考慮該等預算的合理性。
- Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

貴集團存貨估值

Valuation of the Group's inventories

請參閱綜合財務報表附註2(j)及4(a)之董事披露有關會計政策、判斷及估計以及綜合財務報表附註21之進一步資料。

Refer to notes 2(j) and 4(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 21 to the consolidated financial statements for further information.

關鍵審計事項

Key Audit Matter

於二零一六年十二月三十一日，貴集團存貨的賬面值約為192,975,000港元。

The carrying amount of the Group's inventories was approximately HK\$192,975,000 as at 31 December 2016.

管理層使用日常業務過程中之估計售價減估計完成之成本及進行銷售所需之估計成本釐定存貨之可變現淨值，當中涉及重大估計及假設。

Management determined the net realisable value of the inventories by using the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, which involved significant estimates and assumptions.

釐定撇減基準屬重大判斷，乃根據過往存貨虧損經驗及預期日後售價而作出。

The determination of the basis of write down is a significant judgement based on historical experience of stock losses and expected future sales prices.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

吾等就管理層對貴集團存貨之估值評估進行之程序包括（其中包括）以下各項：

Our procedures in relation to management's assessment of the valuation of the Group's inventories included, among others, the followings:

- 了解管理層估計存貨可變現淨值的方法，及評估管理層過往對撥備估計的準確性；
- Obtaining an understanding of how management estimated the net realisable value of inventories and evaluating the historical accuracy of the allowance estimation by management;
- 與管理層討論及評估管理層估計其後售價、完成之成本及進行銷售所需之成本所採用的基準；
- Discussing with management and assessing the basis of the management's estimation of subsequent selling prices, costs to completion and costs necessary to make the sales;

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

貴集團存貨估值 (續)

Valuation of the Group's inventories (Continued)

關鍵審計事項

Key Audit Matter

貴集團於二零一六年十二月三十一日進行存貨審查，並於截至二零一六年十二月三十一日止年度撥備約14,730,000港元，以將存貨撇減至彼等的可變現淨值。貴集團亦於截至二零一六年十二月三十一日止年度就過往年度已撇減存貨撥回撥備約2,168,000港元。

The Group carried out the inventory review as at 31 December 2016 and provided allowances of approximately HK\$14,730,000 to write down inventories to their net realisable value during the year ended 31 December 2016. The Group also reversed allowances of approximately HK\$2,168,000 for previous years' write down of inventories during the year ended 31 December 2016.

根據管理層所釐定存貨之可變現淨值，管理層認為於二零一六年十二月三十一日之存貨估值屬恰當。

Based on the management's determination of the net realisable value of the inventories, the management concluded that the valuation of the Group's inventories was appropriate as at 31 December 2016.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

- 評估計算存貨可變現淨值所使用的方法及假設；及重新計算存貨撇減或撇銷撥備及撥備撥回金額；
- Assessing the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculating the allowances and reversal of allowances for write down or write off of inventories;
- 抽查存貨於年終後的售價、完成之成本及進行銷售所需之成本的準確性及相關性；及
- Checking, on a sample basis, the accuracy and relevance of the selling prices of the inventories subsequent to year-end, the costs to completion and the costs necessary to make the sales; and
- 評估倘若於二零一六年十二月三十一日的估計可變現淨值低於成本的撥備是否足夠。
- Assessing the sufficiency of allowances where the estimated net realisable value was lower than the cost as at 31 December 2016.

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

貴集團應收賬款及其他應收款的減值

Impairment of the Group's trade and other receivables

請參閱綜合財務報表附註2(i)、2(k)及4(a)之董事披露有關會計政策、判斷及估計以及綜合財務報表附註22之進一步資料。
Refer to notes 2(i), 2(k) and 4(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 22 to the consolidated financial statements for further information.

關鍵審計事項

Key Audit Matter

於二零一六年十二月三十一日，貴集團應收賬款及其他應收款的賬面值約為281,622,000港元。

The carrying amount of the Group's trade and other receivables was approximately HK\$281,622,000 as at 31 December 2016.

應收賬款及其他應收款減值由管理層應用判斷及使用假設估計。貴集團有關確認應收賬款及其他應收款減值的政策是基於對賬款的可收回程度及賬齡分析評估及根據管理層判斷。在評估該等應收款項最終能否變現時，將涉及大量判斷，包括各債務人的信用情況及過往還款記錄。

The impairment of trade and other receivables is estimated by the management through the application of judgment and use of assumptions. The Group's policy for recognition of impairment on trade and other receivables is based on the evaluation of collectability, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

吾等就管理層對貴集團應收賬款及其他應收款之減值評估進行之程序包括（其中包括）以下各項：

Our procedures in relation to management's impairment assessment on the Group's trade and other receivables included, among others, the followings:

- 了解管理層估計呆壞賬撥備的方法，及評估管理層過往對撥備估計的準確性；
- Obtaining an understanding of how management estimated the allowances for bad and doubtful debts and evaluating the historical accuracy of the allowance estimation by management;
- 審查應收賬款及其他應收款於整個年度的賬齡分析以了解債務人的償付模式；
- Reviewing the ageing analysis of trade and other receivables throughout the year to understand the settlement patterns by the debtors;

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

貴集團應收賬款及其他應收款的減值 (續)

Impairment of the Group's trade and other receivables (Continued)

關鍵審計事項

Key Audit Matter

於二零一六年十二月三十一日，貴集團對應收賬款及其他應收款進行減值評估，並就應收賬款及其他應收款於截至二零一六年十二月三十一日止年度之呆壞賬作出撥備分別約10,352,000港元及203,000港元。貴集團亦就應收賬款及其他應收款於截至二零一六年十二月三十一日止年度之呆壞賬撥回撥備分別約4,376,000港元及166,000港元。

The Group performed the impairment assessment on trade and other receivables as at 31 December 2016 and provided allowances for bad and doubtful debts on trade receivables and other receivables amounting to approximately HK\$10,352,000 and HK\$203,000, respectively, during the year ended 31 December 2016. The Group also reversed allowances for bad and doubtful debts on trade receivables and other receivables amounting to approximately HK\$4,376,000 and HK\$166,000, respectively, during the year ended 31 December 2016.

根據管理層對應收賬款及其他應收款減值的評估，管理層認為於二零一六年十二月三十一日之應收賬款及其他應收款呆壞賬撥備屬恰當。

Based on the management's assessment on the impairment of trade and other receivables, the management concluded that the allowances for bad and doubtful debts on trade and other receivables was adequate as at 31 December 2016.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

- 測試 貴集團就編製應收賬款及其他應收款賬齡分析的關鍵控制，並抽查來源文件以測試賬齡分析；
- Testing the key controls of the Group relating to preparation of the ageing analysis of trade and other receivables and carrying out testing on the ageing analysis, on a sample basis, to the source documents;
- 參考管理層對債務人的信用評估、債務人過往的信貸記錄（包括拖欠或逾期付款）、債務人的償付記錄、債務人的期後償付及各個別債務人的賬齡分析評估管理層應收賬款及其他應收款可收回性的評估基準；及
- Assessing the basis of management's assessment of recoverability of trade and other receivables with reference to the management's evaluation of debtors' creditworthiness, debtors' credit history including default or delay in payments, debtors' settlement records, subsequent settlements from debtors and ageing analysis of each individual debtor; and
- 重新計算應收賬款及其他應收款呆壞賬撥備及撥回撥備金額及評估有關撥備於二零一六年十二月三十一日是否足夠。
- Recalculating the amount of allowances and reversal of allowances for bad and doubtful debts on trade and other receivables and assessing the sufficiency of the allowances as at 31 December 2016.

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

其他資料

貴公司董事為其他資料負責。其他資料包括年報所載資料，惟不包括綜合財務報表及吾等就此發出之核數師報告。

吾等對綜合財務報表表達之意見並不涵蓋其他資料，吾等亦不會就此表達任何形式之保證結論。

就吾等對綜合財務報表進行之審計工作而言，吾等負責審閱其他資料，並考慮其他資料是否與綜合財務報表或吾等從審計工作所獲得資料之間出現重大不相符情況，又或在其他方面出現重大錯誤陳述。倘吾等基於所進行工作而得出其他資料有重大錯誤陳述之結論，則吾等須匯報有關情況。就此，吾等並無須匯報之事宜。

董事及管治層就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露要求，編製真實公平地反映情況之綜合財務報表，及董事釐定對編製綜合財務報表屬必要之有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致之重大錯誤陳述。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事宜，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際替代方案。

管治層負責監督貴集團之財務申報程序。

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

核數師就審計綜合財務報表承擔之責任

吾等之目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具載有吾等意見之核數師報告。吾等乃根據委聘之協定條款僅向全體股東報告，不作其他用途。吾等並不就本報告之內容對任何其他人士負責或承擔責任。合理確定屬高層次之核證，惟根據香港審計準則進行之審核工作不能保證總能察覺所存在之重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出之經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審計之過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

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

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

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

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

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

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

- 對董事採用持續經營會計基礎之恰當性作出結論，並根據所獲取之審計憑證，確定是否存在與事項或情況有關之重大不確定性，從而可能導致對 貴集團之持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提醒使用者注意綜合財務報表中之相關披露。倘有關披露不足，則修訂吾等意見。吾等結論乃基於截至核數師報告日期止所取得之審計憑證。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表之整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動之財務資料獲取充足及適當之審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計之方向、監督和執行。吾等為審核意見承擔全部責任。
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

吾等與管治層就(其中包括)審計之計劃範圍、時間安排及重大審計發現溝通，該等發現包括吾等在審計過程中識別之內部監控之任何重大缺失。

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

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

吾等亦向管治層作出聲明，指出吾等已符合有關獨立性之相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性之所有關係及其他事宜，以及相關防範措施(如適用)。

從與管治層溝通之事項中，吾等釐定對本期間綜合財務報表之審計最為重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見之情況下，倘合理預期在吾等報告中溝通某事項造成之負面後果超出產生之公眾利益，則吾等決定不應在報告中傳達該事項。

出具獨立核數師報告之審計項目董事為陳育棠。

天健德揚會計師事務所有限公司
執業會計師
香港，二零一七年三月三十日

陳育棠
執業證書編號 P03723

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

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

The engagement director on the audit resulting in this independent auditor's report is Chan Yuk Tong.

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 30 March 2017

Chan Yuk Tong
Practising Certificate Number P03723

綜合損益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

			二零一六年 2016	二零一五年 2015
		附註 Note	千港元 HK\$'000	千港元 HK\$'000
收入	Revenue	5	709,120	843,110
銷售成本	Cost of sales		(704,190)	(943,575)
毛利／(毛虧)	Gross profit/(loss)		4,930	(100,465)
其他收入	Other income	6	4,946	5,600
銷售及分銷費用	Selling and distribution expenses		(16,648)	(28,075)
管理費用	Administrative expenses		(66,069)	(73,321)
物業、廠房及設備之 減值虧損	Impairment loss on property, plant and equipment	17(iv)	–	(94,916)
經營租約下預付土地 租金之減值虧損	Impairment loss on prepaid lease payments on land under operating leases	18(iii)	–	(14,753)
其他經營費用	Other operating expenses	7(a)	(11,055)	–
其他(虧損)／收益淨值	Other net (loss)/gain	7(b)	(10,603)	43,283
經營業務虧損	Loss from operations		(94,499)	(262,647)
財務成本	Finance costs	8(a)	(3,904)	(1,436)
除稅前虧損	Loss before taxation	8	(98,403)	(264,083)
所得稅支出	Income tax charge	9	(9,473)	(3,535)
本年度虧損	Loss for the year		(107,876)	(267,618)
下列人士應佔本年度虧損：	Loss for the year attributable to:			
本公司擁有人	Owners of the Company		(104,242)	(256,650)
非控股權益	Non-controlling interests		(3,634)	(10,968)
			(107,876)	(267,618)
每股虧損	Loss per share			
– 基本及攤薄	– Basic and diluted	14	HK4.45 cents	HK11.98 cents

第65頁至175頁之附註構成財務報表其中一部份。

The notes on pages 65 to 175 form part of these financial statements.

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
本年度虧損	Loss for the year	(107,876)	(267,618)
本年度其他全面虧損 (扣除零稅項及重分類調整)	Other comprehensive loss for the year (net of nil tax and reclassification adjustments)		
可於其後重分類至損益賬的項目：	<i>Items that may be reclassified subsequently to profit or loss:</i>		
– 換算海外業務財務報表之 匯兌差額	– Exchange differences on translation of financial statements of foreign operations	(173,633)	(173,020)
– 可供出售權益證券公平值收益	– Fair value gain on available-for-sale equity securities	–	18,931
– 出售可供出售權益證券公平值 儲備轉出	– Release of fair value reserve upon disposal of available-for-sale equity securities	–	(29,491)
		(173,633)	(183,580)
本年度全面虧損總值	Total comprehensive loss for the year	(281,509)	(451,198)
下列人士應佔本年度全面虧損總值：	Total comprehensive loss for the year attributable to:		
本公司擁有人	Owners of the Company	(277,115)	(439,038)
非控股權益	Non-controlling interests	(4,394)	(12,160)
		(281,509)	(451,198)

第65頁至175頁之附註構成財務報表其中一部份。

The notes on pages 65 to 175 form part of these financial statements.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一六年十二月三十一日 As at 31 December 2016

			二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
		附註 Note		
非流動資產	Non-current assets			
商譽	Goodwill	16	–	–
物業、廠房及設備	Property, plant and equipment	17	319,212	400,936
經營租約下預付土地租金	Prepaid lease payments on land under operating leases	18	139,692	153,358
遞延稅項資產	Deferred tax assets	28(b)	4,525	4,695
其他非流動資產	Other non-current asset	20	16,953	18,100
			480,382	577,089
流動資產	Current assets			
經營租約下預付土地租金	Prepaid lease payments on land under operating leases	18	3,956	4,379
存貨	Inventories	21	192,975	341,221
應收賬款及其他應收款	Trade and other receivables	22	281,622	416,580
預付款項及按金	Prepayments and deposits	22	288,306	414,840
可收回稅項	Tax recoverable	28(a)	1,642	1,258
受限制銀行存款	Restricted bank deposits	23	16,993	36,178
現金及現金等值項目	Cash and cash equivalents	24	1,649,125	1,396,365
			2,434,619	2,610,821
流動負債	Current liabilities			
應付賬款及應付票據	Trade and bills payables	25	101,317	166,894
應計款項及其他應付款	Accruals and other payables	25	74,019	78,248
應付董事款項	Amounts due to directors	26	3,245	2,804
銀行及其他貸款	Bank and other borrowings	27	78,033	–
應付稅項	Tax payable	28(a)	2,561	2,554
			259,175	250,500
流動資產淨值	Net current assets		2,175,444	2,360,321
資產總值減流動負債	Total assets less current liabilities		2,655,826	2,937,410
非流動負債	Non-current liabilities			
遞延稅項負債	Deferred tax liabilities	28(b)	811	886
資產淨值	NET ASSETS		2,655,015	2,936,524

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一六年十二月三十一日 As at 31 December 2016

		附註 Note	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
資本及儲備	CAPITAL AND RESERVES	29		
股本	Share capital		234,170	234,170
儲備	Reserves		2,411,514	2,688,629
本公司擁有人應佔權益	Equity attributable to owners of the Company		2,645,684	2,922,799
非控股權益	Non-controlling interests		9,331	13,725
權益總值	TOTAL EQUITY		2,655,015	2,936,524

第58頁至第175頁之綜合財務報表經由董事會於二零一七年三月三十日批准及授權刊發，並由以下人士代表簽署：

The consolidated financial statements on pages 58 to 175 were approved and authorised for issue by the board of directors on 30 March 2017, and are signed on its behalf by:

蔣泉龍
董事

錢元英
董事

Jiang Quanlong
Director

Qian Yuanying
Director

第65頁至175頁之附註構成財務報表其中一部份。

The notes on pages 65 to 175 form part of these financial statements.

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

		本公司擁有人應佔權益 Attributable to owners of the Company									
		股本	股份溢價	資本儲備	法定儲備	匯兌儲備	公平值儲備	保留溢利/ (累計虧損)	小計	非控股權益	總值
		Share capital 千港元 HK\$'000	Share premium 千港元 HK\$'000	Capital reserve 千港元 HK\$'000	Statutory reserves 千港元 HK\$'000	Translation reserve 千港元 HK\$'000	Fair value reserve 千港元 HK\$'000	Retained profits/ (accumulated losses) 千港元 HK\$'000	Sub-total 千港元 HK\$'000	Non- controlling interests 千港元 HK\$'000	Total 千港元 HK\$'000
於二零一五年一月一日	At 1 January 2015	167,264	1,770,100	22,348	251,948	577,252	10,560	172,253	2,971,725	25,885	2,997,610
於二零一五年之權益變動：	Changes in equity for 2015:										
本年度虧損	Loss for the year	-	-	-	-	-	-	(256,650)	(256,650)	(10,968)	(267,618)
其他全面(虧損)/收益， 扣除零稅項及重分類調整	Other comprehensive (loss)/income, net of nil tax and reclassification adjustments										
—換算海外業務財務報表之 匯兌差異	— Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(171,828)	-	-	(171,828)	(1,192)	(173,020)
—可供出售權益證券之 公平值收益	— Fair value gain on available-for-sale equity securities	-	-	-	-	-	18,931	-	18,931	-	18,931
—出售可供出售權益證券 公平值儲備轉出	— Release of fair value reserve upon disposal of available-for-sale equity securities	-	-	-	-	-	(29,491)	-	(29,491)	-	(29,491)
本年度全面虧損總值	Total comprehensive loss for the year	-	-	-	-	(171,828)	(10,560)	(256,650)	(439,038)	(12,160)	(451,198)
供股(附註29(b))	Rights issue of shares (note 29(b))	66,906	334,528	-	-	-	-	-	401,434	-	401,434
就供股發行新普通股股份之 交易成本(附註29(b))	Transaction costs attributable to issue of new ordinary shares from rights issues (note 29(b))	-	(11,322)	-	-	-	-	-	(11,322)	-	(11,322)
於二零一五年十二月三十一日 及二零一六年一月一日	At 31 December 2015 and 1 January 2016	234,170	2,093,306	22,348	251,948	405,424	-	(84,397)	2,922,799	13,725	2,936,524
於二零一六年之權益變動：	Changes in equity for 2016:										
本年度虧損	Loss for the year	-	-	-	-	-	-	(104,242)	(104,242)	(3,634)	(107,876)
其他全面虧損，扣除零稅項及 重分類調整	Other comprehensive loss, net of nil tax and reclassification adjustments										
—換算海外業務財務報表之 匯兌差異	— Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(172,873)	-	-	(172,873)	(760)	(173,633)
本年度全面虧損總值	Total comprehensive loss for the year	-	-	-	-	(172,873)	-	(104,242)	(277,115)	(4,394)	(281,509)
於二零一六年十二月三十一日	At 31 December 2016	234,170	2,093,306	22,348	251,948	232,551	-	(188,639)	2,645,684	9,331	2,655,015

第65頁至175頁之附註構成財務報表其中一部份。

The notes on pages 65 to 175 form part of these financial statements.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

			二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
	附註 Note			
經營活動		Operating activities		
除稅前虧損		Loss before taxation	(98,403)	(264,083)
調整項目：		Adjustments for:		
財務成本	8(a)	Finance costs	3,904	1,436
利息收入	6	Interest income	(4,946)	(5,600)
物業、廠房及設備之折舊	8(c)	Depreciation of property, plant and equipment	60,177	78,443
經營租約下預付土地租金之攤銷	8(c)	Amortisation of prepaid lease payments on land under operating leases	4,223	4,511
應收賬款之減值虧損	7(b)	Impairment loss on trade receivables	10,352	1,686
其他應收款之減值虧損	7(b)	Impairment loss on other receivables	203	191
應收賬款之減值虧損撥回	7(b)	Reversal of impairment loss on trade receivables	(4,376)	(10,146)
其他應收款之減值虧損撥回	7(b)	Reversal of impairment loss on other receivables	(166)	(224)
出售可供出售權益證券之收益	7(b)	Gain on disposal of available-for-sale equity securities	–	(29,491)
存貨撇除	21(b)	Write down of inventories	14,730	86,223
存貨撇除撥回	21(b)	Reversal of write down of inventories	(2,168)	–
物業、廠房及設備之減值虧損	17(iv)	Impairment loss on property, plant and equipment	–	94,916
經營租約下預付土地租金之減值虧損	18(iii)	Impairment loss on prepaid lease payments on land under operating leases	–	14,753
			(16,470)	(27,385)
營運資金變動		Changes in working capital		
存貨減少		Decrease in inventories	118,202	22,463
應收賬款及其他應收款減少		Decrease in trade and other receivables	106,584	6,869
預付款項及按金減少／(增加)		Decrease/(increase) in prepayments and deposits	103,569	(369,721)
應付賬款及應付票據(減少)／增加		(Decrease)/increase in trade and bills payables	(56,851)	83,266
應計款項及其他應付款增加／(減少)		Increase/(decrease) in accruals and other payables	373	(12,251)
應付董事款項增加		Increase in amounts due to directors	613	623
經營所得／(使用)的現金		Cash generated from/(used in) operations	256,020	(296,136)
已付所得稅	28(a)	Income tax paid	(10,086)	(3,493)
退回所得稅	28(a)	Income tax refunded	–	1,624
經營活動所得／(使用)的現金淨值		Net cash generated from/(used in) operating activities	245,934	(298,005)

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

		附註 Note	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
投資活動	Investing activities			
受限制銀行存款 減少／(增加)	Decrease/(increase) in restricted bank deposits		17,444	(34,067)
購置物業、廠房及設備	Purchase of property, plant and equipment		(2,027)	(8,893)
出售可供出售權益證券 所得款項	Proceeds from disposal of available-for-sale equity securities		–	36,211
已收利息	Interest received		4,946	5,600
投資活動所得／(使用)的 現金淨值	Net cash generated from/(used in) investing activities		20,363	(1,149)
融資活動	Financing activities			
新增銀行及其他借貸之 所得款項	Proceeds from new bank and other borrowings		115,682	71,919
供股之所得款項	Proceeds from rights issue of shares	29(b)	–	401,434
支付就供股發行新普通 股份之交易成本	Payment for transaction costs attributable to issue of new ordinary shares from rights issue	29(b)	–	(11,322)
償還銀行及其他借貸	Repayment of bank and other borrowings		(34,734)	(73,346)
已付融資費用	Finance charges paid		(2,338)	–
已付利息	Interests paid		(1,566)	(1,436)
融資活動所得的現金淨值	Net cash generated from financing activities		77,044	387,249
現金及現金等值項目增加 淨值	Net increase in cash and cash equivalents		343,341	88,095
年初現金及現金等值項目	Cash and cash equivalents at beginning of the year		1,396,365	1,386,003
匯率變動之影響	Effect of changes in exchange rate		(90,581)	(77,733)
年末現金及現金等值項目	Cash and cash equivalents at end of the year	24	1,649,125	1,396,365

第65頁至175頁之附註構成財務報表其中一部份。

The notes on pages 65 to 175 form part of these financial statements.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

1. 一般資料

中國稀土控股有限公司（「本公司」）於開曼群島註冊成立為一間獲豁免的有限責任公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司註冊辦事處及主要營業地點於本年報「公司資料」一節中披露。

本公司之直接母公司及最終控股人士為YY Holdings Limited（「YY Holdings」），該公司於英屬處女群島註冊成立。YY Holdings並無編製可供公眾人士使用之財務報表。

本公司及其附屬公司（統稱為「本集團」）從事製造及銷售稀土產品（包括熒光產品）及耐火產品（包括高溫陶瓷產品和鎂砂）以及投資控股。

本綜合財務報表以港元（「港元」）列示，即本公司及其於香港經營之附屬公司之功能貨幣，而本公司於中華人民共和國（「中國」）成立之附屬公司之功能貨幣為人民幣（「人民幣」）。本公司董事認為，就控制及監察本集團業績及財務狀況以及向YY Holdings（其功能貨幣亦為港元）報告而言，以港元列示綜合財務報表更為得宜。

1. GENERAL

China Rare Earth Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the Company’s registered office and principal place of business are disclosed in the “Corporate Information” section of the annual report.

