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世紀陽光

世紀陽光集團控股有限公司

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is issued by Century Sunshine Group Holdings Limited (the “**Company**”) pursuant to Rule 13.10B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcements of the Company dated 22 May 2015 and 24 July 2015 regarding the S\$300,000,000 Multicurrency Medium Term Note Programme established by the Company (the “**Programme**”).

Please refer to the attached (i) announcement in relation to a proposed exchange offer and consent solicitation in respect of the existing notes issued under the Programme and a proposed issue of new notes under the Programme (the “**Announcement**”); (ii) information memorandum in relation to the Programme (the “**Information Memorandum**”); and (iii) notice of meeting of holders of the existing notes issued under the Programme (the “**Notice**”), which have been submitted to the Singapore Exchange Securities Trading Limited for publication on its website. The Announcement, the Information Memorandum and the Notice are collectively referred to as the “**Documents**”.

The posting of the Documents on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules and not for any other purpose.

None of the Documents constitutes a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, none of them is an invitation to the public to make offers to subscribe for or purchase any securities, none of them is calculated to invite offers by the public to subscribe for or purchase any securities.

The Documents must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be based on the information contained in the Documents.

By Order of the Board
Century Sunshine Group Holdings Limited
Chi Wen Fu
Chairman

Hong Kong, 9 May 2017

As at the date of this announcement, the directors of the Company are:

Executive directors : Mr. Chi Wen Fu, Mr. Shum Sai Chit and Ms. Chi Bi Fen

Non-executive director : Mr. Guo Mengyong

Independent non-executive directors : Mr. Kwong Ping Man, Mr. Sheng Hong and Mr. Lau Chi Kit



CENTURY SUNSHINE GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(the "**Issuer**")

9 May 2017

**PROPOSED EXCHANGE OFFER AND CONSENT SOLICITATION IN RESPECT OF
SERIES 001 S\$125,000,000 7.20% FIXED RATE NOTES DUE 2018
(ISIN: SG6XC0000003) (THE "EXISTING NOTES") ISSUED BY THE ISSUER AND
PROPOSED ISSUE OF SINGAPORE DOLLAR-DENOMINATED FIXED RATE NOTES DUE 2020
(THE "NEW NOTES") PURSUANT TO ITS
S\$300,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME (THE "PROGRAMME")
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY VARIOUS GUARANTORS**

Reference is made to the Existing Notes and the trust deed dated 19 May 2015 made between, *inter alia*, the Issuer, as issuer, and The Bank of New York Mellon, Singapore Branch, as trustee, constituting the Existing Notes (the "**Trust Deed**").

Capitalised or other terms used but not defined herein shall, unless the context otherwise requires, have the meanings as set out in the exchange offer memorandum dated 9 May 2017 (the "**Exchange Offer Memorandum**") issued by the Issuer.

The Issuer is pleased to announce that it has today commenced an invitation (comprising of the Exchange Offer (as defined below) and the Consent Solicitation (as defined below), the "**Invitation**") to holders of the Existing Notes (the "**Noteholders**").

To cater for the Company's and its subsidiaries' (the "**Group**") long term strategic expansion in the People's Republic of China, the Group has deemed appropriate to finance such capital investments with long-term funding for the sake of prudent financial management. As such, the Issuer intends to extend its consolidated debt maturity profile by inviting all Noteholders (subject to offer restrictions contained in the Exchange Offer Memorandum) to exchange their Existing Notes (which are due in 2018) for New Notes (which are due in 2020) (the "**Exchange Offer**") pursuant to the Exchange Offer. It is currently envisaged that the Issuer will make an announcement as soon as reasonably practicable after the conclusion of the Meeting on, *inter alia*, the amount of New Notes to be issued based on the aggregate principal amount of Existing Notes Offered for Exchange pursuant to the Exchange Offer.