The immediate parent and the ultimate controlling party of the Company is YY Holdings Limited (“YY Holdings”), which was incorporated in the British Virgin Islands. YY Holdings does not produce financial statements available for public use.

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in manufacturing and sales of rare earth products (including fluorescent products) and refractory products (including high temperature ceramics products and magnesium grains), and investment holding.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and its subsidiaries operating in Hong Kong, while the functional currency of the Company’s subsidiaries established in the People’s Republic of China (the “PRC”) is Renminbi (“RMB”). The directors of the Company consider that presenting the consolidated financial statements in Hong Kong dollars is preferable when controlling and monitoring the performance and financial position of the Group and in reporting to YY Holdings whose functional currency is also Hong Kong dollars.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策

a) 遵守聲明

此等財務報表是按照所有適用香港財務報告準則（「香港財務報告準則」），該統稱包括所有由香港會計師公會（「香港會計師公會」）頒佈的個別適用的《香港財務報告準則》、《香港會計準則》（「香港會計準則」）及詮釋以及香港公認會計原則及香港公司條例（「公司條例」）之適用披露規定而編製。此等財務報表亦符合聯交所證券上市規則（「上市規則」）之適用披露規定。本集團採納之主要會計政策披露於下文。

香港會計師公會已頒佈若干新訂及經修訂之香港財務報告準則，有關準則自本集團的本會計期間初次生效或可供提前採用。有關初步應用該等準則導致會計政策任何變動之資料載於附註3內，惟以該等準則於此等財務報表所反映之現有及過往會計期間與本集團有關者為限。

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

b) 財務報表編製基準

截至二零一六年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司。

除可供出售權益證券(見附註2(f))於下文會計政策所闡述按公平值計量外,編製財務報表所採用之計量基準為歷史成本法。

編製此等符合香港財務報告準則之財務報表需要管理層作出判斷、估計及假設,而該等判斷、估計及假設會影響政策之應用及所申報之資產、負債、收入及開支等數額。該等估計及有關假設乃根據過往經驗及管理層相信於該等情況下乃屬合理之各項其他因素為基準而作出,所得結果構成管理層就目前未能從其他來源而得出的資產及負債之賬面值所作出估計之基準。實際數字或會有別於估計數字。

本集團持續就所作估計及相關假設作出評估。會計估計之變動如僅影響當期,則有關會計估計變動將於當期確認,或如有關變動影響現行及未來期間,則在變動期間及未來期間確認。

管理層在應用香港財務報告準則時所作出並對財務報表有重大影響之判斷,以及估計不確定因素之主要來源,詳述於附註4。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the available-for-sale equity securities are stated at their fair value as explained in the accounting policies set out below (see note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

c) 附屬公司及非控股權益

附屬公司為本集團控制的實體。當本集團具有承擔或享有參與實體所得的可變回報的風險或權利，並能透過其在該實體的權力影響該等回報，即屬對該實體具有控制權。當評估本集團是否具有該權力時，只會考慮(由本集團或其他人士持有)的實質權利。

於附屬公司之投資會自控制開始日期起合併入賬綜合財務報表內，直至控制結束日期為止。集團內公司間之結餘、交易及現金流量和集團內公司間之交易所產生之任何未變現溢利於編製綜合財務報表時悉數抵銷。倘並無出現減值跡象，集團內公司間之交易所產生之未變現虧損則按照未變現收益之相同方式抵銷。

非控股權益指並非由本公司直接或間接擁有之附屬公司權益，而本集團未有就此與該權益持有人達成任何附加協議，致令本集團整體上對該等權益產生符合財務負債定義之合約責任。就每項業務合併而言，本集團可選擇按附屬公司之可辨識資產淨值之公平值或所佔附屬公司可辨識資產淨值之比例計量任何非控股權益。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

c) 附屬公司及非控股權益(續)

非控股權益會在綜合財務狀況表之權益項目中，與本公司擁有人之應佔權益分開呈報。而非控股權益所佔集團業績之權益則會在綜合損益表及綜合損益及其他全面收益表中列作為本公司非控股權益與本公司擁有人之間的年內損益總額及全面收益總額分配。非控股權益持有人之貸款及該等持有人的其他合約責任根據附註2(l)或2(m)於綜合財務狀況表內呈列為金融負債，視乎負債性質而定。

當集團失去對附屬公司的控制權時，則計為出售該附屬公司全部權益，因此而產生的收益或虧損於損益確認。失去控制權當日於該前附屬公司留存的任何權益按公平值確認，有關金額視為初步確認金融資產時的公平值(見附註2(f))或(倘適用)初步確認於聯營公司或合營企業投資的成本。

在本公司之財務狀況表內，於附屬公司之投資按成本值減去任何減值虧損(見附註2(i))列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(l) or 2(m) depending on the nature of the liability.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses (see note 2(i)).

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2. 主要會計政策(續)

d) 業務合併

收購業務使用收購法列賬。於業務合併中轉讓之代價乃按公平值計量，而公平值乃按本集團所轉讓資產、向被收購公司前擁有人承擔之負債及本集團為交換被收購公司控制權所發行股本權益於收購日期之公平值總和計算。收購相關成本一般在產生時於損益中確認。

於收購日期，已收購之可識別資產及已承擔之負債乃按其公平值確認，惟下列各項除外：

- 由業務合併中已收購資產及須承擔負債引致之遞延稅資產或負債以及於收購日存在或由收購所致之暫時差異及被收購公司之結轉之潛在稅務影響按香港會計準則第12號「所得稅」予以確認及計量；
- 有關僱員福利安排之資產或負債按香港會計準則第19號「僱員福利」予以確認及計量；
- 有關被收購公司之以股份為基礎之付款安排之負債或股本工具或本集團訂立之用以替代被收購公司以股份為基礎之付款安排按香港財務報告準則第2號「以股份為基礎之付款」於收購日予以計量；及
- 根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」劃分為持作出售之資產（或出售組別）根據該項準則計量。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 "Income Taxes";
- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 "Employee Benefits";
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

d) 業務合併(續)

商譽乃以所轉讓代價、被收購公司之任何非控股權益金額以及收購方過往持有之被收購公司股權之公平值(如有)之總和,超出所收購可識別資產與所承擔負債於收購日期之淨額之差額計量。倘經重新評估後,所收購可識別資產與所承擔負債於收購日期之淨額超出所轉讓代價、被收購公司之任何非控股權益金額以及收購方過往持有之被收購公司權益之公平值(如有)之總和,則差額即時於損益中確認為議價購買之收益。

屬現時擁有權權益且於清盤時賦予持有人權利按比例分佔實體淨資產之非控股權益,可初步按公平值或非控股權益分佔被收購公司可識別淨資產已確認金額之比例計量。計量基準視乎每項交易而作出選擇。其他類型之非控股權益按其公平值或(如適用)按其他香港財務報告準則規定之基準計量。

倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債,或然代價按其收購日期公平值計量並計為於業務合併中所轉讓代價之一部份。或然代價之公平值變動如符合資格作為計量期調整,則會追溯調整,並就商譽作出相應調整。計量期調整指於「計量期」(自收購日期起計不得超過一年)內取得有關於收購日期存在事實及情況之額外資料而產生之調整。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

d) 業務合併(續)

並不符合計量期間調整之或然代價，其公平值變動之續後會計取決於或然代價如何分類。分類為權益之或然代價並無於隨後報告日期重新計量，而其續後結算於權益內入賬。分類為資產或負債之或然代價根據香港會計準則第39號「財務工具：確認及計量」於續後報告日期重新計量，而相應盈虧於損益中確認。

倘業務合併分階段達成，本集團以往所持被收購公司股權於收購日期按公平值重新計量，所產生之盈虧(如有)在損益中確認。如出售於被收購公司權益，以往在其他全面收益中確認之從該等權益於收購日期前產生之金額重新分類至損益(如此處理方法合適)。

倘業務合併之初步會計處理於進行合併之報告期末仍未完成，則本集團就仍未完成會計處理之項目呈報暫定金額。該等暫定金額於計量期(見上文)內作出調整，或確認額外資產或負債，以反映就於收購日期已存在事實及情況取得之新資料(倘知悉該等資料，將會影響於當日確認之金額)。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Business combinations (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement" with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

e) 商譽

業務收購所產生之商譽乃按於業務收購之日所確定之成本減累計減值虧損(如有)列賬。

就進行減值測試而言，商譽會分配至預期可透過合併之協同效益獲利之本集團各賺取現金單位(或賺取現金單位組別)。

獲分配商譽之賺取現金單位會每年作減值測試，或於有跡象顯示該單位可能出現減值時，作更頻密減值測試。倘若分配至賺取現金單位之部份或全部商譽乃於本年度期間透過業務合併而獲得，則該單位須於本年度期間結束前作減值測試。當賺取現金單位之可收回金額低於賬面值，減值虧損首先分配以減低分配至該單位之任何商譽之賬面值，繼而根據單位內各資產之賬面值，按比例分配至單位之其他資產。商譽之任何減值虧損直接於損益中確認。就商譽確認之減值虧損不會在其後期間撥回。

於出售相關賺取現金單位之任何應佔商譽金額均包括於出售時所釐定之損益內。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

f) 其他權益證券投資

本集團及本公司之權益證券投資(除附屬公司投資外)政策如下:

權益證券投資初始按公平值(即其交易價格)列賬,除非初始確認之公平值與交易價格有所不同,且公平值為相同資產或負債在活躍的市場上的報價,或通過使用從可觀察的市場數據的估值技術計量。成本包括應佔交易成本;惟下文所述者除外。此等投資其後因應所屬分類入賬如下:

持作貿易用途之證券投資被歸類為流動資產,任何應佔交易成本於產生時在損益中確認。於各個申報期間結算日,會重新計算公平值,所得之盈虧於損益中確認。於損益確認之淨損益並不包括該等投資所賺取之任何股息,有關股息乃根據附註2(r)(iii)所載之政策確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical assets or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends earned on these investments as these are recognised in accordance with the policies set out in note 2(r)(iii).

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2. 主要會計政策(續)

f) 其他權益證券投資(續)

其他不屬持作買賣證券或持有至到期日證券的證券投資被歸類為可供出售證券。於各個申報期間結算日，會重新計算公平值，所得之盈虧會於其他全面收益中確認，及單項累計呈列於權益中之公平值儲備。惟此有例外情況，倘與之相同的工具在活躍市場並無報價及其公平值無法可靠地計量的權益證券投資，則按成本減去減值虧損後於財務狀況表確認(見附註2(i))。來自權益證券之股息收入按附註2(r)(iii)所載之政策在損益確認。

當終止確認此等投資或此等投資出現減值(見附註2(i))時，於權益確認之累計收益或虧損乃重新分類至損益核算。投資會於本集團承諾買入／賣出投資或投資到期當日確認／終止確認。

g) 物業、廠房及設備

物業、廠房及設備按成本值減累計折舊及任何累計減值虧損入賬(見附註2(i))。

自行興建之物業、廠房及設備之成本，包括材料成本、直接工資、(如適用)初步估計拆卸及搬遷項目以及恢復項目所在地原貌之成本，以及適當比例之其他成本及貸款成本(見附註2(t))。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Other investments in equity securities (Continued)

Investments in securities which do not fall into securities held for trading or held-to-maturity securities are classified as available-for-sale securities. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(i)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(r)(iii).

When the investments are derecognised or impaired (see note 2(i)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 2(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(t)).

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2. 主要會計政策(續)

g) 物業、廠房及設備(續)

報廢或出售物業、廠房及設備項目所產生之收益或虧損，乃以出售所得款項淨額與項目賬面值之差異釐定，並於報廢或出售日期於損益確認。

物業、廠房及設備項目之折舊乃使用直線法按其如下估計可使用年期撇銷其成本值減估計剩餘價值(如有)：

– 持作自用之樓宇	20年
– 機器及設備	10年
– 辦公室設備及裝置	5年
– 汽車	5年

當一項物業、廠房及設備之各部份有不同的可使用年期，此項目各部份之成本值將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(如有)會每年進行檢討。

在建工程指興建中和有待安裝的物業、廠房及設備，按成本減累計減值虧損(如有)列賬(見附註2(i))。成本包括樓宇建築成本、機器及設備成本以及在興建或安裝及測試期間為收購該等資產融資貸款所產生的利息費用。在建工程截至相關資產建設完成且可作擬定用途前不會計提折舊。有關資產可作擬定用途時，該等成本會撥歸其他物業、廠房及設備類別，並按上文所載的政策折舊。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Property, plant and equipment (Continued)

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings held for own use	20 years
– Machinery and equipment	10 years
– Office equipment and fixtures	5 years
– Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction-in-progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses (see note 2(i)), if any. Cost includes the costs of construction of buildings, the costs of machinery and equipment and interest charges arising from borrowings used to finance the acquisition of these assets during the period of construction or installation and testing. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and are available for their intended use. When the assets concerned are ready for intended use, the costs are transferred to other categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

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2. 主要會計政策(續)

h) 租賃資產

倘本集團決定安排在協定期限內出讓一項特定資產或多項資產之使用權，以換取一筆付款或一連串付款，則有關安排(包括一項交易或一連串交易)即屬於或包括租賃。有關決定根據對安排本質之評估(不論安排是否以法定租賃形式)作出。

i) 出租予本集團之資產分類

倘本集團根據租賃持有資產而有關租賃將擁有權涉及之絕大部份風險及回報轉移至本集團，則有關資產列作根據融資租賃持有。並無將擁有權涉及之絕大部份風險及回報轉移至本集團之租賃則列作經營租賃，惟按經營租賃持作自用的土地則除外，其公平值無法與於其上興建的樓宇於租約生效時的公平值分開計量，有關土地則按根據融資租賃持有入賬，除非有關樓宇亦明確根據經營租賃持有。就此而言，租賃生效的時間為本集團首次訂立租賃的時間，或從先前承租人接管租賃的時間。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Lease assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

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2. 主要會計政策(續)

h) 租賃資產(續)

ii) 經營租賃費用

如屬本集團根據經營租賃使用資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額分期方式計入損益中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益中確認為總租賃付款淨額的一部份。或有租金於其產生之會計期間計入損益中。

根據經營租賃持有之土地之收購成本乃於租賃期內以直線法攤銷。

iii) 租賃土地及樓宇

倘租賃包含土地及樓宇部分，本集團視乎租賃有否轉讓土地擁有權的重大風險及回報，判斷以決定分類為融資租賃或經營租賃。除非明顯地兩個部分均為經營租賃，在此情況下，整份租約會分類為經營租賃。特別是最低租賃付款(包括任何一筆過預付款)將按租賃開始時租賃土地部分及樓宇部分之租賃權益之相關公平值比例分配至土地及建築物部分。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Lease assets (Continued)

ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

iii) Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

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2. 主要會計政策(續)

h) 租賃資產(續)

iii) 租賃土地及樓宇(續)

倘能可靠地分配租賃款項，則入賬列為經營租賃之租賃土地權益將於綜合財務狀況表內列作「經營租約下預付土地租金」，並於租賃期內以直線法攤銷入賬。

i) 資產減值

i) 權益證券投資及其他應收款之減值

按成本值或攤銷成本列賬或分類為可供出售證券的權益證券投資及其他流動與非流動應收款項會於各個申報期間結算日進行檢討，以判斷有否存在客觀減值證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據：

- 債務人有重大財務困難；
- 違反合約，如拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響；及
- 於權益工具之投資之公平值大幅或長期下降至低於其成本。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Lease assets (Continued)

iii) Leasehold land and building (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments on land under operating leases” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

i) Impairment of assets

i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are carried at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

i) 資產減值(續)

i) 權益證券投資及其他應收款之減值(續)

如存在任何上述證據，則會釐定及確認減值虧損如下：

- 就按攤銷成本列賬之應收賬款及其他金融資產而言，倘折現之影響重大，則減值虧損乃按資產之賬面值與金融資產原有實際利率（即在初步確認該等資產時計算之實際利率）折現之估計未來現金流量現值之間之差額計量。倘按攤銷成本列賬之金融資產具備類似風險特徵，例如類似逾期情況，且並未單獨被評估為減值，則就此進行整體評估。經整體評估減值之金融資產之未來現金流量，乃根據與整體組別信貸風險特徵相似之資產之過往虧損經驗作出。

倘於其後期間減值虧損金額有所減少，而客觀上與確認減值虧損後發生之事件有關，有關減值虧損會撥回損益。減值虧損之撥回不應導致資產之賬面值超過其在以往年度沒有確認任何減值虧損而應已釐定之數額。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment of assets (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

i) 資產減值(續)

i) 權益證券投資及其他應收款之減值(續)

- 就可供出售權益證券而言，於公平值儲備內確認之累計虧損會重新分類至損益。於損益中確認之累計虧損之金額為收購成本(扣除任何基本付款及攤銷)及現時公平值(減原先於損益中確認之該資產任何減值虧損)間之差額。

就可供出售權益證券於損益中確認之減值虧損不透過損益撥回。有關資產之公平值之任何其後增加於其他全面收益確認。

減值虧損從相應資產中直接撇銷，惟如包含在應收賬款及其他應收款中之應收賬款、應收票據及其他應收款，其是否可以收回屬難以預料，而並非微乎其微，則就其確認之減值虧損不會從相應的資產中直接撇銷。在此情況下，呆壞賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收賬款之機會微乎其微，則被視為不可收回之金額會直接從應收賬款、應收票據及其他應收款中撇銷，而在撥備賬中就有關債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益中確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment of assets (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

- For available-for-sale equity securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors, bills receivables and other receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors, bills receivables and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

i) 資產減值(續)

ii) 其他資產之減值

本集團會於每個申報期間結算日審閱內部及外界所得資料，以確定下列資產(商譽除外)是否出現減值或先前已確認之減值虧損不再存在或已經減少：

- 商譽；
- 物業、廠房及設備；
- 經營租約下預付土地租金；
- 本公司財務狀況表之於附屬公司之投資；及
- 其他非流動資產。

倘出現任何該等跡象，則估計資產之可收回數額。此外，就商譽而言，其可收回數額會每年估計(不論有否出現減值跡象)。

- 可收回數額計算

資產之可收回數額乃指公平值減出售成本與使用價值兩者中之較高者。在評估使用價值時，估計日後現金流量乃根據除稅前折現率折現至現值，而該折現率須能反映市場現行對款項的時間價值及資產獨有風險之評估。倘某項資產之現金流量大致上不能獨立於其他資產之現金流量，則就可獨立產生現金流量之最小資產組別(即賺取現金單位)釐定可收回數額。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment of assets (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- goodwill;
- property, plant and equipment;
- prepaid lease payments on land under operating leases;
- investments in subsidiaries in the Company's statement of financial position; and
- other non-current asset.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

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2. 主要會計政策(續)

i) 資產減值(續)

ii) 其他資產之減值(續)

– 減值虧損確認

倘資產或其所屬之賺取現金單位之賬面值超過其可收回數額，則於損益確認減值虧損。就賺取現金單位確認之減值虧損而言，其首先用作減少已分配至賺取現金單位(或現金單位類別)之任何商譽之賬面值，其後按比例基準用作減少單位(或現金單位類別)內其他資產之賬面值；惟資產之賬面值將不得減少至低於其個別公平值減出售成本(如能計量)或使用價值(如能計算)。

– 減值虧損撥回

就商譽以外的資產而言，倘用作釐定可收回數額之估計出現有利變動，則須撥回減值虧損。商譽之減值虧損不會撥回。

減值虧損撥回只限於該資產並未計算過往年度所確認之減值虧損時之賬面值。減值虧損撥回之數於確認有關撥回之年度計入損益內。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then, to reduce the carrying amount of the other assets in the unit (or group of cash-generating units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair values less costs of disposal (if measurable), or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

i) 資產減值(續)

iii) 中期財務報告及減值

根據上市規則，本集團須按照香港會計準則第34號「中期財務報告」之規定就有關財政年度首六個月編製中期財務報告。於中期期末，本集團採用其於財政年度結束時將採用之同一減值測試、確認及撥回標準(見附註2(i)(i)及(ii))。

於中期期間就商譽及可供出售權益證券確認之減值虧損不會於其後的期間撥回。假設有關於中期期間的減值評估於財政年度結束時進行，即使沒有確認虧損或確認較少之虧損，均採用以上相同處理方法。因此，倘可供出售權益證券之公平值於全年期間剩餘時間(或其後任何其他期間)有所增加，有關增幅於其他全面收益(而非損益)內確認。

j) 存貨

存貨按成本值及可變現淨值(以較低者為準)列賬。

成本根據加權平均成本公式計算，包括所有採購成本以及使存貨達至現址和現況所產生之轉換成本及其他成本。

可變現淨值乃於日常業務過程中之估計售價減估計完成成本及進行銷售所必要之估計成本。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impairment of assets (Continued)

iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of available-for-sale equity securities increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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2. 主要會計政策(續)

j) 存貨(續)

當售出存貨時，該等存貨之賬面值乃於確認相關收入之期間確認為一項開支。任何存貨撇減至可變現淨值之金額及存貨之所有虧損均於發生撇減或虧損之期間確認為一項開支。任何存貨撇減之回撥金額乃於回撥發生之期間確認為先前已列為一項開支之存貨金額之減少。

k) 應收賬款及其他應收款

應收賬款及其他應收款初步按公平值確認，其後按攤銷成本採用實際利率法呆賬減值撥備列賬(見附註2(i))，惟倘應收款為向關連人士作出之免息貸款且無任何固定償還年期或折現之影響並不重大則除外。於該等情況下，應收款按成本減呆賬減值撥備列賬。

l) 計息貸款

計息貸款初步按公平值減應佔之交易成本確認。於初步確認後，計息貸款按攤銷成本列賬，而初步確認之金額與贖回價值兩者之任何差額連同任何應付之利息及費用，乃採用實際利率法按貸款之期間於損益中確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

m) 應付賬款及其他應付款

應付賬款及其他應付款初步按公平值確認。除根據附註2(q)(i)計算之財務擔保負債外，應付賬款及其他應付款其後按攤銷成本列賬，除非折現之影響並不重大，於此情況下則按成本列賬。

n) 現金及現金等值項目

現金及現金等值項目包括銀行及手頭之現金、存放於銀行及其他金融機構之活期存款，以及於購入時至到期日為三個月以內之可輕易轉換為已知數額現金且價值變動風險不大之短期高流動性投資。就綜合現金流量表而言，須按要求償還及構成本集團現金管理整體一部份之銀行透支，亦列為現金及現金等值項目之組成部份。

o) 僱員福利

i) 短期僱員福利及界定供款退休計劃之供款

薪金、年度花紅、已付年假、向界定供款退休計劃之供款及非貨幣福利之成本均於僱員提供相關服務之年度內預提。倘付款或結算被遞延且影響重大，則該等金額按其現值列賬。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

o) Employee benefits

i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

o) 僱員福利(續)

ii) 以股份為基礎之付款

授予僱員之購股權之公平值確認為僱員成本，而權益中之購股權儲備亦會相應增加。如果僱員須符合歸屬條件才能無條件享有購股權之權利，經考慮購股權歸屬之可能性後，購股權之估計公平值總額則會在整個歸屬期內分攤。

於歸屬期間，本集團會審閱預期歸屬之購股權數目。除非原有僱員開支符合資格確認為資產，否則於過往年度確認之任何累積公平值調整會在回顧年度扣除自／計入損益，而購股權儲備亦會作相應調整。於歸屬日期，確認為開支之數額會作出調整，以反映歸屬購股權之實際數目（而購股權儲備亦會作相應調整），惟倘沒收僅因未能達成與本公司股份市價有關之歸屬條件則作別論。權益金額乃於購股權儲備中確認，直至購股權獲行使（屆時有關金額計入就已發行股份於股本確認之款項中）或購股權屆滿（屆時有關金額直接撥入累計虧損／保留溢利）為止。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee benefits (Continued)

ii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses/retained profits).

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

o) 僱員福利(續)

iii) 終止福利

當本集團不能再取消提供該等福利時及本集團確認涉及支付終止福利的重組成本時(以較早者為準)，則確認終止福利。

p) 所得稅

本年度所得稅包括本期稅項及遞延稅項資產和負債之變動。本期稅項及遞延稅項資產和負債之變動均於損益確認，惟與於其他全面收益或直接於權益確認之項目有關者，則有關稅項分別於其他全面收益或直接於權益內確認。

本期稅項是按本年度應課稅收入採用於申報期間結算日已執行或實質上已執行之稅率計算之預期應付稅項，以及就過往年度應付稅項之任何調整。

遞延稅項資產和負債分別由可抵扣和應課稅暫時差異，即作財務報告用途之資產和負債之賬面值與彼等稅基之間之差異而產生。遞延稅項資產亦可因未運用稅務虧損及未運用稅務抵免而產生。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee benefits (Continued)

iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策(續)

p) 所得稅(續)

除了若干有限之例外情況外，所有遞延稅項負債，以及所有遞延稅項資產（僅限於未來很可能取得應課稅溢利而令該項資產得以運用之部份）均予以確認。容許確認由可予扣減暫時差異所產生之遞延稅項資產之未來應課稅溢利包括其將由目前之應課稅暫時性差異撥回之部份，而此等應課稅暫時差異應由同一稅務當局向同一應課稅單位徵收，並預期在可予扣減暫時差異預期撥回之同一期間內撥回或在由遞延稅項資產產生之稅務虧損能轉回或轉入之期間內撥回。在評定目前之應課稅暫時差異是否容許確認由未運用之稅務虧損及優惠所產生之遞延稅項資產時採用上述相同之標準，即該等暫時差異由同一稅務當局向同一應課稅單位徵收，並預期在稅務虧損或抵免能動用之期間內撥回方計算在內。

確認遞延稅項資產及負債之有限例外情況：包括不可在稅務方面獲得扣減之商譽所引致之暫時差異、首次確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之部份），以及有關於附屬公司投資所引致之暫時差異；如為應課稅差異，只限於本集團可以控制撥回時間，且在可預見將來不大可能撥回之暫時差異或如為可予扣減差異，則只限於可能在未來撥回之差異。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

p) 所得稅(續)

應確認之遞延稅項數額是按照資產及負債賬面值之預期變現或清償方式，以申報期間結算日採用或主要採用之稅率計算。遞延稅項資產及負債均不作折現計算。

本集團會在每個申報期間結算日評估遞延稅項資產之賬面值。如果不再可能取得足夠之應課稅溢利以運用有關之稅務利益，賬面金額則予以調低。如日後可能取得足夠之應課稅溢利時，已扣減金額則予以撥回。

分派股息所產生之額外所得稅在支付有關股息之責任確認時予以確認。

本期稅項結餘及遞延稅項結餘及其變動，乃各自分開列示及並無相互抵銷。當本集團或本公司在法律上擁有抵銷本期稅項資產及本期稅項負債之行使權利及能符合下列額外條件時，本期稅項資產可抵銷本期稅項負債，及遞延稅項資產可抵銷遞延稅項負債：

- 若為本期稅項資產及負債：本集團或本公司計劃以淨額清償，或計劃同時變現資產和清償負債；或

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

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2. 主要會計政策(續)

p) 所得稅(續)

- 若為遞延稅項資產及負債：如其與同一稅務當局向下述者徵收之所得稅有關：
 - 同一應課稅單位；或
 - 如為不同之應課稅單位，預期在未來每一個週期將清償或收回顯著數目之遞延稅項負債，或資產及計劃以淨額基準變現本期稅項資產及清償本期稅項負債，或計劃同時變現本期稅項資產及清償本期稅項負債。

q) 出具財務擔保、撥備及或然負債

(i) 出具財務擔保

財務擔保乃指由簽發人(即擔保人)須於擔保受益人(「持有人」)因指定債務人未能根據債務工具之條款支付到期款項而蒙受損失時，向持有人償付指定款項之合約。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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2. 主要會計政策(續)

q) 出具財務擔保、撥備及或然負債(續)

(i) 出具財務擔保(續)

當本集團出具財務擔保時，該擔保之公平值初步確認為應付賬款及其他應付款項內之遞延收入。已發出財務擔保的公平值於發出時乃參照類似服務於公平磋商交易的過程中所收取的費用(如可獲得該等資料)而釐定，或參照息差作出估計，方法為以放款人在獲提供擔保之情況下實際收取之利率與在不獲提供擔保之情況下放款人將會收取之估計利率作比較(如該等資料能可靠地估計)。當就發行有關擔保已收或應收代價時，代價乃根據本集團適用於該資產類別之政策確認。倘並無有關代價屬已收或應收，則於初步確認任何遞延收入時於損益中確認即時開支。

初步確認為遞延收入之擔保額會於擔保期內在損益攤銷，作為出具財務擔保之收入。此外，倘(i)擔保持有人有可能省視擔保下之本集團；及(ii)本集團之申索款額預期超過現時列於該擔保之應付賬款及其他應付款項(即初步確認之金額，減累計攤銷)，則撥備根據附註2(q)(ii)確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee (i.e. the amount initially recognised less accumulated amortisation).

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2. 主要會計政策(續)

q) 出具財務擔保、撥備及或然負債(續)

(ii) 其他撥備及或然負債

倘若本集團或本公司須就已發生之事件承擔法律或推定責任，而履行該責任預期會導致含有經濟效益之資源外流，並可作出可靠之估計，便會就不確定之時間或數額之其他負債計提準備。如金錢的時間價值重大，則按預計履行責任所需開支之現值計提撥備。

倘若含有經濟效益之資源外流之可能性很低，或是無法對有關款額作出可靠之估計，便會將該責任披露為或然負債；但假如這類資源外流之可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否之潛在責任，亦會披露為或然負債；但假如這類資源外流之可能性極低則除外。

r) 收入確認

收入按已收或應收代價之公平值計量。收入乃於經濟效益可能會流入本集團，以及能夠可靠地計算收入及成本(如適用)時，根據下列方法於損益中確認：

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

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2. 主要會計政策(續)

r) 收入確認(續)

i) 銷售貨品

收入在貨品送抵客戶所在地，即客戶接收貨品及與其所有權相關的風險及回報時確認。收入不包括增值及其他銷售稅，並經扣減任何貨品退貨及貿易折扣。

ii) 利息收入

利息收入乃採用實際利率法於應計時確認。

iii) 股息收入

非上市投資的股息收入在股東收取款項的權利確立時確認。

上市投資的股息收入則在該投資的股價除息時確認。

s) 外幣換算

年內外幣換算交易乃按於交易日期通行之匯率換算。以外幣計值之貨幣性資產及負債均按於申報期間結算日通行之匯率換算。匯兌盈虧乃於損益確認。

以歷史成本計量之外幣非貨幣性資產及負債乃按交易日通行之匯率換算。以公平值列賬之外幣非貨幣性資產及負債乃以於釐定公平值日期之匯率換算。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue recognition (Continued)

i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added and other sales taxes and is after deduction of any goods returns and trade discounts.

ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

iii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

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2. 主要會計政策(續)

s) 外幣換算(續)

境外業務之業績乃按交易日通行之概約匯率換算為港元。財務狀況表項目(包括因合併二零零五年一月一日或之後購入之境外業務之賬目所產生之商譽)則按申報期間結算日通行之匯率收市價換算為港元。匯兌差額於其他全面收益確認,並於匯兌儲備之權益中獨立累計。因合併二零零五年一月一日之前購入之境外業務之賬目所產生之商譽則按收購境外業務當日之適用匯率換算。

於出售境外業務時,與該境外業務有關之匯兌差額累計款項會於確認出售盈虧時由權益重新分類至損益。

t) 貸款成本

與購入、建造或生產需經一段長時期準備方可作預期運用或出售之資產直接有關之貸款成本,乃作為該項資產之部份成本撥充資本。其他貸款成本於產生期間內支銷。

貸款成本乃於資產之開支產生、貸款成本產生及有關籌備資產作其擬定用途或出售所需之活動進行時,即資本化作為合格資產之部份成本。當所有有關籌備合格資產作其擬定用途或出售所需之活動大致上中斷或完成時,即暫時暫停或停止資本化貸款成本。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Translation of foreign currencies (Continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

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2. 主要會計政策(續)

u) 關連人士

(a) 倘若該名人士屬以下情況，則該人士或該人士之家族之近親乃與本集團有關連：

- i) 對本集團擁有控制權或共同控制權；
- ii) 對本集團擁有重大影響力；或
- iii) 為本集團或本集團之母公司之主要管理人員之成員。

(b) 倘若以下任何條件適用，則該實體乃與本集團有關連：

- i) 該實體與本集團均為相同集團之成員(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
- ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司)。
- iii) 兩間實體均為同一第三方之合營企業。
- iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- i) has control or joint control over the Group;
- ii) has significant influence over the Group; or
- iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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2. 主要會計政策(續)

u) 關連人士(續)

(b) 倘若以下任何條件適用，則該實體乃與本集團有關連：(續)

v) 實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。

vi) 實體受附註2(u)(a)所識別人土所控制或共同控制。

vii) 附註2(u)(a)(i)所識別人土對實體擁有重大影響力或屬該實體(或該實體之母公司)之主要管理人員成員。

viii) 向本集團或本公司母公司提供主要管理人員服務之實體或其所屬集團之任何成員公司。

該名人士之近親家庭成員為於與該實體進行交易時可能預期影響該名人士或可能被該名人士影響之該等家族成員。

v) 分部報告

綜合財務報表所呈報之經營分部及各分部項目之款項乃於為分配資源予本集團不同業務及地區以及評估該等業務及地區之表現而定期向本集團首席營運決策人提供之財務資料中確認。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in note 2(u)(a).

vii) A person identified in note 2(u)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

v) 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.

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

2. 主要會計政策 (續)

v) 分部報告 (續)

就財務報告而言，個別重大經營分部不會合併，惟分部間有類似經濟特點及在產品及服務性質、生產過程性質、客戶種類或類別、用作分銷產品或提供服務之方法以及監管環境性質方面相類似則除外。倘並非個別重大之經營分部符合大部份此等準則，則該等經營分部可能合併處理。

3. 會計政策之變動

香港會計師公會已頒佈多項香港財務報告準則之修訂本，該等修訂本於本集團之本會計期間首次生效。採納該等修訂本並無對本集團於本會計期間或過往會計期間所編製或呈列之業績及財務狀況造成重大影響。

本集團並無應用於本會計期間尚未生效之任何新增準則或詮釋。

4. 關鍵會計判斷及估計不確定性之主要來源

a) 估計不確定性之主要來源

於應用附註2所述之本集團會計政策之過程中，管理層已作出若干主要假設，該等假設涉及未來及於申報期間結算日估計不確定性之其他主要來源，該等假設可能存在導致資產及負債之賬面值於下個財政年度作出重大調整之重大風險，有關詳情討論如下。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Segment reporting (Continued)

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.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial positions for the current or prior accounting periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

i) 物業、廠房及設備以及經營租約下預付土地租金之可使用年期及剩餘價值

管理層根據附註2(g)及附註2(h)分別所載之本集團會計政策釐定本集團物業、廠房及設備以及經營租約下預付土地租金之估計可使用年期及剩餘價值。本集團將修訂折舊支出及攤銷開支(如可使用年期及剩餘價值與先前估計不同)，或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

ii) 物業、廠房及設備減值之估算

倘有跡象顯示物業、廠房及設備項目之賬面值不能收回，則資產可能視為「已減值」，並按附註2(i)(ii)所述有關物業、廠房及設備減值之本集團會計政策於損益確認減值虧損。資產賬面值會定期進行檢討以評估可收回金額有否降至低於賬面值。倘有事件或情況轉變顯示資產入賬之賬面值可能無法收回，即會對有關資產進行減值測試。若出現有關減值情況，則會將賬面值減至可收回金額。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

i) Useful lives and residual values of property, plant and equipment, and prepaid lease payments on land under operating leases

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment, and prepaid lease payments on land under operating leases in accordance with the Group's accounting policies stated in note 2(g) and note 2(h) respectively. The Group will revise the depreciation charge and the amortisation expense where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

ii) Estimation of impairment of property, plant and equipment

If circumstances indicate that the carrying value of an item of the property, plant and equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss in accordance with the Group's accounting policy for impairment of property, plant and equipment as described in note 2(i)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

- a) 估計不確定性之主要來源(續)
- ii) 物業、廠房及設備減值之估算(續)

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量折現至其現值，此需要對收益水平及經營成本金額作出重大判斷。本集團利用所有可得資料(包括基於合理及有力假設之估計以及對收益水平及經營成本金額之預測)，釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能導致於未來期間之額外減值支出或撥回減值。於二零一六年十二月三十一日，物業、廠房及設備之賬面值約319,212,000港元(二零一五年：400,936,000港元)。截至二零一五年十二月三十一日止年度，已確認物業、廠房及設備之減值虧損約94,916,000港元(二零一六年：無)，詳情於附註17(iv)披露。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

- a) Key sources of estimation uncertainty (Continued)
- ii) Estimation of impairment of property, plant and equipment (Continued)

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2016, the carrying amount of property, plant and equipment is approximately HK\$319,212,000 (2015: HK\$400,936,000). During the year ended 31 December 2015, impairment loss on property, plant and equipment amounting to approximately HK\$94,916,000 (2016: Nil) was recognised and the details of which are disclosed in note 17(iv).

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

iii) 經營租約下預付土地租金減值之估算

本集團根據附註2(i)(ii)所載之本集團會計政策，每年對經營租約下預付土地租金是否出現減值進行評估。賺取現金單位之可收回金額乃根據使用價值計算而釐定。該等計算需要使用管理層對業務之未來營運作出之估計及假設、稅前折現率以及其他有關使用價值計算之假設。於二零一六年十二月三十一日，經營租約下預付土地租金之賬面值約為143,648,000港元(二零一五年：157,737,000港元)。截至二零一五年十二月三十一日止年度，已確認經營租約下預付土地租金之減值虧損約14,753,000港元(二零一六年：無)，詳情於附註17(iv)及18(iii)披露。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) *Estimation of impairment of prepaid lease payments on land under operating leases*

The Group performs annual assessments on whether there has been impairment of prepaid lease payments on land under operating leases in accordance with the Group's accounting policy stated in note 2(i)(ii). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations. As at 31 December 2016, the carrying amount of prepaid lease payments on land under operating leases is approximately HK\$143,648,000 (2015: HK\$157,737,000). During the year ended 31 December 2015, impairment loss on prepaid lease payments on land under operating leases amounting to approximately HK\$14,753,000 (2016: Nil) was recognised and the details of which are disclosed in notes 17(iv) and 18(iii).

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

iv) 應收款減值之估算

應收款減值確認政策乃根據對應收款收回可能性之評估、賬齡分析及管理層判斷制定實行。在評估該等應收款最終能否變現時，需要作出大量判斷，包括每名債務人之現時信譽及過往收款紀錄。倘該等債務人之財務狀況轉差，將會影響其還款能力，因而可能需要作出額外減值虧損。於二零一六年十二月三十一日，應收賬款及其他應收款之賬面值約為281,622,000港元(二零一五年：416,580,000港元)。應收款減值之詳情已於附註22(c)作出披露。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iv) *Estimation of impairment of receivables*

The policy for recognition of impairment on receivables is based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in impairment of their ability to make payments, additional impairment loss may be required. As at 31 December 2016, the carrying amount of trade and other receivables is approximately HK\$281,622,000 (2015: HK\$416,580,000). Details of the impairment of receivables are disclosed in note 22(c).

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

v) 存貨之可變現淨值

存貨乃按成本與可變現淨值之較低者列賬。可變現淨值乃根據日常業務過程中之估計售價，減估計完成成本及進行銷售所需之估計成本釐定。該等估計是根據目前市況及製造和銷售同類產品之過往經驗而作出。本公司董事主要根據最近期之發票價格及現時市況估計存貨之可變現淨值。截至二零一六年十二月三十一日止年度，本公司董事按逐項產品基準對存貨進行定期檢討，並撇除為數約14,730,000港元(二零一五年：86,223,000港元)及作出存貨撇除撥回約2,168,000港元(二零一五年：無)。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

v) *Net realisable value of inventories*

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. The directors of the Company estimate the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. During the year ended 31 December 2016, the directors of the Company performed periodic review on a product-by-product basis and made a write down of its inventories of approximately HK\$14,730,000 (2015: HK\$86,223,000) and a reversal of write down of inventories of approximately HK\$2,168,000 (2015: Nil).

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4. 關鍵會計判斷及估計不確定性之主要來源 (續)

b) 在應用本集團會計政策時所作之重大會計判斷

在釐定若干資產及負債之賬面值時，本集團就不確定的未來事件對各申報期間結算日資產及負債之影響作出假設。有關估計涉及對現金流量及所用折現率之假設。本集團根據過往經驗及對未來事件之預計作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用會計政策時亦作出判斷。

i) 所得稅及遞延稅項

本集團在香港須繳付所得稅，而在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據對是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

i) Income taxes and deferred taxation

The Group is subject to income tax in Hong Kong and various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

b) 在應用本集團會計政策時所作之重大會計判斷(續)

i) 所得稅及遞延稅項(續)

有關若干暫時差異之遞延稅項資產，乃於管理層認為日後可能有可動用應課稅溢利抵銷暫時差異或稅項虧損之情況下予以確認。倘該項預期有別於原來估計，該等差額將影響更改有關改變估計期間所確認之遞延稅項資產及稅項支出。就此而言，本集團已於二零一六年十二月三十一日確認遞延稅項資產約4,525,000港元(二零一五年：4,695,000港元)。

ii) 分派股息所產生之預扣稅

本集團乃根據派付股息的時間判斷釐定是否應計若干附屬公司分派的股息產生的預扣稅(根據相關稅務法例及規定徵收)。本集團認為，倘該等附屬公司於可預見未來將不會分派溢利，則毋須就有關預扣稅提供撥備。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

i) Income taxes and deferred taxation (Continued)

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax charge in the periods in which such estimate is changed. In this regard, the Group has recognised deferred tax assets of approximately HK\$4,525,000 (2015: HK\$4,695,000) as at 31 December 2016.

ii) Withholding tax arising from distribution of dividends

The Group's determination as to whether to accrue for withholding tax arising from distribution of dividends from certain subsidiaries according to the relevant tax law and regulations is subject to judgement on the timing of the payment of dividends. The Group considers that if the profits of these subsidiaries will not be distributed in the foreseeable future, then no withholding tax should be provided.

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5. 收入

收入指供應予客戶之貨品銷售價值(不包括增值稅及其他銷售稅項)，並扣除任何退貨及貿易折扣。本年度確認之收入之各主要類別金額如下：

5. REVENUE

Revenue represents the sales value of goods supplied to customers which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts. The amount of each significant category of revenue recognised during the year is as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
稀土產品(包括熒光產品)銷售	Sales of rare earth products (including fluorescent products)	436,477	500,419
耐火產品(包括高溫陶瓷產品及鎂砂)銷售	Sales of refractory products (including high temperature ceramics products and magnesium grains)	272,643	342,691
		709,120	843,110

6. 其他收入

6. OTHER INCOME

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
銀行存款利息收入	Interest income from bank deposits	4,946	5,600

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7. 其他經營開支及其他(虧損)/收益淨值

a) 其他經營開支

	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
暫時性停產期間之開支	(11,055)	—

截至二零一六年十二月三十一日止年度，由於進行內部整合，本集團暫時停止其若干生產線。

During the year ended 31 December 2016, the Group temporarily suspended certain of its production for internal consolidation.

於暫時性停產期間所產生之相關開支已計入其他經營開支內。

The related expenses incurred during the temporary production suspension were included in other operating expenses.

b. 其他(虧損)/收益淨值

b) Other net (loss)/gain

	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
匯兌(虧損)/收益淨額	(5,000)	5,668
應收賬款之減值虧損	(10,352)	(1,686)
其他應收款之減值虧損	(203)	(191)
應收賬款之減值虧損撥回	4,376	10,146
其他應收款之減值虧損撥回	166	224
出售可供出售權益證券之收益(附註)	—	29,491
其他	410	(369)
	(10,603)	43,283

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

7. 其他經營開支及其他(虧損)/收益淨值(續)

b. 其他(虧損)/收益淨值(續)

附註：截至二零一五年十二月三十一日止年度，本集團已出售上市權益證券(列作可供出售權益證券)之全部權益，代價約為36,211,000港元，並於該年度之損益表確認出售可供出售權益證券之收益約29,491,000港元。

7. OTHER OPERATING EXPENSES AND OTHER NET (LOSS)/GAIN (Continued)

b) Other net (loss)/gain (Continued)

Note: During the year ended 31 December 2015, the Group disposed of its entire interest in the listed equity securities, which were classified as available-for-sale equity securities, at a consideration of approximately HK\$36,211,000 and a gain on disposal of available-for-sale equity securities of approximately HK\$29,491,000 was recognised in profit or loss during that year.

8. 除稅前虧損

除稅前虧損已扣除下列各項：

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
a) 財務成本	a) Finance costs		
銀行貸款利息支出(附註)	Interest expenses on bank borrowings (note)	1,566	1,436
其他借貸之融資費用	Finance charges on other borrowings	2,338	—
		3,904	1,436

附註：於截至二零一五年十二月三十一日止年度，本集團取得銀行借貸約71,919,000港元。銀行借貸按固定年利率4%計息，並已於該年內悉數償還。

有關截至二零一六年十二月三十一日止年度之銀行及其他借貸之詳情載於附註27。

Note: During the year ended 31 December 2015, the Group obtained bank borrowings of approximately HK\$71,919,000. The bank borrowings carried fixed interest rates of 4% per annum and were repaid in full during that year.

Details of the bank and other borrowings during the year ended 31 December 2016 were set out in note 27.

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8. 除稅前虧損(續)

8. LOSS BEFORE TAXATION (Continued)

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
b) 員工成本(包括附註10 所載之董事酬金) #	b) Staff costs (including directors' remuneration in note 10) #		
薪金及工資	Salaries and wages	47,229	63,249
退休福利計劃供款(附註12)	Retirement benefits scheme contributions (note 12)	5,752	6,024
員工遣散費用	Staff redundancy costs	1,905	–
		54,886	69,273
c) 其他項目	c) Other items		
核數師酬金	Auditors' remuneration		
– 審核服務	– audit services	2,610	2,900
– 其他服務	– other services	575	575
		3,185	3,475
存貨成本(附註21(b)) #	Cost of inventories (note 21(b)) #	704,190	943,575
物業、廠房及設備之折舊 #	Depreciation of property, plant and equipment #	60,177	78,443
經營租約下預付土地租金攤銷 #	Amortisation of prepaid lease payments on land under operating leases #	4,223	4,511
租賃物業經營租賃支出 #	Operating lease charges on rented premises #	2,779	2,690

截至二零一六年十二月三十一日止年度內，存貨成本包括有關員工成本、折舊及攤銷開支以及經營租約費用約79,178,000港元(二零一五年：115,023,000港元)，有關款項亦已就各類別開支計入上文獨立披露之總額內。

During the year ended 31 December 2016, cost of inventories included approximately HK\$79,178,000 (2015: HK\$115,023,000) relating to staff costs, depreciation and amortisation expenses, and operating lease charges, which amounts were also included in the respective total amounts disclosed separately above for each of these types of expenses.

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9. 綜合損益表內之所得稅

a) 綜合損益表內之所得稅指：

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

a) Income tax in the consolidated statement of profit or loss represents:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
本期稅項－中國企業所得稅	Current tax – PRC Enterprise Income Tax		
本年度撥備(附註28(a))	Provision for the year (note 28(a))	(1,477)	(663)
未匯出盈利之預扣稅(附註28(a))	Withholding tax on unremitted earnings (note 28(a))	(8,147)	(2,429)
		(9,624)	(3,092)
遞延稅項	Deferred taxation		
暫時性差異之產生及撥回(附註28(b))	Origination and reversal of temporary differences (note 28(b))	151	(443)
所得稅支出	Income tax charge	(9,473)	(3,535)

本公司及其附屬公司分別於開曼群島及英屬處女群島註冊成立的，根據彼等各自註冊成立國家之規則及規定，毋須繳付任何所得稅。

由於本集團於截至二零一六年及二零一五年十二月三十一日止年度並無於香港產生估計應課稅溢利，因此無就香港利得稅作出撥備。

截至二零一六年及二零一五年十二月三十一日止年度內，中國企業所得稅乃根據本公司於中國成立之附屬公司之估計應課稅溢利按法定所得稅率25%計算。

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

No provision for Hong Kong Profits Tax is provided for as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2016 and 2015.

PRC Enterprise Income Tax is calculated at the statutory income tax rate of 25% on the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2016 and 2015.

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9. 綜合損益表內之所得稅(續)

a) (續)

中國企業所得稅法亦規定自二零零八年一月一日起中國附屬公司向其海外(包括香港)股東分派溢利時須按5%或10%稅率繳納預扣稅。

根據中國有關稅務法例及規例，宜興新威利成耐火材料有限公司(「利成耐火」)獲分類為外商投資之「高新技術企業」，可享有優惠所得稅率15%。

b) 所得稅支出與會計虧損之間按適用稅率計算之對賬如下：

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

a) (Continued)

The PRC Enterprise Income Tax Law also requires withholding tax of 5% or 10% upon distribution of profits by the PRC subsidiaries since 1 January 2008 to its overseas (including Hong Kong) shareholders.

Pursuant to the relevant tax laws and regulations in the PRC, Yixing Xinwei Leeshing Refractory Materials Company Limited ("Leeshing Refractory") is classified as foreign invested "New and High Technology Enterprises" and is entitled to a preferential income tax rate of 15%.

b) Reconciliation between income tax charge and accounting loss at applicable tax rates is as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
除稅前虧損	Loss before taxation	(98,403)	(264,083)
除稅前虧損按各稅務司法權區適用法定稅率計算之名義稅項	Notional tax on loss before taxation, calculated at statutory tax rates applicable to the respective tax jurisdictions concerned	(21,080)	(69,360)
不可抵扣支出之稅務影響	Tax effect of non-deductible expenses	7,635	30,237
毋須課稅收入之稅務影響	Tax effect of non-taxable income	(1,236)	(3,138)
未確認稅務虧損之稅務影響	Tax effect of tax losses not recognised	16,007	43,626
本公司正在進行註銷程序之中國附屬公司未匯出盈利之預扣稅	Withholding tax on unremitted earnings of the Company's PRC subsidiaries which are under the deregistration process	8,147	2,429
中國附屬公司獲授優惠稅率之稅務影響	Tax effect of concessionary tax rate granted to a PRC subsidiary	-	(259)
所得稅支出	Income tax charge	9,473	3,535

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10. 董事酬金

根據公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露的董事酬金如下：

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the CO and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		二零一六年				
		2016				
董事袍金	薪金、津貼及 實物福利	酌情花紅	退休福利 計劃供款	以股份為 基礎之付款	總計	
Directors'	Salaries, allowances and benefit-	Discretionary	Retirement	Share-	Total	
fees	in-kind	bonus	scheme	based		
千港元	千港元	千港元	千港元	千港元	千港元	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
執行董事	Executive directors					
蔣泉龍先生(附註(i))	Mr. Jiang Quanlong (note (i))	-	1,430	-	-	1,430
錢元英女士(附註(ii))	Ms. Qian Yuanying (note (ii))	-	1,930	-	-	1,930
蔣才南先生	Mr. Jiang Cainan	-	143	-	-	143
		-	3,503	-	-	3,503
獨立非執行董事	Independent non-executive directors					
黃春華先生	Mr. Huang Chunhua	72	-	-	-	72
金重先生	Mr. Jin Zhong	42	-	-	-	42
王國珍先生	Mr. Wang Guozhen	69	-	-	-	69
		183	-	-	-	183
總計	Total	183	3,503	-	-	3,686

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10. 董事酬金 (續)

10. DIRECTORS' EMOLUMENTS (Continued)

二零一五年

2015

董事袍金	薪金、津貼及 實物福利	酌情花紅	退休福利 計劃供款	以股份為 基礎之付款	總計	
	Salaries, allowances and benefit- in-kind		Retirement Benefits Scheme contributions	Share- Based Payments		
Directors' fees	HK\$'000	Discretionary bonus	HK\$'000	HK\$'000	HK\$'000	
千港元	千港元	千港元	千港元	千港元	千港元	
執行董事	Executive directors					
蔣泉龍先生 (附註(i))	Mr. Jiang Quanlong (note (i))	-	1,430	-	-	1,430
錢元英女士 (附註(ii))	Ms. Qian Yuanying (note (ii))	-	1,984	-	-	1,984
蔣才南先生	Mr. Jiang Cainan	-	213	-	-	213
		-	3,627	-	-	3,627
獨立非執行董事	Independent non-executive directors					
黃春華先生	Mr. Huang Chunhua	72	-	-	-	72
金重先生	Mr. Jin Zhong	44	-	-	-	44
王國珍先生	Mr. Wang Guozhen	74	-	-	-	74
		190	-	-	-	190
總計	Total	190	3,627	-	-	3,817

附註：

- (i) 蔣泉龍先生為本公司主席。
(ii) 錢元英女士為本公司主要行政人員。

截至二零一六年及二零一五年十二月三十一日止年度內，概無董事向本集團收取任何酬金，作為鼓勵加入本集團或加入本集團時之獎勵或離職補償，於該兩個年度，概無董事放棄或同意放棄任何酬金。

Notes:

- (i) Mr. Jiang Quanlong is the Chairman of the Company.
(ii) Ms. Qian Yuanying is the Chief Executive of the Company.

During the years ended 31 December 2016 and 2015, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during both years.

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11. 最高薪人士及高級管理人員酬金

a) 五名最高薪人士

截至二零一六年十二月三十一日止年度，本集團五名最高薪人士中，其中兩名（二零一五年：兩名）為本公司董事，其酬金於附註10披露。其餘三名（二零一五年：三名）最高薪人士之酬金總額如下：

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

a) Five highest paid individuals

During the year ended 31 December 2016, out of the five highest paid individuals in the Group, two (2015: two) are directors of the Company whose emoluments are disclosed in note 10. The aggregate emoluments in respect of the remaining three (2015: three) highest paid individuals are as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
薪金及其他酬金	Salaries and other emoluments	2,119	2,565
酌情花紅	Discretionary bonus	–	–
退休福利計劃供款	Retirement benefits scheme contributions	62	66
以股份為基礎之付款	Share-based payments	–	–
		2,181	2,631

其餘三名（二零一五年：三名）最高薪人士之酬金介乎於下列範圍：

The emoluments of the remaining three (2015: three) highest paid individuals are within the following band:

		二零一六年 2016 人數 Number of individuals	二零一五年 2015 人數 Number of Individuals
範圍：	Bands:		
零 – 1,000,000港元	Nil – HK\$1,000,000	2	1
1,000,001港元 – 1,500,000港元	HK\$1,000,001 – HK\$1,500,000	1	2
		3	3

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11. 最高薪人士及高級管理人員酬金(續)

a) 五名最高薪人士(續)

截至二零一六年及二零一五年十二月三十一日止年度，本集團並無向五位最高薪人士支付或應付任何酬金，作為鼓勵其加入或於加入本集團時的報酬或離職賠償。

b) 高級管理人員酬金

已付或應付予高級管理人員之酬金介乎下列範圍：

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

a) Five highest paid individuals (Continued)

No emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2016 and 2015.

b) Senior management's emoluments

The emoluments paid or payable to senior management are within the following bands:

		二零一六年 2016 人數 Number of individuals	二零一五年 2015 人數 Number of Individuals
範圍：	Bands:		
零 – 1,000,000港元	Nil – HK\$1,000,000	6	5
1,000,001元 – 1,500,000港元	HK\$1,000,001 – HK\$1,500,000	1	2
		7	7

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12. 僱員退休福利

如中國有關規則及條例的規定，本公司於中國成立之附屬公司須為其全體僱員向國家資助退休計劃（一項界定供款退休金計劃）供款，供款額為僱員基本薪金的若干百分比。僱員退休後的生活津貼由國家資助退休計劃負責支付。該等附屬公司除每年供款外，毋須支付實際退休金，亦毋須負責僱員的退休後福利。截至二零一六年十二月三十一日止年度，退休計劃供款額約為5,684,000港元（二零一五年：5,961,000港元）。該計劃供款即時歸屬。

本集團自二零零零年十二月一日起已參與強制性公積金計劃（「強積金計劃」）。該計劃為界定供款退休金計劃。本集團每月按僱員基本薪金若干百分比向該計劃供款。截至二零一六年十二月三十一日止年度，本集團向強積金計劃供款約68,000港元（二零一五年：63,000港元）。強積金的資產與本集團的資產分開持有，並由獨立專業基金經理管理。該計劃供款按時歸屬。

13. 股息

本公司董事不建議派付截至二零一六年十二月三十一日止年度之股息（二零一五年：無）。

12. EMPLOYEE RETIREMENT BENEFITS

As stipulated by the relevant rules and regulations in the PRC, the Company's subsidiaries established in the PRC are required to continue to a state-sponsored retirement plan, which is a defined contribution pension scheme, for all of their employees based on certain percentages of the employee's basic salary. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees and these subsidiaries have no further obligations for the actual pension payments or other post-retirement benefits beyond the annual contributions. For the year ended 31 December 2016, the retirement plan contribution amounted to approximately HK\$5,684,000 (2015: HK\$5,961,000). Contributions to the plan vest immediately.

The Group has participated in Mandatory Provident Fund Scheme ("MPF Scheme"), which is a defined contribution pension scheme, since 1 December 2000. The Group makes monthly contribution to the scheme based on certain percentage of the employees basic salaries. For the year ended 31 December 2016, the Group's contributions to the MPF Scheme were approximately HK\$68,000 (2015: HK\$63,000). The assets of the fund are held separately from the Group and are managed by independent professional fund managers. Contributions to the scheme vest progressively.

13. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

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14. 每股虧損

每股基本虧損

本公司擁有人之每股基本虧損乃根據下列數據計算：

14. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share to owners of the Company is based on the following data:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
就計算每股基本虧損 之本公司擁有人 應佔年度虧損	Loss for the year attributable to owners of the Company for the purpose of basic loss per share	104,242	256,650
		Number of shares 股份數目	
		二零一六年 2016 千股 '000	二零一五年 2015 千股 '000
計算每股基本虧損之 普通股份加權平均數	Weighted average number of ordinary shares for the purpose of basic loss per share	2,341,700	2,141,900

每股攤薄虧損

由於本公司於截至二零一六年及二零一五年十二月三十一日止年度期間並無尚未行使之潛在攤薄普通股，因此每股攤薄虧損與每股基本虧損相同。

Diluted loss per share

Diluted loss per share equals to the basic loss per share as the Company has no potential dilutive ordinary shares outstanding during the years ended 31 December 2016 and 2015.

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15. 分部報告

本集團按業務性質劃分分部及進行管理。於採納香港財務報告準則第8號「經營分部」及與向被確認為本集團首席營運決策人（「首席營運決策人」）之行政總裁內部呈報用以資源分配及表現評估之資料一致，本集團呈列了兩個呈報分部。並無合併經營分部以形成下列呈報分部：

稀土：製造及銷售稀土產品（包括熒光產品）

耐火：製造及銷售耐火產品（包括高溫陶瓷產品及鎂砂）

a) 分部業績、資產及負債

就評估分部表現及分部間分配資源而言，本集團之首席營運決策人按照下列基準監察各個呈報分部應佔之業績、資產及負債：

分部資產包括所有有形及無形資產及流動資產，但不包括遞延稅項資產、可收回稅項、未分配現金及現金等值項目以及未分配至個別呈報分部之其他企業資產。分部負債包括個別分部之製造及銷售活動應佔之應付賬款、應計款項及其他應付款以及銀行及其他借款。

15. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. On adoption of HKFRS 8 “Operating Segments”, and in a manner consistent with the way in which information is reported internally to the Chief Executive Officer, who has been identified as the Group’s chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment, the Group has presented two reportable segments. No operating segments have been aggregated to form the following reportable segments:

Rare earth: Manufacture and sales of rare earth products (including fluorescent products)

Refractory: Manufacture and sales of refractory products (including high temperature ceramics products and magnesium grains)

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, and current assets with the exception of deferred tax assets, tax recoverable, unallocated cash and cash equivalents, and other corporate assets which are unallocated to an individual reportable segment. Segment liabilities include trade payables, accruals and other payables, and bank and other borrowings attributable to the manufacturing and sales activities of the individual segments.

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15. 分部報告(續)

a) 分部業績、資產及負債(續)

收入及開支乃經參考呈報分部之銷售額及開支或該等分部應佔資產之折舊或攤銷所引致之開支，分配至該等分部。

呈報分部溢利／(虧損)所使用之計量方法為「經調整扣除利息、稅項、折舊及攤銷前溢利」(「經調整EBITDA」)。為計算經調整EBITDA，本集團之溢利／(虧損)會就並非特定個別呈報分部應佔之項目作出進一步調整，如董事酬金、核數師酬金及其他未分配企業開支。

除獲得有關經調整EBITDA之分部資料外，本集團首席營運決策人亦獲提供有關收入(包括分部間銷售)、折舊、攤銷、由分部直接管理之現金結餘及借款之利息收入及開支、減值虧損及分部於營運中所使用之非流動分部資產添置之分部資料。分部間銷售參考就同類訂單收取外部第三方之價格訂價。

15. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is “adjusted profit before interest, taxes, depreciation and amortisation” (“Adjusted EBITDA”). To arrive at the Adjusted EBITDA, the Group’s profit/(loss) further adjusted for items not specifically attributed to an individual reportable segment, such as directors’ emoluments, auditors’ remuneration and other unallocated corporate expenses.

In addition to the receiving of segment information concerning the Adjusted EBITDA, the Group’s CODM is provided with segment information concerning revenue (including inter-segment sales), depreciation, amortisation, interest income and expense from cash balances and borrowings managed directly by the segments, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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15. 分部報告 (續)

a) 分部業績、資產及負債 (續)

年內，就提供予本集團首席營運決策人用作分配資源及評估分部表現之本集團呈報分部資料載列如下：

15. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is as follows:

	稀土 Rare earth		耐火 Refractory		總計 Total		
	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	
來自對外客戶之收入	Revenue from external customers	436,477	500,419	272,643	342,691	709,120	843,110
分部間收入	Inter-segment revenue	28	35	-	-	28	35
呈報分部收入	Reportable segment revenue	436,505	500,454	272,643	342,691	709,148	843,145
呈報分部(虧損)/溢利(經調整EBITDA)	Reportable segment (loss)/profit (Adjusted EBITDA)	(46,465)	(244,039)	26,966	44,688	(19,499)	(199,351)
利息收入	Interest income	2,333	2,607	2,612	2,825	4,945	5,432
財務成本	Finance costs	(3,904)	(1,436)	-	-	(3,904)	(1,436)
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	(30,630)	(41,183)	(29,540)	(37,254)	(60,170)	(78,437)
經營租約下預付土地租金之攤銷	Amortisation of prepaid lease payments on land under operating leases	(1,903)	(2,027)	(2,320)	(2,484)	(4,223)	(4,511)
應收賬款之減值虧損	Impairment loss on trade receivables	(1,795)	(1,207)	(8,557)	(479)	(10,352)	(1,686)
其他應收款之減值虧損	Impairment loss on other receivables	(25)	-	(178)	(191)	(203)	(191)
應收賬款之減值虧損撥回	Reversal of impairment loss on trade receivables	333	928	4,043	9,218	4,376	10,146
其他應收款之減值虧損撥回	Reversal of impairment loss on other receivables	126	160	40	64	166	224
物業、廠房及設備之減值虧損	Impairment loss on property, plant and equipment	-	(94,916)	-	-	-	(94,916)
經營租約下預付土地租金之減值虧損	Impairment loss on prepaid lease payments on land under operating leases	-	(14,753)	-	-	-	(14,753)
呈報分部資產	Reportable segment assets	1,703,199	1,885,800	1,764,463	1,861,815	3,467,662	3,747,615
添置非流動分部資產： - 物業、廠房及設備	Additions to non-current segment assets: - Property, plant and equipment	99	1,389	1,928	7,504	2,027	8,893
呈報分部負債	Reportable segment liabilities	636,600	675,758	185,760	172,253	822,360	848,011

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15. 分部報告(續)

- b) 呈報分部收入、溢利或虧損、資產及負債之對賬

15. SEGMENT REPORTING (Continued)

- b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
收入	Revenue		
呈報分部收入	Reportable segment revenue	709,148	843,145
撇銷分部間收入	Elimination of inter-segment revenue	(28)	(35)
綜合收入	Consolidated revenue	709,120	843,110
溢利或虧損	Profit or loss		
呈報分部虧損	Reportable segment loss	(19,499)	(199,351)
撇銷分部間溢利或虧損	Elimination of inter-segment profit or loss	-	-
來自本集團對外客戶之 呈報分部虧損	Reportable segment loss derived from Group's external customers	(19,499)	(199,351)
其他收入	Other income	4,946	5,600
出售可供出售權益證券之收益	Gain on disposal of available-for-sale equity securities	-	29,491
物業、廠房及設備折舊	Depreciation of property, plant and equipment	(60,177)	(78,443)
經營租約下預付土地租金之攤銷	Amortisation of prepaid lease payments on land under operating lease	(4,223)	(4,511)
財務成本	Finance costs	(3,904)	(1,436)
未分配企業開支	Unallocated corporate expenses	(15,546)	(15,433)
綜合除稅前虧損	Consolidated loss before taxation	(98,403)	(264,083)
所得稅支出	Income tax charge	(9,473)	(3,535)
綜合除稅後虧損	Consolidated loss after taxation	(107,876)	(267,618)

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15. 分部報告(續)

- b) 呈報分部收入、溢利或虧損、資產及負債之對賬(續)

15. SEGMENT REPORTING (Continued)

- b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
資產	Assets		
呈報分部資產	Reportable segment assets	3,467,662	3,747,615
撇銷分部間應收款項	Elimination of inter-segment receivables	(572,380)	(605,313)
		2,895,282	3,142,302
未分配現金及現金等值項目	Unallocated cash and cash equivalents	12,117	38,693
未分配企業資產	Unallocated corporate assets	1,435	962
遞延稅項資產	Deferred tax assets	4,525	4,695
可收回稅項	Tax recoverable	1,642	1,258
綜合資產總值	Consolidated total assets	2,915,001	3,187,910
負債	Liabilities		
呈報分部負債	Reportable segment liabilities	822,360	848,011
撇銷分部間應付款項	Elimination of inter-segment payables	(572,380)	(605,313)
		249,980	242,698
未分配企業負債	Unallocated corporate liabilities	6,634	5,248
遞延稅項負債	Deferred tax liabilities	811	886
應付稅項	Tax payable	2,561	2,554
綜合負債總值	Consolidated total liabilities	259,986	251,386

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15. 分部報告(續)

c) 地區資料

(i) 來自對外客戶之收入

下表載列有關本集團來自對外客戶之收入所在地區的資料。客戶所在地區按貨品付運地點劃分。

15. SEGMENT REPORTING (Continued)

c) Geographical information

(i) Revenues from external customers

The following table sets out information about the geographical location of the Group's revenues from external customers. The geographical location of customers is based on the location at which the goods were delivered.

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
中國(註冊地點)	The PRC (place of domicile)	551,484	616,089
歐洲	Japan	65,042	73,638
日本	Europe	42,926	83,785
美利堅合眾國	The United States of America	29,724	40,520
其他	Others	19,944	29,078
		157,636	227,021
		709,120	843,110

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15. 分部報告(續)

c) 地區資料(續)

(ii) 特定非流動資產

本集團之特定非流動資產，包括物業、廠房及設備、經營租約下預付土地租金、其他非流動資產及商譽。

該等特定非流動資產之地區位置乃根據(i)資產實際所在地點(就物業、廠房及設備、經營租約下預付土地租金及其他非流動資產而言)；及(ii)所分配之營運所在地點(就商譽而言)劃分。

該等特定非流動資產之地區位置載列如下：

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
中國(註冊地點)	The PRC (place of domicile)	475,844	572,373
香港	Hong Kong	13	21
		475,857	572,394

d) 有關主要客戶之資料

本集團於截至二零一六年十二月三十一日止年度，有一名稀土分部客戶之銷售額約為129,960,000港元，佔本集團年內總收入10%或以上。

截至二零一五年十二月三十一日止年度，稀土分部或耐火分部並無客戶之銷售額佔本集團總收入10%或以上。

15. SEGMENT REPORTING (Continued)

c) Geographical information (Continued)

(ii) Specified non-current assets

The Group's specified non-current assets comprise property, plant and equipment, prepaid lease payments on land under operating leases, other non-current asset and goodwill.

The geographical location of these specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment, prepaid lease payments on land under operating leases, and other non-current asset and (ii) the location of the operation to which they are allocated, in the case of goodwill.

The geographical location of these specified non-current assets are set out below:

d) Information about major customer

The Group had one customer in rare earth segment with whom sales amounted to approximately HK\$129,960,000 for the year ended 31 December 2016 which amounted to 10% or more of the Group's total revenue during the year.

There was no customer in either rare earth segment or refractory segment with whom sales amounted to 10% or more of the Group's total revenue during the year ended 31 December 2015.

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16. 商譽

16. GOODWILL

千港元
HK\$'000

成本	Cost	
於二零一五年一月一日	At 1 January 2015	219,823
匯兌差異	Exchange differences	<u>(4,861)</u>
於二零一五年十二月三十一日及 二零一六年一月一日	At 31 December 2015 and 1 January 2016	214,962
匯兌差異	Exchange differences	<u>(4,971)</u>
於二零一六年十二月三十一日	At 31 December 2016	<u>209,991</u>
累計減值	Accumulated impairment	
於二零一五年一月一日	At 1 January 2015	219,823
匯兌差異	Exchange differences	<u>(4,861)</u>
		214,962
於二零一五年十二月三十一日及 二零一六年一月一日	At 31 December 2015 and 1 January 2016	
匯兌差異	Exchange differences	<u>(4,971)</u>
於二零一六年十二月三十一日	At 31 December 2016	<u>209,991</u>
賬面值	Carrying amount	
於二零一六年及 二零一五年十二月三十一日	At 31 December 2016 and 2015	<u><u>—</u></u>

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16. 商譽(續)

於各申報期末，收購下列附屬公司之全部股權所產生之商譽指收購成本超過本集團於收購日期所收購可識別資產及負債之公平值權益之款項：

16. GOODWILL (Continued)

At the end of each reporting period, the goodwill arising from the acquisition of equity interests in the following subsidiaries represented the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired at the date of acquisition:

附屬公司名稱 Name of subsidiary	收購日期 Date of acquisition	分部 Segment	主要業務 Principal activities
無錫新威高溫陶瓷有限公司(「高溫陶瓷」) Wuxi Xinwei High Temperature Ceramics Co., Ltd. ("High Temperature Ceramics")	二零零四年 一月二十九日 29 January 2004	耐火分部 Refractory segment	製造及銷售高溫陶瓷產品 Manufacturing and sales of high temperature ceramics products
海城市蘇海鎂礦有限公司(「蘇海鎂礦」) Haicheng City Suhai Magnesium Ore Co., Ltd. ("Suhai Magnesium")	二零零五年 十二月二十三日 23 December 2005	耐火分部 Refractory segment	製造及銷售鎂砂產品 Manufacturing and sales of magnesium products

收購高溫陶瓷及蘇海鎂礦之股權所產生之商譽已於以往年度全數減值。

The goodwill arising from the acquisition of equity interests in High Temperature Ceramics and Suhai Magnesium was fully impaired in previous years.

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17. 物業、廠房及設備

17. PROPERTY, PLANT AND EQUIPMENT

		持作	辦公室設備		汽車	在建工程	總值
		自用樓宇	機器及設備	及裝置			
		Buildings	Machinery	Office	Motor	Construction-	Total
		held for	and	equipment	vehicles	in-progress	
		own use	equipment	and fixtures			Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
成本	Cost						
二零一五年一月一日	At 1 January 2015	420,967	972,245	10,033	18,352	20,063	1,441,660
添置	Additions	-	7,263	5	234	1,391	8,893
由在建工程轉入	Transfer from						
	construction-in- progress	-	3,817	-	-	(3,817)	-
處置	Disposals	(7,943)	-	(2)	-	-	(7,945)
匯兌差異	Exchange differences	(24,339)	(57,070)	(562)	(1,078)	(1,100)	(84,149)
於二零一五年 十二月三十一日及 二零一六年一月一日	At 31 December 2015 and 1 January 2016	388,685	926,255	9,474	17,508	16,537	1,358,459
添置	Additions	-	862	33	971	161	2,027
由在建工程轉入	Transfer from						
	construction-in-progress	5,765	-	-	-	(5,765)	-
處置	Disposals	-	-	(92)	-	-	(92)
匯兌差異	Exchange differences	(24,820)	(58,741)	(575)	(1,140)	(872)	(86,148)
於二零一六年 十二月三十一日	At 31 December 2016	369,630	868,376	8,840	17,339	10,061	1,274,246

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17. 物業、廠房及設備(續)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

		持作 自用樓宇 Buildings held for own use 千港元 HK\$'000	機器及設備 Machinery and equipment 千港元 HK\$'000	辦公室設備 及裝置 Office equipment and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總值 Total 千港元 HK\$'000
累計折舊及減值	Accumulated depreciation and impairment						
於二零一五年一月一日	At 1 January 2015	195,890	631,357	8,940	10,111	-	846,298
本年度計提	Charge for the year	18,735	56,058	540	3,110	-	78,443
處置撥回	Written back on disposals	(7,943)	-	(2)	-	-	(7,945)
已確認減值虧損(附註(iv))	Impairment loss recognised (note (iv))	57,598	37,318	-	-	-	94,916
匯兌差異	Exchange differences	(13,424)	(39,569)	(515)	(681)	-	(54,189)
於二零一五年 十二月三十一日及 二零一六年一月一日	At 31 December 2015 and 1 January 2016	250,856	685,164	8,963	12,540	-	957,523
本年度計提	Charge for the year	16,162	41,438	368	2,209	-	60,177
出售時撥回	Written back on disposals	-	-	(92)	-	-	(92)
匯兌差異	Exchange differences	(16,413)	(44,742)	(555)	(864)	-	(62,574)
於二零一六年 十二月三十一日	At 31 December 2016	250,605	681,860	8,684	13,885	-	955,034
賬面值	Carrying amount						
於二零一六年 十二月三十一日	At 31 December 2016	119,025	186,516	156	3,454	10,061	319,212
於二零一五年 十二月三十一日	At 31 December 2015	137,829	241,091	511	4,968	16,537	400,936

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

17. 物業、廠房及設備 (續)

附註：

- (i) 於二零一六年及二零一五年十二月三十一日，持作自用樓宇乃位於中國根據中期租約持有之土地。
- (ii) 於二零一五年十二月三十一日，本集團賬面值約18,822,000港元(二零一六年：無)之若干樓宇仍未取得正式樓宇擁有權證，有關樓宇於上文計入持作自用樓宇內。本集團已於截至二零一六年十二月三十一日止年度取得該等樓宇之正式樓宇擁有權證。
- (iii) 於二零一六年十二月三十一日，賬面總值約32,393,000港元(二零一五年：無)之若干樓宇已抵押作為取得其他借貸之抵押品。有關銀行及其他借貸之詳情載於附註27。
- (iv) 截至二零一五年十二月三十一日止年度，本集團知悉由於中國國家政策變動及全球經濟不穩定導致稀土分部之稀土產品需求及售價下跌，顯示稀土業務之非流動資產(包括位於中國之物業、廠房及設備以及經營租約下預付土地租金)可能出現減值。本集團根據使用價值計算法並參考與本集團並無關連之獨立合資格專業估值師威格斯資產評估顧問有限公司進行之估值評估現金產生單位之可收回金額。該計算法使用經管理層批准涵蓋未來五年之最近財務預測以現金流量預測及稅前貼現率19.5%至19.7%(反映有關分部之特定風險)作出。五年後之現金流量乃按估計增長率2.4%推算。此增長率並未超過稀土分部之現金產生單位(「稀土現金產生單位」)所經營業務之長期平均增長率。

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (i) As at 31 December 2016 and 2015, the buildings held for own use are situated on lands held under medium-term leases in the PRC.
- (ii) As at 31 December 2015, the Group had not obtained the formal building ownership certificates for certain of its buildings with carrying amount of approximately HK\$18,822,000 (2016: Nil) which were included in buildings held for own use above. The Group obtained the formal building ownership certificates of these buildings during the year ended 31 December 2016.
- (iii) As at 31 December 2016, certain buildings with aggregate carrying amount of approximately HK\$32,393,000 (2015: Nil) were pledged as collateral for other borrowings. Details of the bank and other borrowings are set out in note 27.
- (iv) During the year ended 31 December 2015, the Group noted that the decline in demand and selling prices of its rare earth products from rare earth segment, as a result of the changes in national policies in the PRC and the instabilities in the global economy, was indications that non-current assets of the rare earth operations, comprising mainly property, plant and equipment and prepaid lease payments on land under operating leases located in the PRC, may be impaired. The Group assessed the recoverable amount of the cash-generating unit on the basis of value in use calculations with reference to the valuations carried out by Vigers Appraisal & Consulting Limited, independent qualified professional valuers not connected with the Group. The calculations used cash flows projections with pre-tax discount rates at 19.5% to 19.7%, which reflected specific risks relating to the relevant segment, based on the most recent financial budgets for the next five years approved by the management. Cash flows beyond the five-year period were extrapolated using the estimated growth rate at 2.4%. The growth rate did not exceed the long term average growth rate for the business in which the cash-generating unit of rare earth segment ("Rare Earth CGU") operated.

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17. 物業、廠房及設備(續)

附註：(續)

(iv) (續)

截至二零一五年十二月三十一日止年度，本公司董事已進行減值評估，而稀土現金產生單位之資產減值虧損撥備約109,669,000港元(二零一六年：無)已於損益確認。稀土現金產生單位之已確認減值虧損為資產之可收回金額少於賬面值之數額。

減值虧損明細載列如下：

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(iv) (Continued)

The impairment assessment was conducted by the directors of the Company and provision for impairment loss on the assets in Rare Earth CGU amounting to approximately HK\$109,669,000 (2016: Nil) was recognised in profit or loss for the year ended 31 December 2015. The impairment loss was recognised for Rare Earth CGU for which the recoverable amount of the assets was less than its carrying amount.

The breakdown of impairment loss is as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
稀土現金產生單位之 已確認減值虧損：	Impairment loss recognised in respect of Rare Earth CGU:		
物業、廠房及設備	Property, plant and equipment	-	94,916
經營租約下預付土地租金(附註18)	Prepaid lease payments on land under operating leases (note 18)	-	14,753
總計	Total	-	109,669

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

18. 經營租約下預付土地租金

18. PREPAID LEASE PAYMENTS ON LAND UNDER OPERATING LEASES

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
於一月一日之賬面值	Carrying amount at 1 January	157,737	187,376
本年度攤銷(附註(i))	Amortisation for the year (note (i))	(4,223)	(4,511)
已確認減值虧損(附註(iii))	Impairment loss recognised (note (iii))	–	(14,753)
匯兌差異	Exchange differences	(9,866)	(10,375)
於十二月三十一日之賬面值	Carrying amount at 31 December	143,648	157,737
於中國之租賃土地：	Leasehold lands in the PRC:		
中期租約	Medium-term leases	143,648	157,737
就報告目的而作出之分析如下：	Analysed for reporting purposes as:		
流動資產	Current asset	3,956	4,379
非流動資產	Non-current asset	139,692	153,358
		143,648	157,737

附註：

- (i) 攤銷支出約765,000港元(二零一五年：823,000港元)及3,458,000港元(二零一五年：3,688,000港元)分別計入截至二零一六年十二月三十一日止年度綜合損益表中銷售成本及管理費用內。
- (ii) 於二零一六年十二月三十一日，賬面值約9,108,000港元(二零一五年：無)之租賃土地已抵押作為取得其他借貸之抵押品。有關其他借貸之詳情載於附註27。
- (iii) 截至二零一五年十二月三十一日止年度，經營租約預付土地租金之減值虧損14,753,000港元(二零一六年：無)已於損益表確認。減值評估之基準詳情於附註17(iv)披露。

Notes:

- (i) The amortisation charges of approximately HK\$765,000 (2015: HK\$823,000) and HK\$3,458,000 (2015: HK\$3,688,000) are included in cost of sales and administrative expenses, respectively, in the consolidated statement of profit or loss for the year ended 31 December 2016.
- (ii) As at 31 December 2016, a leasehold land with carrying amount of approximately HK\$9,108,000 (2015: Nil) was pledged as collateral for other borrowings. Details of the other borrowings are set out in note 27.
- (iii) During the year ended 31 December 2015, impairment loss on prepaid lease payments on land under operating leases amounting to HK\$14,753,000 (2016: Nil) was recognised in profit or loss. The details of basis of impairment assessment are disclosed in note 17(iv).

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19. 附屬公司之投資

於二零一六年十二月三十一日，本公司附屬公司之詳情如下：

19. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2016, the particulars of the Company's subsidiaries are as follows:

附屬公司名稱	註冊成立/成立之地點及日期	營運地點	已發行及已繳足股本之詳情	所有權權益比例			主營業務
				本集團實際權益	本公司持有	一間附屬公司持有	
Name of subsidiary	Place and date of incorporation/establishment	Place of business	Particulars of issued and paid up capital	Effective interest of the Group	Held by the Company	Held by a subsidiary	Principal activities
利成控股有限公司	英屬處女群島 一九九八年十二月三日	附註(d)	20股每股面值 1美元之普通股	100%	100%	-	投資控股
Lee Shing Holdings Limited	British Virgin Islands 3 December 1998	Note (d)	20 ordinary shares of US\$1 each				Investment holding
龍科國際貿易(上海)有限公司 (附註(a))	中國 二零零零年二月二十四日	中國	註冊資本 200,000美元	100%	100%	-	貿易稀土氧化物
Wellfire (Shanghai) Company Limited (note (a))	The PRC 24 February 2000	The PRC	Registered capital US\$200,000				Trading of rare earth oxide products
Dynamic Goal Worldwide Inc.	英屬處女群島 二零零零年五月三十一日	附註(d)	2股每股面值 1美元之普通股	100%	-	100%	投資控股
Dynamic Goal Worldwide Inc.	British Virgin Islands 31 May 2000	Note (d)	2 ordinary shares of US\$1 each				Investment holding
宜興新威利成稀土有限公司 (「利成稀土」)(附註(b))	中國 一九九三年七月十七日	中國	註冊資本 15,660,000美元	95%	-	95%	製造及銷售稀土氧化物產品
Yixing Xinwei Lesshing Rare Earth Company Limited (“Leeshing Rare Earth”) (note (b))	The PRC 17 July 1993	The PRC	Registered capital US\$15,660,000				Manufacturing and sales of rare earth oxide products

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19. 附屬公司之投資(續)

19. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/成立 之地點及日期 Place and date of incorporation/ establishment	營運地點 Place of business	已發行及已繳足 股本之詳情 Particulars of issued and paid up capital	所有權權益比例 Proportion of ownership interest			主營業務 Principal activities
				本集團 實際權益 Effective interest of the Group	本公司持有 Held by the Company	一間附屬 公司持有 Held by a subsidiary	
利成耐火(附註(a)) Leeshing Refractory (note (a))	中國 一九九九年七月三十日 The PRC 30 July 1999	中國 The PRC	註冊資本 17,000,000美元 Registered capital US\$17,000,000	100%	-	100%	製造及銷售耐火產品 Manufacturing and sales of refractory products
無錫新威熒光材料有限公司 (附註(a)) Wuxi Xinwei Fluorescent Materials Co., Ltd. (note (a))	中國 二零零一年十二月二十日 The PRC 20 December 2001	中國 The PRC	註冊資本 8,520,000美元 Registered capital US\$8,520,000	100%	-	100%	暫無業務(附註(e)) Dormant (note (e))
微科資源有限公司 Microtech Resources Limited	香港 一九九八年十月二十三日 Hong Kong 23 October 1998	香港 Hong Kong	普通股 2港元 Ordinary shares HK\$2	100%	-	100%	貿易稀土氧化物 Trading of rare earth oxide products
中國稀土貿易有限公司 China Rare Earth Trading Limited	香港 二零零零年三月二十四日 Hong Kong 24 March 2000	香港 Hong Kong	普通股 2港元 Ordinary shares HK\$2	100%	-	100%	暫無業務 Dormant

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19. 附屬公司之投資 (續)

19. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/成立 之地點及日期	營運地點	已發行及已繳足 股本之詳情	所有權權益比例			主營業務
				本集團 實際權益	本公司持有	一間附屬 公司持有	
Name of subsidiary	Place and date of incorporation/ establishment	Place of business	Particulars of issued and paid up capital	Effective interest of the Group	Held by the Company	Held by a subsidiary	Principal activities
高溫陶瓷 (附註(a))	中國 二零零二年四月一日	中國	註冊資本 30,000,000港元	100%	-	100%	製造及銷售高溫陶瓷產品
High Temperature Ceramics (note (a))	The PRC 1 April 2002	The PRC	Registered capital HK\$30,000,000				Manufacturing and sales of high temperature ceramics products
蘇海鎂礦 (附註(c))	中國 二零零二年四月二十七日	中國	註冊資本 人民幣25,000,000元	100%	-	100%	製造及銷售鎂砂產品
Suhai Magnesium (note (c))	The PRC 27 April 2002	The PRC	Registered capital RMB25,000,000				Manufacturing and sales of magnesium products
宜興威爾發非金屬材料有限公司 (附註(a))	中國 二零零六年九月二十七日	中國	註冊資本 3,000,000美元	100%	-	100%	製造及銷售耐火相關產品
Yixing Wellfire Nonmetal Materials Co., Ltd. (note (a))	The PRC 27 September 2006	The PRC	Registered capital US\$3,000,000				Manufacturing and sales of refractory related products
海城新威利成鎂資源有限公司 (附註(a))	中國 二零零六年九月二十八日	中國	註冊資本 3,500,000美元	100%	-	100%	製造及銷售鎂砂產品
Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd. (note (a))	The PRC 28 September 2006	The PRC	Registered capital US\$3,500,000				Manufacturing and sales of magnesium products

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19. 附屬公司之投資(續)

19. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱 Name of subsidiary	註冊成立/成立 之地點及日期 Place and date of incorporation/ establishment	營運地點 Place of business	已發行及已繳足 股本之詳情 Particulars of issued and paid up capital	所有權權益比例 Proportion of ownership interest			主營業務 Principal activities
				本集團 實際權益 Effective interest of the Group	本公司持有 Held by the Company	一間附屬 公司持有 Held by a subsidiary	
				100%	–	100%	
宜興銀茂螢光材料有限公司 (「宜興銀茂」)(附註(a)) Yixing Silver Mile Fluorescent Materials Co., Ltd. ("Yixing Silver Mile") (note (a))	中國 二零一零年五月二十日 The PRC 20 May 2010	中國 The PRC	註冊資本 14,500,000歐元 Registered capital Euro14,500,000	100%	–	100%	製造及銷售螢光產品 Manufacturing and sales of fluorescent products
銀茂控股有限公司 Silver Mile Holdings Limited	香港 二零零八年一月二十三日 Hong Kong 23 January 2008	附註(d) Note (d)	普通股 1港元 Ordinary share HK\$1	100%	–	100%	投資控股 Investment holding
宜興常容貿易發展有限公司 (附註(a)) Yixing Changrong Trading Development Co., Ltd. (note (a))	中國 二零一零年十一月二十六日 The PRC 26 November 2010	中國 The PRC	註冊資本 200,000,000港元 Registered capital HK\$200,000,000	100%	–	100%	暫無業務(附註(e)) Dormant (note (e))
金茂控股有限公司 Golden Mile Holdings Limited	香港 二零一零年十二月六日 Hong Kong 6 December 2010	附註(d) Note (d)	普通股 1港元 Ordinary share HK\$1	100%	–	100%	投資控股 Investment holding

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19. 附屬公司之投資 (續)

附註：

- a) 該等公司根據中國法例註冊成立為外商獨資企業。
- b) 該公司根據中國法例註冊成立為中外合營企業。
- c) 該公司根據中國法例註冊成立為有限責任公司。
- d) 該等公司為並無特定主要營業地點之投資控股公司。
- e) 該等公司正在按中國法例進行註銷程序。

概無附屬公司擁有任何於年結日或年內任何時間持續有效之債務證券。

截至二零一六年及二零一五年十二月三十一日止年度，本集團並無附屬公司持有重大非控股權益。

20. 其他非流動資產

本集團其他非流動資產指丁蜀鎮人民政府(「丁蜀政府」)將予賠償之一幅租賃土地之成本。

於截至二零一二年十二月三十一日止年度，本公司之附屬公司利成稀土收到丁蜀政府頒令，就新政府城鎮規劃，需要徵用一幅拋光粉生產廠房所處之租賃土地，並以另一幅土地及若干現金作為賠償。現金代價已於以往年度全數收取。

於二零一六年十二月三十一日，丁蜀政府已確定新土地之位置，惟本集團仍須待各政府機關授出正式土地使用權證。本公司董事認為，於二零一六年十二月三十一日無需確認任何其他非流動資產之減值虧損。

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- a) These companies are registered under the laws of the PRC as wholly-owned foreign enterprises.
- b) This company is registered under the laws of the PRC as a sino-foreign equity enterprise.
- c) This company is registered under the laws of the PRC as limited liability enterprises.
- d) These companies are investment holding companies which have no specific principal place of business.
- e) These companies are under deregistration process under the laws of the PRC.

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

The Group had no subsidiary which has material non-controlling interests for the years ended 31 December 2016 and 2015.

20. OTHER NON-CURRENT ASSET

Other non-current asset of the Group represents the cost of a piece of leasehold land to be compensated by Dingshu Town People's Government ("Dingshu Government").

During the year ended 31 December 2012, Leeshing Rare Earth, the Company's subsidiary, received an order from Dingshu Government to confiscate a piece of leasehold land, on which a factory for polishing powder production plant was located, due to a new government town plan with compensation for another piece of land and certain amount of cash. Cash consideration was received in full in previous years.

As at 31 December 2016, the location for the new piece of land has been ascertained by Dingshu Government but the grant of the formal land use right certificate from respective government authority to the Group is still in progress. In the opinion of the directors of the Company, no impairment loss on the other non-current asset should be recognised as at 31 December 2016.

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

21. 存貨

a) 綜合財務狀況表之存貨包括：

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
原材料	Raw materials	34,127	55,745
在製品	Work in progress	72,040	92,756
產成品	Finished goods	86,808	192,720
		192,975	341,221

b) 確認為開支之存貨金額之分析如下：

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
已售存貨之賬面值	Carrying amount of inventories sold	691,628	857,352
存貨撇除	Write down of inventories	14,730	86,223
存貨撇除撥回	Reversal of write down of inventories	(2,168)	—
		704,190	943,575

產生存貨撇除撥回乃由於年內市況變動導致若干產品之估計可變現淨值增加。

a) Inventories in the consolidated statement of financial position comprise:

b) The analysis of the amount of inventories recognised as an expense is as follows:

The reversal of write down of inventories arose due to an increase in the estimated net realisable value of certain products during the year as a result of change in market conditions.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

22. 應收賬款及其他應收款、預付款項及按金

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
應收賬款及應收票據	Trade debtors and bills receivables	258,315	368,912
減：應收賬款及應收票據之 減值虧損(附註(c))	Less: Impairment loss on trade debtors and bills receivables (note (c))	(34,183)	(30,318)
應收賬款及應收票據淨額 (附註(b))	Trade debtors and bills receivables, net (note (b))	224,132	338,594
其他應收款	Other receivables	6,389	11,029
減：其他應收款之減值虧損 (附註(c))	Less: Impairment loss on other receivables (note (c))	(1,530)	(1,595)
其他應收款淨額	Other receivables, net	4,859	9,434
應收關連公司款項(附註(e))	Amount due from a related company (note (e))	4,957	5,293
貸款及應收款	Loan and receivables	233,948	353,321
其他可退回稅項	Other tax refundable	47,674	63,259
應收賬款及其他應收款	Trade and other receivables	281,622	416,580
就購買稀土材料向供應商 預付款項(附註(f))	Prepayments to suppliers for purchase of rare earth materials (note (f))	254,672	403,843
其他預付款項及按金	Other prepayments and deposits	33,634	10,997
預付款項及按金	Prepayments and deposits	288,306	414,840
總計	Total	569,928	831,420

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

22. 應收賬款及其他應收款、預付款項及按金(續)

附註：

- a) 所有應收賬款及其他應收款、預付款項及按金預期可於一年內收回或確認為開支。
- b) 應收賬款按發票日期及應收票據按發出日期(與收入確認日期相若)呈列之賬齡分析如下：

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes:

- a) All of the trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.
- b) The presentation of ageing analysis of the trade debtors based on the invoice date and the bills receivables based on the issuance date, which is approximate to the revenue recognition date, is as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
6個月以內	Less than 6 months	130,307	208,747
6個月至1年以內	6 months to less than 1 year	34,062	46,823
1至2年以內	1 year to less than 2 years	47,532	84,816
2年以上	Over 2 years	46,414	28,526
		258,315	368,912
減：應收賬款及應收票據之減值虧損	Less: Impairment loss on trade debtors and bills receivables	(34,183)	(30,318)
		224,132	338,594

於截至二零一六年及二零一五年十二月三十一日止年度，本集團給予其客戶0至180日之平均信貸期。

本集團信貸於評估客戶的財政能力及付款往績後授出。本集團為所有客戶制定信貸限額，僅在管理層之批准下方可超過信貸限額。管理層亦監督已逾期之應收賬款及應收票據並跟進收回該等應收款項。

During the years ended 31 December 2016 and 2015, the Group allows an average credit period of 0 to 180 days to its customers.

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade debtors and bills receivables, and follows up the collection of these receivables.

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截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

22. 應收賬款及其他應收款、預付款項及按金(續)

附註：(續)

- c) 應收賬款及應收票據以及其他應收款之減值

呆賬撥備之變動如下：

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
於一月一日	At 1 January	30,318	40,920
已確認減值虧損	Impairment loss recognised	10,352	1,686
減值虧損撥回	Reversal of impairment loss	(4,376)	(10,146)
匯兌差異	Exchange differences	(2,111)	(2,142)
於十二月三十一日	At 31 December	34,183	30,318

應收賬款及應收票據以及其他應收款之減值虧損採用準備賬列賬，除非本集團認為該款項之收回性微乎其微，在該情況下，減值虧損將在應收賬款及應收票據以及其他應收款直接撇銷(見附註2(i)(i))。

應收賬款及應收票據以及其他應收款減值虧損撥回指先前認為予以減值之該等應收款之債項回收。過往年度就該等應收賬款作出之準備相應予以撥回。

於二零一六年十二月三十一日，本集團分別為數約34,183,000港元(二零一五年：30,318,000港元)及1,530,000港元(二零一五年：1,595,000港元)之應收賬款及應收票據以及其他應收款個別釐定為減值並已作出全數撥備。該等個別減值應收款為於申報期間結算日超過1年尚未償還或為應收陷入財務困境債務人之款項。因此，應收賬款及應收票據以及其他應收款之特定呆賬準備分別約10,352,000港元(二零一五年：1,686,000港元)及203,000港元(二零一五年：191,000港元)已於年內確認。本集團並無就該等結餘持有任何抵押品。

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes: (Continued)

- c) Impairment of trade debtors and bills receivables, and other receivables

The movements of allowance for doubtful debts is as follows:

應收賬款及應收票據之減值 Impairment of trade debtors and bills receivables		其他應收款之減值 Impairment of other receivables	
二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
於一月一日	40,920	1,595	1,728
已確認減值虧損	1,686	203	191
減值虧損撥回	(10,146)	(166)	(224)
匯兌差異	(2,142)	(102)	(100)
於十二月三十一日	30,318	1,530	1,595

Impairment loss in respect of trade debtors and bills receivables, and other receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables, and other receivables directly (see note 2(i)(i)).

Reversal of impairment loss on trade debtors and bills receivables, and other receivables represented the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

As at 31 December 2016, trade debtors and bills receivables, and other receivables amounting to approximately HK\$34,183,000 (2015: HK\$30,318,000) and HK\$1,530,000 (2015: HK\$1,595,000), respectively, were individually determined to be impaired and full allowance had been made. These individually impaired receivables had been outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. Accordingly, specific allowances for doubtful debts of trade debtors and bills receivables, and other receivables of approximately HK\$10,352,000 (2015: HK\$1,686,000) and HK\$203,000 (2015: HK\$191,000), respectively, were recognised during the year. The Group does not hold any collateral over these balances.

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22. 應收賬款及其他應收款、預付款項及按金(續)

附註：(續)

- d) 並無減值之應收賬款及應收票據

並無個別或共同視為將出現減值之應收賬款及應收票據之賬齡分析如下：

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
未逾期且未減值	Neither past due nor impaired	113,851	186,974
逾期少於6個月	Less than 6 months past due	48,579	68,109
逾期超過6個月但少於1年	More than 6 months but less than 1 year past due	36,952	82,154
逾期超過1年	More than 1 year past due	24,750	1,357
		110,281	151,620
		224,132	338,594

未逾期且未減值之應收款乃與多名近期沒有拖欠紀錄之客戶有關。

已逾期但未減值之應收款與多名與本集團保持良好往績記錄之獨立客戶有關。按照過往經驗，管理層相信，由於信貸質素並無重大變動，且該等結餘仍被視為可全數收回，故毋須就有關結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

- e) 應收關連公司無錫泛亞環保科技有限公司(「無錫泛亞」)款項為無抵押、免息及按要求時償還。本公司董事蔣泉龍先生亦為無錫泛亞之董事。於截至二零一六年十二月三十一日止年度，未償還最高款項約為5,293,000港元(二零一五年：5,621,000港元)。
- f) 於二零一六年十二月三十一日，本集團就購買稀土材料向多名供應商預付合共約254,672,000港元(二零一五年：403,843,000港元)。

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes: (Continued)

- d) Trade debtors and bills receivables that are not impaired

The ageing analysis of trade debtors and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- e) The amount due from a related company, Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan-Asia") is unsecured, interest-free and repayable on demand. Mr. Jiang Quanlong, a director of the Company, is also a director of Wuxi Pan-Asia. The maximum amount outstanding during the year ended 31 December 2016 is approximately HK\$5,293,000 (2015: HK\$5,621,000).
- f) As at 31 December 2016, the Group prepaid an aggregate amount of approximately HK\$254,672,000 (2015: HK\$403,843,000) to several suppliers for purchase of rare earth materials.

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23. 受限制銀行存款

受限制銀行存款指銀行就向若干供應商發出信用證所限制之銀行存款。受限制銀行存款按年利率1.55%（二零一五年：介乎0.30%至2.75%之利率）計息。

23. RESTRICTED BANK DEPOSITS

The restricted bank deposits represents bank deposits restricted by banks for issuance of letters of credit to certain suppliers. The restricted bank deposits carried interest rate at 1.55% (2015: interest rates ranging from 0.30% to 2.75%) per annum.

24. 現金及現金等值項目

24. CASH AND CASH EQUIVALENTS

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
銀行結餘及現金	Bank balances and cash	1,649,125	1,396,365

現金及現金等值項目包括本集團持有之現金及按現行市場年利率介乎0%至0.3%（二零一五年：0%至0.3%）計息之銀行結餘。

Cash and cash equivalents comprise cash held by the Group and bank balances at prevailing market interest rates ranging from 0% to 0.3% (2015: 0% to 0.3%) per annum.

於二零一六年十二月三十一日，本集團不可自由轉換或須遵守中國外匯管制之人民幣計值銀行結餘及現金約為1,624,803,000港元（二零一五年：1,337,639,000港元）。

As at 31 December 2016, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC amounting to approximately HK\$1,624,803,000 (2015: HK\$1,337,639,000).

25. 應付賬款及應付票據、應計款項及其他應付款

25. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
應付賬款及應付票據	Trade and bills payables	101,317	166,894
預提費用及其他應付款	Accrued expenses and other payables	66,974	74,959
預收款項	Receipts in advance	3,113	3,289
其他應付稅項	Other tax payables	3,932	—
應計款項及其他應付款	Accruals and other payables	74,019	78,248
總額	Total	175,336	245,142

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25. 應付賬款及應付票據、應計款項及其他應付款(續)

應付賬款按發票日期及應付票據按發出日期之賬齡分析如下：

25. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES (Continued)

The ageing analysis of trade and bills payables presented based on the invoice date of trade payables and the issuance date of bills payables, is as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
6個月以內	Less than 6 months	62,869	143,233
6個月至1年以內	6 months to less than 1 year	21,137	16,135
1至2年以內	1 year to less than 2 years	13,168	4,869
2年以上	Over 2 years	4,143	2,657
		101,317	166,894

26. 應付董事款項

26. AMOUNTS DUE TO DIRECTORS

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
蔣泉龍先生	Mr. Jiang Quanlong	3,044	2,592
錢元英女士	Ms. Qian Yuanying	45	45
蔣才南先生	Mr. Jiang Cainan	156	167
		3,245	2,804

應付董事款項為無抵押、免息及按要求時償還。

The amounts due to directors are unsecured, interest-free and repayable on demand.

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27. 銀行及其他借貸

27. BANK AND OTHER BORROWINGS

		二零一六年	二零一五年
		2016	2015
		千港元	千港元
		HK\$'000	HK\$'000
銀行借貸 (附註(a))	Bank borrowings (note (a))	50,084	–
其他借貸 (附註(b))	Other borrowings (note (b))	27,949	–
		78,033	–

附註：

- a) 於二零一六年十二月三十一日，所有銀行借貸均以人民幣列值、無抵押、為定息貸款，按現行年利率5%計息及須於一年內償還(二零一五年：無)。
- b) 於二零一六年十二月三十一日，人民幣計值之其他借貸須每月繳付財務費用2.7%及零利息，由本集團位於中國賬面總值約32,393,000港元之樓宇及本集團位於中國賬面值約9,108,000港元之租賃土地提供抵押，及須於一年內償還。

Notes:

- a) As at 31 December 2016, all bank borrowings were denominated in Renminbi, unsecured, fixed rate borrowings which carried prevailing interest rate at 5% per annum and repayable within one year (2015: Nil).
- b) As at 31 December 2016, the other borrowings were denominated in Renminbi with monthly finance charge at a rate of 2.7% and with zero interest rate, secured by the Group's buildings situated in the PRC with aggregate carrying amount of approximately HK\$32,393,000 and the Group's leasehold land situated in the PRC with carrying amount of approximately HK\$9,108,000 and repayable within one year.

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28. 於綜合財務狀況表之所得稅

- a) 年內，綜合財務狀況表之應付／(可收回)稅項之變動載列如下：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) The movement of tax payable/(recoverable) in the consolidated statement of financial position during the year are as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
於一月一日	At 1 January	1,296	(34)
本年度撥備(附註9(a))	Provision for the year (note 9(a))		
— 中國企業所得稅	— PRC Enterprise Income Tax	1,477	663
未匯出盈利之預扣稅 (附註9(a))	Withholding tax on unremitted earnings (note 9(a))	8,147	2,429
年內已退回所得稅	Income tax refunded during the year		
— 中國企業所得稅	— PRC Enterprise Income Tax	—	1,624
本年度已付所得稅	Income tax paid during the year		
— 中國企業所得稅	— PRC Enterprise Income Tax	(1,939)	(1,064)
— 未匯出盈利之預扣除	— Withholding tax on unremitted earnings	(8,147)	(2,429)
		(10,086)	(3,493)
		834	1,189
匯兌差異	Exchange differences	85	107
於十二月三十一日	At 31 December	919	1,296
於綜合財務狀況表確認之 可收回稅項	Tax recoverable recognised in the consolidated statement of financial position	(1,642)	(1,258)
於綜合財務狀況表確認之 應付稅項	Tax payable recognised in the consolidated statement of financial position	2,561	2,554
應付稅項淨值	Net tax payable	919	1,296

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28. 於綜合財務狀況表之所得稅(續)

b) 已確認之遞延稅項資產及負債

於本報告期間及上一個報告期間已確認遞延稅項資產／(負債)之主要組成部份及其變動如下：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised

The major components of deferred tax assets/(liabilities) recognised and movements thereon during the current and prior reporting period:

		物業、廠房及 設備之公平值調整	經營租約下 預付土地租金 之公平值調整	遞延開支 及其他	總值
		Fair value adjustment on prepaid lease payments on property plant and equipment	Fair value adjustment on land under operating leases	Deferred expenditure and others	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
就下列各項產生之 遞延稅項：	Deferred tax arising from:				
於二零一五年一月一日	At 1 January 2015	4,936	(962)	529	4,503
損益表計入／(列支)(附註9(a))	Credited/(charged) to profit or loss (note 9(a))	49	21	(513)	(443)
匯兌差異	Exchange differences	(290)	55	(16)	(251)
於二零一五年十二月三十一日及 二零一六年一月一日	At 31 December 2015 and 1 January 2016	4,695	(886)	-	3,809
損益表計入(附註9(a))	Credited to profit or loss (note 9(a))	131	20	-	151
匯兌差異	Exchange differences	(301)	55	-	(246)
於二零一六年十二月三十一日	At 31 December 2016	4,525	(811)	-	3,714

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28. 於綜合財務狀況表之所得稅(續)

b) 已確認之遞延稅項資產及負債(續)

以下乃就財務報告目的而言之遞延稅項資產／(負債)分析：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised (Continued)

The following is the analysis of the deferred tax assets/(liabilities) for financial reporting purposes:

		二零一六年 2016 千港元 HK\$'000	於二零一五年 2015 千港元 HK\$'000
於綜合財務狀況表確認之遞延稅項資產	Deferred tax assets recognised in the consolidated statement of financial position	4,525	4,695
於綜合財務狀況表確認之遞延稅項負債	Deferred tax liabilities recognised in the consolidated statement of financial position	(811)	(886)
		3,714	3,809

c) 尚未確認之遞延稅項資產

於二零一六年十二月三十一日，未於該等財務報表確認有關稅項虧損之可扣減暫時差異約為1,501,879,000港元(二零一五年：1,425,690,000港元)。由於難以預測未來溢利來源，故並無就有關可扣減暫時差異確認遞延稅項資產。上述已計入僅可結轉最多五年之稅項虧損約1,065,062,000港元(二零一五年：989,047,000港元)。其他虧損可無限期結轉。

c) Deferred tax assets not recognised

As at 31 December 2016, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately HK\$1,501,819,000 (2015: HK\$1,425,690,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately HK\$1,065,062,000 (2015: HK\$989,047,000) which can only be carried forward for a maximum period of five years. Other losses may be carried forward indefinitely.

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28. 於綜合財務狀況表之所得稅(續)

d) 尚未確認之遞延稅項負債

根據於二零零八年一月一日起生效之中國企業所得稅法，並無於中國成立或設有業務之非駐居企業或於中國成立或設有業務但相關收入並非實際與於中國成立或設有業務相關，則將須就各類被動收入(如源自中國之股息)按10%稅率繳納預扣所得稅。於二零零八年二月二十二日，財政部及國家稅務總局批准財稅(2008)1號，據此，於二零零七年十二月三十一日前自外資企業保留溢利作出之股息分派將獲豁免繳納預扣所得稅。

於二零一六年十二月三十一日，有關於中國成立之附屬公司自二零零八年之未分配溢利之暫時差異約為367,115,000港元(二零一五年：451,114,000港元)。由於本集團能控制暫時差異之撥回時間，且於可見將來不大可能撥回暫時差異，故尚未就該等暫時差異確認遞延稅項負債約36,712,000港元(二零一五年：45,111,000港元)。

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

d) Deferred tax liabilities not recognised

Under the PRC Enterprise Income Tax Law with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. On 22 February 2008, the Ministry of Finance and State Administration of Tax approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained profits of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

As at 31 December 2016, temporary differences relating to the undistributed profits of subsidiaries established in the PRC since 2008 amounted to approximately HK\$367,115,000 (2015: HK\$451,114,000). Deferred tax liabilities of approximately HK\$36,712,000 (2015: HK\$45,111,000) have not been recognised in respect of these temporary differences as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

29. 股本及儲備

- a) 本集團綜合權益之各項部份於年初及年末之對賬載於綜合權益變動表內。有關本公司權益之個別部份於年初至年末期間之變動詳情，載列如下：

29. CAPITAL AND RESERVES

- a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		本公司擁有人應佔				
		Attributable to owners of the Company				
	股本	股份溢價	公平值儲備	累計虧損	總值	
	Share capital	Share premium	Fair value reserve	Accumulated losses	Total	
	千港元	千港元	千港元	千港元	千港元	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
於二零一五年一月一日	At 1 January 2015	167,264	1,920,050	10,560	(16,468)	2,081,406
二零一五年之權益變動：	Changes in equity for 2015:					
本年度溢利	Profit for the year	-	-	-	14,108	14,108
其他全面收益	Other comprehensive income					
- 可供出售權益證券之公平值收益	- Fair value gain on available-for-sale equity securities	-	-	18,931	-	18,931
- 出售可供出售權益證券公平值儲備轉出	- Release of fair value reserve upon disposal of available-for-sale equity securities	-	-	(29,491)	-	(29,491)
本年度全面收益總值	Total comprehensive income for the year	-	-	(10,560)	14,108	3,548
供股（附註29(b)）	Rights issue of shares (note 29(b))	66,906	334,528	-	-	401,434
就供股發行新普通股股份之交易成本（附註29(b)）	Transaction costs attributable to issue of new ordinary shares from rights issues (note 29(b))	-	(11,322)	-	-	(11,322)
於二零一五年十二月三十一日及二零一六年一月一日	At 31 December 2015 and 1 January 2016	234,170	2,243,256	-	(2,360)	2,475,066
二零一六年之權益變動：	Changes in equity for 2016:					
本年度虧損	Loss for the year	-	-	-	(16,624)	(16,624)
本年度其他全面收益	Other comprehensive income for the year	-	-	-	-	-
本年度全面虧損總值	Total comprehensive loss for the year	-	-	-	(16,624)	(16,624)
於二零一六年十二月三十一日	At 31 December 2016	234,170	2,243,256	-	(18,984)	2,458,442

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29. 股本及儲備(續)

b) 法定及已發行股本

每股面值0.10港元之普通股

Ordinary shares of HK\$0.10 each

29. CAPITAL AND RESERVES (Continued)

b) Authorised and issued share capital

股份數目

金額

Number of

shares

Amount

千股

千港元

'000

HK\$'000

法定

Authorised

於二零一五年一月一日

At 1 January 2015

2,000,000

200,000

增加法定股本(附註(i))

Increase in authorised share capital

(note (i))

2,000,000

200,000

於二零一五年十二月三十一日、

At 31 December 2015, 1 January 2016

二零一六年一月一日及

and 31 December 2016

二零一六年十二月三十一日

4,000,000

400,000

已發行及繳足

Issued and fully paid

於二零一五年一月一日

At 1 January 2015

1,672,643

167,264

供股(附註(ii))

Rights issue of shares (note (ii))

669,057

66,906

於二零一五年十二月三十一日、

At 31 December 2015, 1 January 2016

二零一六年一月一日及

and 31 December 2016

二零一六年十二月三十一日

2,341,700

234,170

普通股持有人有權獲得不時宣派之股息及於本公司會議上享有每股一票之投票權。所有普通股對本公司之剩餘資產均享有相等權益。

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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29. 股本及儲備(續)

b) 法定及已發行股本(續)

附註：

- (i) 本公司之法定股本透過增設2,000,000,000股每股面值0.10港元之額外普通股份，已增加至4,000,000,000港元。本公司之增加法定股本已於二零一五年七月二日舉行之股東特別大會上獲批准。
- (ii) 於二零一五年八月七日，本公司按每持有五股現有普通股份可獲發兩股供股股份之基準，按認購價每股供股股份0.60港元配發669,057,222股每股面值0.10港元之供股股份。本公司籌得約390,112,000港元(扣除直接開支約11,322,000港元)，已用於本集團之一般營運資金。

c) 儲備之性質及目的

i) 股份溢價

根據開曼群島公司法(經修訂)，股份溢價賬可供分派予本公司股東，惟於緊隨建議分派股息之日期後，本公司將有能力於日常業務過程中償還其到期債務。

本公司之股份溢價包括實繳盈餘約149,950,000港元，即本公司交換利成控股有限公司全部已發行股本所發行股份之面值，與本公司於一九九九年九月二十九日收購利成控股有限公司所持有附屬公司當日彼等之相關淨資產價值之差額。

ii) 資本儲備

資本儲備指本集團因應集團重組而已資本化之分配至法定儲備之總額。

29. CAPITAL AND RESERVES (Continued)

b) Authorised and issued share capital (Continued)

Notes:

- (i) The Company's authorised share capital was increased to HK\$4,000,000,000 by creation of an additional 2,000,000,000 ordinary shares of HK\$0.10 each. The increase in the authorised share capital of the Company was approved at the extraordinary general meeting held on 2 July 2015.
- (ii) On 7 August 2015, the Company allotted 669,057,222 rights shares of HK\$0.10 each at a subscription price of HK\$0.60 per rights share on the basis of two rights shares for every five existing ordinary shares held. The Company raised approximately HK\$390,112,000 (net of directly attributable expenses of approximately HK\$11,322,000) which was used for general working capital of the Group.

c) Nature and purpose of reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The share premium of the Company included the contribution surplus of approximately HK\$149,950,000 which represented the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital of Lee Shing Holdings Limited and the value of the underlying net assets of the subsidiaries held by Lee Shing Holdings Limited at the date they were acquired by the Company on 29 September 1999.

ii) Capital reserve

The capital reserve represents the capitalised aggregate appropriations to the statutory reserves made by the Group as a result of group reorganisation.

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29. 股本及儲備(續)

c) 儲備之性質及目的(續)

iii) 法定儲備

自保留盈利撥至法定儲備金乃根據有關之中國規則及規定以及本公司於中國成立之附屬公司之公司章程而作出，並經由各自之董事會批准。

法定儲備金可用於抵銷過往年度之虧損(如有)並可轉換為實繳資本，惟於進行該轉換後之法定儲備金結餘不得少於實體註冊資本之25%。

本公司若干於中國之附屬公司須最低限度向法定儲備轉撥按中國會計規則及規定釐定之純利之10%，直至該儲備結餘達至註冊資本之50%為止。作出之轉撥須於向擁有人分派股息之前進行。

iv) 匯兌儲備

匯兌儲備包括因換算境外經營業務之財務報表而產生之所有匯兌差額。該儲備乃根據附註2(s)所載之會計政策予以處理。

v) 公平值儲備

公平值儲備包括於申報期間結算日所持有可供出售權益證券之公平值之累計變動淨額，並根據附註2(f)所載之會計政策予以處理。

29. CAPITAL AND RESERVES (Continued)

c) Nature and purpose of reserves (Continued)

iii) Statutory reserves

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to offset previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of the entity's registered capital.

The Company's certain subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations to the statutory reserves until the reserve balances reaches 50% of the registered capital. The transfer must be made before distribution of dividends to owners.

iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(s).

v) Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of available-for-sale equity securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(f).

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29. 股本及儲備(續)

d) 儲備之可供分派情況

於二零一六年十二月三十一日，可供分派予本公司擁有人之本公司儲備總額約為2,224,272,000港元(二零一五年：2,240,896,000港元)，其中包括本公司股份溢價約2,243,256,000港元(二零一五年：2,243,256,000港元)及抵銷累計虧損約18,984,000港元(二零一五年：2,360,000港元)。該等儲備可作出分派，惟緊隨建議宣派股息之日，本公司必須有能力償還於日常業務中到期的債項，方能作出分派。

e) 資本管理

本集團管理資本之主要目標乃保障本集團持續經營之能力以為股東帶來回報及讓其他股權持有人獲益，並維持優化之資本架構以減少資金成本。

本集團會積極及定期審閱及管理其資金架構，以在盡可能提高股東回報與穩健資本狀況可承受之較高貸款水平帶來的好處及保障之間取得平衡，並因應經濟狀況之變動對資本架構作出調整。為維持或調整資本架構，本集團可透過調整向股東支付之股息金額、發行新股、退還資本予股東或出售資產以減債。

與業界慣例一致，本集團以資產負債比率監控資本架構。該比率以本集團之銀行及其他借貸減現金及現金等值項目除以本公司擁有人應佔權益總值計算。本集團於二零一六年及二零一五年十二月三十一日並無淨債項。截至二零一六年十二月三十一日止年度期間，本集團之策略與二零一五年相同。

本公司及其任何附屬公司毋須遵守外界實施之資本規定。

29. CAPITAL AND RESERVES (Continued)

d) Distributability of reserves

As at 31 December 2016, the aggregate amount of the Company's reserves available for distribution to owners of the Company was approximately HK\$2,224,272,000 (2015: HK\$2,240,896,000) which included the Company's share premium of approximately HK\$2,243,256,000 (2015: HK\$2,243,256,000), and offsetting with accumulated losses of approximately HK\$18,984,000 (2015: HK\$2,360,000). These reserves are available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as the Group's bank and other borrowings less cash and cash equivalents over its total equity attributable to owners of the Company. There were no net debt for the Group as at 31 December 2016 and 2015. During the year ended 31 December 2016, the Group's strategy was unchanged from year 2015.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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30. 購股權計劃

於二零一四年六月六日舉行之股東週年大會上，本公司股東批准採納一項購股權計劃（「購股權計劃」），將於採納日期起計十年有效。

根據購股權計劃，本公司董事可向對本集團之發展及增長有所貢獻或將有貢獻之合資格人士，包括本公司及其附屬公司之董事、任何股東、供應商、客戶、專家顧問、顧問及合作夥伴或業務聯盟在該計劃條款及條件之規限下接受購股權認購本公司股份。合資格參與者將就每次授出之購股權支付象徵式代價。購股權可於本公司董事在提出要約時所釐定及指定予各承授人之期間內任何時間行使，惟不得超過各購股權授出日起計十年之期間，惟可遵照購股權計劃予以提早終止。

截至二零一六年及二零一五年十二月三十一日止年度內，並無購股權計劃項下之購股權獲授出、行使、沒收或尚未行使。

30. SHARE OPTION SCHEME

At the annual general meeting of the Company held on 6 June 2014, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"), which will be valid for 10 years from the date of its adoption.

Under the Share Option Scheme, the directors of the Company may grant share options to eligible persons, including directors of the Company and its subsidiaries, any of its shareholders, suppliers, customers, consultants, advisers and joint venture partners or business alliance who have contributed or will contribute to the development and growth of the Group, to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A nominal consideration will be paid by eligible participants for each lot of share options granted. An option may be exercised at any time during a period to be determined and identified by the directors of the Company to each grantee at the time of making the offer, but in any event, shall not exceed the period of ten years from the date of grant of the particular option, subject to the early termination of the Share Option Scheme.

There were no share options granted, exercised, forfeited nor outstanding under the Share Option Scheme during the years ended 31 December 2016 and 2015.

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31. 重大關連人士交易

a) 與關連人士之交易

除該等財務報表其他地方所披露之交易及結餘外，本公司董事認為，下列為截至二零一六年及二零一五年十二月三十一日止年度內本集團訂立之重大關連人士交易：

關連人士名稱	與本集團之關係	交易性質	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
Name of related party	Relationship with the Group	Nature of transaction		
蔣泉龍先生 Mr. Jiang Quanlong	本公司執行董事 Executive director of the Company	本集團支付租金費用 Payment of rental expenses by the Group	831	885
無錫泛亞 Wuxi Pan-Asia	本公司董事蔣泉龍先生亦為其董事之公司 A company of which Mr. Jiang Quanlong, a director of the Company, is also a director	本集團支付租金費用 Payment of rental expenses by the Group	61	65

本公司董事認為，上述交易乃於一般業務過程中根據規管該等交易之協議條款訂立。

31. MATERIAL RELATED PARTY TRANSACTIONS

a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the directors of the Company consider that the followings are the material related party transactions entered into by the Group during the years ended 31 December 2016 and 2015:

The directors of the Company are of the opinion that the above transactions were entered into under the normal course of business and in accordance with the terms of the agreements governing such transactions.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

31. 重大關連人士交易(續)

b) 與主要管理人員之交易

主要管理人員之酬金(包括支付予附註10所披露之本公司董事及附註11所披露之最高薪酬人士及高級管理人員之金額)如下:

31. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with key management personnel

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 10, and the highest paid employees and senior management as disclosed in note 11 are as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
短期僱員福利	Short-term employee benefits	6,140	6,731
退休後福利	Post-employment benefits	67	71
		6,207	6,802

32. 承擔

a) 於申報期間結算日,本集團於該等財務報表內有關物業、廠房及設備之收購及建築之已訂約但未撥備的資本承擔如下:

32. COMMITMENTS

a) At the end of the reporting period, the Group had capital commitments in respect of acquisition and construction of property, plant and equipment contracted but not provided for in these financial statements as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
物業、廠房及設備之收購及建築	Acquisition and construction of property, plant and equipment	1,405	9,364

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32. 承擔(續)

- b) 於各申報期間結算日，本集團根據不可撤銷之土地及樓宇經營租賃於日後所須繳付的最低租金款項承擔之到期日如下：

32. COMMITMENTS (Continued)

- b) At the end of each reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
1年內	Within one year	2,015	2,203
1年後但5年內	After one year but within five years	882	944
		2,897	3,147

經營租賃付款指本集團就其若干辦公室應付之租金。租約及租金乃通過磋商釐定，為期一至五年。概無租賃涉及或然租金。

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases and rentals are negotiated and fixed for a period of one to five years. None of the leases includes contingent rentals.

上述承擔包括於附註31所披露之本公司董事蔣泉龍先生及關連人士無錫泛亞之未來租金付款約884,000港元(二零一五年：1,866,000港元)，到期日如下：

The above commitments included future lease payments to Mr. Jiang Quanlong, a director of the Company, and Wuxi Pan-Asia, a related party as disclosed in note 31, of approximately HK\$884,000 (2015: HK\$1,866,000) which fall due as follows:

		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
<i>應付予蔣泉龍先生之未來租金付款</i>			
<i>Future lease payments to Mr. Jiang Quanlong</i>			
– 1年內	– Within one year	805	859
– 1年後但5年內	– After one year but within five years	–	859
		805	1,718
<i>應付予無錫泛亞之未來租金付款</i>			
<i>Future lease payments to Wuxi Pan-Asia</i>			
– 1年內	– Within one year	59	63
– 1年後但5年內	– After one year but within five years	20	85
		79	148
		884	1,866

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33. 按類別劃分之金融工具

33. FINANCIAL INSTRUMENTS BY CATEGORIES

		二零一六年	二零一五年
		2016	2015
		千港元	千港元
		HK\$'000	HK\$'000
金融資產	Financial assets		
應收賬款及應收票據	Trade debtors and bills receivables	224,132	338,594
其他應收款	Other receivables	4,859	9,434
應收關連公司款項	Amount due from a related company	4,957	5,293
受限制銀行存款	Restricted bank deposits	16,993	36,178
現金及現金等值項目	Cash and cash equivalents	1,649,125	1,396,365
貸款及應收款	Loans and receivables	1,900,066	1,785,864
按攤銷成本計量之金融負債	Financial liabilities measured at amortised cost		
應付賬款及應付票據	Trade and bills payables	101,317	166,894
預提費用及其他應付款	Accrued expenses and other payables	66,974	74,959
應付董事款項	Amounts due to directors	3,245	2,804
銀行及其他借貸	Bank and other borrowings	78,033	–
		249,569	244,657

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34. 財務風險管理及金融工具之公平值

金融工具之風險包括本集團在日常業務過程中產生之信貸風險、流動資金風險、利率風險及貨幣風險。

a) 信貸風險

信貸風險指交易對手無法履行合約責任導致本集團財務虧損之風險。本集團所採用的政策為僅與信譽良好之交易對手進行買賣，並取得足夠抵押品（如適用），以減輕無法履行合約責任導致財務虧損之風險。

為盡量減低應收賬款及其他應收款之信貸風險，管理層已訂立一項信貸政策，並對有關信貸風險進行持續監察。本集團會定期對各主要客戶之財務狀況及條件進行信貸評估。該等評估針對客戶過往支付到期款項之歷史及目前之支付能力，並考慮客戶特定資料及客戶經營所處經濟環境之資料。本集團並無就其金融資產要求任何抵押品。

本集團須承受之信貸風險主要受各名客戶之個別特點所影響。客戶所經營行業及國家之拖欠風險亦會對信貸風險有所影響，但程度較低。於申報期間結算日，應收賬款總額中5%（二零一五年：9%）來自本集團之五大客戶。於二零一六年及二零一五年十二月三十一日並無未支付應收賬款來自本集團最大客戶。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The risks associated with the financial instruments include credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Group's business.

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In respect of trade and other receivables, in order to minimise credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and conditions are performed on each major customer periodically. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group does not require collateral in respect of its financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and the country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, 5% (2015: 9%) of the total trade debtors was due from the Group's five largest customers. No outstanding trade debtor was due from the Group's largest customer as at 31 December 2016 and 2015.

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34. 財務風險管理及金融工具之公平值 (續)

a) 信貸風險(續)

有關本集團來自應收賬款及其他應收款之信貸風險之進一步量化披露載於附註22。

由於銀行現金、銀行存款及受限制銀行存款乃存放於多間信貸評級良好之銀行，因此該等款項承擔之信貸風險極微，故並無重大集中信貸風險。

於二零一六年及二零一五年十二月三十一日，本集團並無提供任何擔保導致本集團須承擔信貸風險。

b) 流動資金風險

本集團旗下之獨立營運實體須負責其各自之現金管理，包括現金盈餘之短期投資及籌措貸款以滿足預期現金需求，惟須獲董事會批准後，方可作實。本集團之政策為定期監察當前及預計之流動資金需求，以及遵守貸款契諾，確保本集團能維持充裕的現金及從主要金融機構取得足夠的承諾信貸融資，以滿足其短期及較長期流動資金需要。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

The credit risk for cash at banks, bank deposits and restricted bank deposits is considered minimal as these amounts are placed with various banks with good credit ratings and there is no significant concentration of credit risk.

As at 31 December 2016 and 2015, the Group did not provide any guarantees which expose the Group to credit risk.

b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the approval from board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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34. 財務風險管理及金融工具之公平值 (續)

b) 流動資金風險(續)

下表載列本集團之金融負債於申報期間結算日，基於合約未折現現金流量(包括使用合約利率計得之利息付款或，如按浮息，則按申報期間結算日之利率計)及本集團可被要求償還之最早日期所得之餘下合約期：

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

The following table set out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period) and the earliest date the Group can be required to pay:

		二零一六年 2016			二零一五年 2015		
		合約未折現現金流量 Contractual undiscounted cash flow			合約未折現現金流量 Contractual undiscounted cash flow		
		一年內或 按要求償還 Within 1 year or on demand			一年內或 按要求償還 Within 1 year or on demand		
		總額	賬面值	Carrying amount	總額	賬面值	Carrying amount
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
非衍生金融負債	Non-derivative financial liabilities						
應付賬款及應付票據	Trade and bills payables	101,317	101,317	101,317	166,894	166,894	166,894
預提費用及其他應付款	Accrued expenses and other payables	66,974	66,974	66,974	74,959	74,959	74,959
應付董事款項	Amounts due to directors	3,245	3,245	3,245	2,804	2,804	2,804
銀行及其他借貸	Bank and other borrowings	79,285	79,285	78,033	-	-	-
		250,821	250,821	249,569	244,657	244,657	244,657

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34. 財務風險管理及金融工具之公平值 (續)

c) 利率風險

本集團之利率風險主要來自現金及現金等值項目、受限制銀行存款以及銀行及其他借貸。由於現金及現金等值項目及受限制銀行存款結餘以及銀行及其他借貸之利率預期不會重大變動，因此本集團預期將不會存在重大利率風險。

(i) 利率組合

下表詳細載列本集團的現金及現金等值項目、受限制銀行存款以及銀行及其他借貸於申報期間結算日的利率組合：

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted bank deposits, and bank and other borrowings. The Group does not anticipate significant interest rate risk to cash and cash equivalents, and restricted bank deposits, and bank and other borrowings because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's cash and cash equivalents, restricted bank deposits, and bank and other borrowings at the end of the reporting period:

		二零一六年 2016		二零一五年 2015	
		實際利率 Effective interest rate	千港元 HK\$'000	實際利率 Effective interest rate	千港元 HK\$'000
現金及現金等值項目	Cash and cash equivalents	0%–0.3%	1,649,125	0%–0.3%	1,396,365
受限制銀行存款	Restricted bank deposits	1.55%	16,993	0.3%–2.75%	36,178
銀行及其他借貸	Bank and other borrowings	0%–5%	(78,033)	不適用N/A	–
結餘淨值	Net balance		1,588,085		1,432,543

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34. 財務風險管理及金融工具之公平值 (續)

c) 利率風險(續)

(ii) 敏感度分析

於二零一六年十二月三十一日，在所有其他變數保持不變的情況下，估計利率整體上升／下降50個基點將減少／增加本集團本年度除稅後虧損及減少／增加本集團累計虧損約6,327,000港元(二零一五年：5,671,000港元)。利率整體上升或下降對綜合權益的其他部份並無影響。

上述敏感度分析乃根據於申報期間結算日所承擔之利率風險而釐定。有關分析乃假設於申報期結算日之未償還金融工具於整個年度尚未償還而編製。50個基點上升或下降為內部向主要管理人員匯報利率風險所使用之基點，並為管理層對利率的合理可能變動的評估。二零一五年已以相同基準作出分析。

d) 貨幣風險

本集團主要因以與有關集團實體的功能貨幣以外的貨幣進行買賣所產生應收款、應付款及現金及現金等值項目而面對貨幣風險。導致貨幣風險之貨幣主要為港元及美元。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

(ii) Sensitivity analysis

As at 31 December 2016, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after taxation for the year and decrease/increase the Group's accumulated losses by approximately HK\$6,327,000 (2015: HK\$5,671,000). Other components of consolidated equity would not be changed in response to the general increase or decrease in interest rates.

The sensitivity analysis above has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates. The analysis is performed on the same basis for year 2015.

d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, and cash and cash equivalents that are denominated in a currency other than the functional currency of the group entities to which they relate. The currencies giving rise to currency risk are primarily HK\$ and United States dollars ("US\$").

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34. 財務風險管理及金融工具之公平值
(續)

d) 貨幣風險(續)

i) 所承擔之貨幣風險

下表詳列本集團就來自以與集團實體有關之功能貨幣以外貨幣計值之已確認資產或負債所承受貨幣風險。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE
OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

i) Exposure to currency risk

The following table details the Group's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the group entities to which they relate.

所承擔之貨幣風險 (以千港元列值)

Exposure to currency risk (expressed in HK\$' 000)

		二零一六年		二零一五年	
		2016		2015	
		港元	美元	港元	美元
		HK\$	US\$	HK\$	US\$
應收賬款及	Trade and other receivables				
其他應收款		-	38,838	-	38,736
現金及現金等值項目	Cash and cash equivalents	-	15,931	5,500	19,175
其他應付款	Other payables	-	(3,810)	-	(1,173)
所承擔之整體	Overall exposure to				
貨幣風險	currency risk	-	50,959	5,500	56,738

本集團現時並無就外幣應收款及負債採取外幣對沖政策。本集團將密切監察外幣風險，並將在有需要時考慮對沖重大貨幣風險。

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency receivables and debts. The Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arises.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

34. 財務風險管理及金融工具之公平值 (續)

d) 貨幣風險(續)

ii) 敏感度分析

下表列示本集團之除稅後虧損及累計虧損因應本集團於申報期間結算日面對重大風險之外幣匯率於該日可能出現之合理變動而隨即產生之變動，並假定其他風險變數維持不變。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after taxation and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

		除稅後虧損 減少/(增加)		除稅後虧損 減少/(增加)	
		及累計虧損 減少/(增加)		及累計虧損 減少/(增加)	
外幣匯率 增加/(減少)		增加/(減少)	減少/(增加)	增加/(減少)	減少/(增加)
		Decrease/ (increase) in loss after taxation and decrease/ (increase) in accumulated losses 二零一六年 2016 千港元 HK\$'000		Decrease/ (increase) in loss after taxation and decrease/ (increase) in accumulated losses 二零一五年 2015 千港元 HK\$'000	
港元	HK\$	5% (5%)	– –	5% (5%)	206 (206)
美元	US\$	5% (5%)	2,056 (2,056)	5% (5%)	2,263 (2,263)

上表所示之分析結果代表對本公司於中國成立之各附屬公司按各自之功能貨幣計算並按各申報期間結算日之匯率換算為港元以供呈列之用的除稅後溢利或虧損及權益之即時影響總和。

Results of the analysis as presented in the above table represent an aggregate of the instantaneous effects on profit or loss after taxation and equity for each of the Company's subsidiaries established in the PRC measured in their respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of each reporting period for presentation purposes.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

34. 財務風險管理及金融工具之公平值 (續)

d) 貨幣風險 (續)

ii) 敏感度分析 (續)

上述敏感度分析乃假設外幣匯率之變動已用於重新計量本集團於申報期間結算日所持有之金融工具而釐定。此項分析依二零一五年之相同基準進行。

e) 公平值計量

按公平值以外價值計量之金融資產及負債之公平值

於二零一六年及二零一五年十二月三十一日，本集團按成本或攤銷成本計值之金融工具之賬面值與彼等之公平值並無重大差異。

35. 訴訟

於截至二零一二年十二月三十一日止年度，本集團前合營企業宜興銀茂就其廠房建造之質素及付款問題上與一建造商存在爭議。於截至二零一四年十二月三十一日止年度，宜興銀茂已成為本公司之全資附屬公司。該建造商向宜興銀茂就廠房建造索償餘下未付之合同款項約34,854,000港元。同時，宜興銀茂向該建造商就建造質素低劣未能符合有關建造標準索償退還合同款項約62,426,000港元。自二零一二年十二月三十一日起，宜興銀茂尚未接獲法院之判決。

於二零一五年十二月三十一日，本公司董事已就此尋求其中國法律顧問之意見。根據法律意見，該訴訟時效已於截至二零一五年十二月三十一日止年度屆滿，因此，宜興銀茂已於該訴訟中解除。

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group at the end of the reporting period. The analysis is performed on the same basis for year 2015.

e) Fair value measurement

Fair values of financial assets and liabilities carried at other than fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2015.

35. LITIGATIONS

During the year ended 31 December 2012, Yixing Silver Mile, the Group's former joint venture, was in dispute with a contractor about the quality and settlement of its plant construction. Yixing Silver Mile became a wholly-owned subsidiary of the Company during the year ended 31 December 2014. The contractor claimed Yixing Silver Mile for settling the remaining contract fee of approximately HK\$34,854,000 for the plant construction. At the same time, Yixing Silver Mile counter-claimed the contractor for returning the contract fee of approximately HK\$62,426,000 for poor construction quality that cannot meet the relevant construction standards. No judgement had been received by Yixing Silver Mile from the court since 31 December 2012.

As at 31 December 2015, the directors of the Company have sought advice from its PRC lawyers in this aspect. Based on the legal advice, the litigation time was expired during the year ended 31 December 2015 and Yixing Silver Mile was discharged from these litigations.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

36. 公司層面之財務狀況表

36. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

			二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000
		附註 Note		
非流動資產	Non-current assets			
設備	Equipment		13	21
附屬公司之投資	Investments in subsidiaries	19	151,707	151,707
			151,720	151,728
流動資產	Current assets			
其他應收款項	Other receivables		662	–
預付款項及按金	Prepayments and deposits		760	941
應收附屬公司款項	Amounts due from subsidiaries		2,302,545	2,291,702
現金及現金等值項目	Cash and cash equivalents		9,642	36,212
			2,313,609	2,328,855
流動負債	Current liabilities			
應計款項及其他應付款	Accruals and other payables		6,240	4,843
應付董事款項	Amounts due to directors		394	405
應付附屬公司款項	Amounts due to subsidiaries		253	269
			6,887	5,517
流動資產淨值	Net current assets		2,306,722	2,323,338
資產淨值	NET ASSETS		2,458,442	2,475,066
資本及儲備	CAPITAL AND RESERVES	29		
股本	Share capital		234,170	234,170
儲備	Reserves		2,224,272	2,240,896
權益總額	TOTAL EQUITY		2,458,442	2,475,066

經由董事會於二零一七年三月三十日批准
及授權刊發，並由以下人士代表簽署：

Approved and authorised for issue by the board of directors on
30 March 2017, and are signed on its behalf by:

蔣泉龍
董事

錢元英
董事

Jiang Quanlong
Director

Qian Yuanying
Director

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈下列於截至二零一六年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本及新訂準則。其中包括以下可能與本集團有關者。

香港財務報告準則 第9號	金融工具 ²
香港財務報告準則 第15號	來自客戶合約之 收益 ²
香港財務報告準則 第16號	租賃 ³
香港會計準則 第7號之修訂本	現金流量表：披露 計劃 ¹
香港會計準則 第12號之修訂本	所得稅：確認未變現 虧損遞延稅項資產 ¹

- ¹ 於二零一七年一月一日或之後開始之年度期間生效
- ² 於二零一八年一月一日或之後開始之年度期間生效
- ³ 於二零一九年一月一日或之後開始之年度期間生效

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issuance of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative ¹
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses ¹

- ¹ Effective for annual periods beginning on or after 1 January 2017
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective for annual periods beginning on or after 1 January 2019

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響 (續)

本集團現正評估該等修訂本及新訂準則於首次應用期間之預期影響。就本集團所知，新訂準則之部分範疇可能對綜合財務報表構成重大影響。該等預期影響之進一步詳情於下文論述。

由於本集團尚未完成評估，過程中可能發現其他影響，本集團在決定是否於生效日期前採納任何該等新規定及採取何種過渡方式（倘新訂準則允許不同方式）時將考慮該等影響。

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號將取代金融工具會計處理之現行準則：香港會計準則第39號「金融工具：確認及計量」。香港財務報告準則第9號引入金融資產分類及計量、金融資產減值計算及對沖會計法之新規定。另一方面，香港財務報告準則第9號納入香港會計準則第39號有關確認及終止確認金融工具以及金融負債分類之規定，且並無作出重大變動。新規定對本集團綜合財務報表之預期影響如下：

(a) 分類及計量

香港財務報告準則第9號載有三個主要金融資產類別，分別為(i)以攤銷成本計量；(ii)透過損益按公平值列賬（「透過損益按公平值列賬」）計量；及(iii)透過其他全面收益按公平值列賬（「透過其他全面收益按公平值列賬」）計量，載列如下：

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9 “Financial instruments”

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 “Financial Instruments: Recognition and Measurement”. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group’s consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (i) amortised cost, (ii) fair value through profit or loss (“FVTPL”) and (iii) fair value through other comprehensive income (“FVTOCI”) as follows:

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第9號「金融工具」(續)

(a) 分類及計量(續)

- 債務工具分類根據實體管理金融資產的業務模式以及資產的合約現金流量特徵而釐定。倘若債務工具分類為透過其他全面收益按公平值列賬，有效利率、減值及出售收益／損失將在損益中確認。
- 對於權益證券，無論實體的業務模式如何都會被分類為透過損益按公平值列賬。唯一的例外情況是倘若權益證券並非持作買賣且實體不可撤回地選擇將該證券指定為透過其他全面收益按公平值列賬。倘若權益證券被指定為透過其他全面收益按公平值列賬，只有該證券的股息收入會在損益中確認。該證券的收益、損失及減值會在其他全面收益中確認且不會轉出。

根據初步評估，本集團預計其目前按攤銷成本及透過損益按公平值列賬計量的金融資產將於採用香港財務報告準則第9號時沿用其各自的分類及計量。

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(a) Classification and measurement (Continued)

- The classification for debt instruments is determined based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity’s business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(a) 分類及計量 (續)

香港財務報告準則第9號下，指定為按透過損益按公平值列賬計量的金融負債的分類及計量規定大致繼承香港會計準則第39號，並無重大變動，惟香港財務報告準則第9號規定，指定為按透過損益按公平值列賬計量的金融負債因自身信用風險變化所引起的公平值變動須於其他全面收益中確認(不得重新分類至損益)。本集團目前並無以指定按透過損益按公平值列賬計量的任何金融負債，因此該新規定可能對本集團採納香港財務報告準則第9號並無影響。

(b) 減值

香港財務報告準則第9號中之新減值模式以「預期信貸損失」模式取代香港會計準則第39號之「已產生損失」模式。根據預期信貸損失模式，毋須再待發生損失事件後方確認減值損失。取而代之，公司需根據資產以及事實情況確認及計量預期信貸損失為十二個月預期信貸損失或永久預期信貸損失。新減值模式可能導致本集團提早應收賬款及其他金融資產確認信貸損失。然而，仍需進行更詳細之分析方能釐定影響範圍。

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(a) Classification and measurement (Continued)

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(c) 對沖會計

香港財務報告準則第9號並未從根本上改變香港會計準則第39號下對有關計量及確認對沖無效部分。然而，對適用於對沖會計的交易類別已增加彈性。本集團現時並無進行任何對沖，因此本新規定對本集團採納香港財務報告準則第9號不會造成任何影響。

香港財務報告準則第15號「來自客戶合約的收入」

香港財務報告準則第15號已頒佈，其制定一項單一全面模式供實體用於將來自客戶合約所產生之收入入賬。當香港財務報告準則第15號生效時，將取代現時之收入確認指引，包括香港會計準則第18號「收入」、香港會計準則第11號「建築合約」及相關詮釋。

香港財務報告準則第15號之核心原則為實體應確認收入以描述向客戶轉讓承諾之貨物或服務，金額應為能反映該實體預期就交換該等貨物或服務有權獲得之代價。具體而言，此準則引入了一個包含五個確認收入步驟之方法：

- 第一步：識別與客戶之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價格
- 第四步：將交易價格分配至合約中之履約責任
- 第五步：當(或隨著)實體履行履約責任時確認收入

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, this standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響 (續)

香港財務報告準則第15號「來自客戶合約的收入」(續)

根據香港財務報告準則第15號，當(或隨著)實體履行履約責任時(即於特定履約責任相關之貨物或服務之「控制權」轉讓予客戶時)確認收入。香港財務報告準則第15號已加入更多規定性指引以處理特定情況。此外，香港財務報告準則第15號要求作出廣泛之披露。於二零一六年，香港會計師公會頒佈有關香港財務報告準則第15號識別履約責任、委托人與代理的考量及許可證申請指引之澄清。

本公司董事預期，於日後應用香港財務報告準則第15號可能會需要作更多披露。然而，本公司董事預期應用香港財務報告準則第15號將不會對各報告期間已確認的收益時間及金額造成重大影響。

香港財務報告準則第16號「租賃」

誠如附註2(h)所披露，本集團現時將租賃劃分為融資租賃及經營租賃，並視乎租賃劃分以不同方式對租賃安排進行會計處理。本集團分別作為出租人及承租人訂立不同租賃。

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

As disclosed in note 2(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第16號「租賃」(續)

預期香港財務報告準則第16號不會對出租人租賃權利與義務之會計處理造成重大影響。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。取而代之，除非使用若干權宜實行方法，否則承租人將按與現有融資租賃會計處理方法類似之方式對所有租賃進行會計處理，即於租約開始日期，承租人將按未來最低租賃付款額之現值確認及計量租賃負債，及將確認相應的「使用權」資產。初始確認該資產及負債後，承租人將確認租賃負債未付餘額所產生之利息費用及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生之租賃費用。作為權宜實行方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下)及低價值資產之租賃，於該等情況下，租賃費用將繼續於租期內按系統基準確認。

香港財務報告準則第16號將主要影響本集團作為物業(現時劃分為經營租賃)租賃承租人之會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於綜合損益表確認費用之時間。

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 16 "Leases" (Continued)

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一六年十二月三十一日止年度 For the year ended 31 December 2016

37. 於截至二零一六年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第16號「租賃」(續)

誠如附註32(b)所披露，於二零一六年十二月三十一日，本集團若干物業根據不可撤銷經營租賃之未來最低租賃付款項約為2,897,000港元，大部份須於報告日期後一年至五年支付。因此，一旦採納香港財務報告準則第16號，該等款項部分可能須確認為租賃負債，並附帶相應使用權資產。經考慮權宜實行方法之適用性、就現時至採納香港財務報告準則第16號期間已訂立或終止之任何租賃及貼現影響作出調整後，本集團將須進行更為詳細之分析以釐定於採納香港財務報告準則第16號時經營租賃承擔所產生之新資產及負債之金額。

本集團正考慮是否於香港財務報告準則第16號生效日期二零一九年一月一日前採納該準則。然而，香港財務報告準則第16號僅可於採納香港財務報告準則第15號後方可提前採納。因此，香港財務報告準則第16號不大可能於香港財務報告準則第15號之生效日期(即二零一八年一月一日)前獲採納。

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 16 "Leases" (Continued)

As disclosed in note 32(b), the Group's future minimum lease payments under non-cancellable operating leases as at 31 December 2016 amounted to approximately HK\$2,897,000 for certain properties, the majority of which is payable either between 1 to 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

財務概要

FINANCIAL SUMMARY

		截至十二月三十一日止年度 For the year ended 31 December				
		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000
收入	Revenue	709,120	843,110	1,183,786	1,488,282	2,101,918
銷售成本	Cost of sales	(704,190)	(943,575)	(1,292,332)	(1,701,158)	(2,540,035)
毛利/(毛虧)	Gross profit/(loss)	4,930	(100,465)	(108,546)	(212,876)	(438,117)
除稅前虧損	Loss before taxation	(98,403)	(264,083)	(98,622)	(375,771)	(680,725)
所得稅(支出)/抵免	Income tax (charge)/credit	(9,473)	(3,535)	(3,406)	9,961	(13,411)
本年度虧損	Loss for the year	(107,876)	(267,618)	(102,028)	(365,810)	(694,136)
應佔： 本公司擁有人	Attributable to: Owners of the Company	(104,242)	(256,650)	(92,972)	(350,847)	(674,488)
非控股權益	Non-controlling interests	(3,634)	(10,968)	(9,056)	(14,963)	(19,648)
		(107,876)	(267,618)	(102,028)	(365,810)	(694,136)
		於十二月三十一日 As at 31 December				
		二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000	二零一二年 2012 千港元 HK\$'000
流動資產	Current assets	2,434,619	2,610,821	2,370,356	2,504,164	2,864,609
非流動資產	Non-current assets	480,382	577,089	820,054	779,222	738,774
資產總值	Total assets	2,915,001	3,187,910	3,190,410	3,283,386	3,603,383
流動負債	Current liabilities	259,175	250,500	191,838	135,797	179,443
非流動負債	Non-current liabilities	811	886	962	410	19,227
負債總值	Total liabilities	259,986	251,386	192,800	136,207	198,670
資產淨值	Net assets	2,655,015	2,936,524	2,997,610	3,147,179	3,404,713
股本	Share capital	234,170	234,170	167,264	167,264	167,264
儲備	Reserves	2,411,514	2,688,629	2,804,461	2,943,985	3,187,873
本公司擁有人 應佔權益	Equity attributable to owners of the Company	2,645,684	2,922,799	2,971,725	3,111,249	3,355,137
非控股權益	Non-controlling interests	9,331	13,725	25,885	35,930	49,576
權益總值	Total equity	2,655,015	2,936,524	2,997,610	3,147,179	3,404,713



The logo consists of the letters 'CRE' in a bold, white, sans-serif font, centered within a dark purple oval shape. The background of the entire page is a dark blue gradient with a network of glowing white lines and nodes, some of which are highlighted with bright white or light blue circular glows. A small purple triangle is visible in the upper right quadrant of the image.

CRE

中國稀土控股有限公司

China Rare Earth Holdings Limited

香港中環雪廠街16號西洋會所大廈15樓
15/F, Club Lusitano, 16 Ice House Street, Central, Hong Kong

www.creh.com.hk