Along with its expansion plan, it is also the Group's management's intention to manage its debt servicing costs more efficiently. Thus, the Issuer seeks approval by way of an Extraordinary Resolution of the Noteholders to amend certain terms and conditions of the Existing Notes of, and the Trust Deed relating to, the Existing Notes such that the Existing Notes may be redeemed, at the Issuer's option with a reduced period of notice to be given to Noteholders of not less than seven days, from (and including) 4 June 2017 to (but excluding) the final maturity of the Existing Notes at a reduced Optional Redemption Amount (the "**Consent Solicitation**").

The New Notes will have a minimum yield of 6.85%. A summary of differences between the Existing Notes and the New Notes is annexed to the Exchange Offer Memorandum.

In conjunction with the Invitation, it is also intended by the Issuer that the New Notes will be issued and offered for sale pursuant to the Programme to investors (regardless of whether they are Noteholders).

The Issuer has mandated Oversea-Chinese Banking Corporation Limited as the sole dealer manager (the "**Sole Dealer Manager**") for the Invitation.

To sufficiently incentivise Noteholders to participate in the Invitation, the Issuer will pay, or procure to be paid, subject to the conditions stipulated in the Exchange Offer Memorandum, an Exchange Premium and/or a Consent Fee to applicable Noteholders.

Noteholders who respond to Invitation	Exchange Premium	Early Consent Fee	Normal Consent Fee
	(as a percentage of the principal amount of the relevant Existing Notes)		
Noteholders who participate in the Exchange Offer	2.85	0.75	0.50
Noteholders who do not participate in the Exchange Offer but consent to the Proposal	Not applicable	0.75	0.50
Noteholders who do not participate in the Exchange Offer and do not consent to the Proposal	Not applicable	Not applicable	Not applicable

The Invitation will commence on 9.00 a.m. (Singapore time) on 9 May 2017 and will expire at the Expiration Deadline unless the period for the Invitation is extended or terminated earlier. During the period commencing on the Expiration Deadline and ending at the conclusion of the Meeting, a Noteholder will not be able to submit any Offer to Exchange or any Voting Instruction.

By submitting a validly completed Exchange Application Form offering to exchange Existing Notes pursuant to the Exchange Offer, each offering Noteholder will also be deemed to have delivered valid Consents and given an instruction to the Meeting Agent to appoint a proxy or proxies to attend the Meeting (and any adjourned meeting) and to vote in favour of the Extraordinary Resolution in respect of the Offered Notes that are the subject of such Exchange Application Form.

A Noteholder who intends to offer its Existing Notes for exchange should submit an Exchange Application Form and should not submit a Voting Instruction Form. In the event that a Noteholder submits both an Exchange Application Form and a Voting Instruction Form, such Voting Instruction Form shall be disregarded.

The Early Consent Deadline will be 22 May 2017 (Singapore time) at 4.00 p.m. 2017. Noteholders who deliver Exchange Application Forms or Voting Instruction Forms after this time will not be eligible to receive the Early Consent Fee on the Settlement Date.

Subject as provided herein, the Issuer may, in its sole and absolute discretion, re-open, extend, amend and/or waive any condition of or terminate the Invitation at any time. Details of any such re-opening, extension, amendment and/or waiver or termination will be announced wherever applicable as soon as reasonably practicable after the relevant decision is made.

Offers to Exchange and Consents delivered by Noteholders shall be irrevocable after the Early Consent Deadline and may not be withdrawn, except in limited circumstances as set out in the Exchange Offer Memorandum.

For further details on the Invitation, Noteholders are advised to refer to the notice of meeting published in The Business Times and announced via SGXNET on 9 May 2017.

A copy of the Exchange Offer Memorandum will be mailed to each person who is shown in the record of CDP as a Noteholder with an address in Singapore. In order to avoid any violation of laws applicable in countries other than Singapore, the Exchange Offer Memorandum has not been and will not be mailed to Noteholders who do not presently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of the Exchange Offer Memorandum should provide in writing such address in Singapore to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), as exchange agent (the "**Exchange Agent**") and meeting agent (the "**Meeting Agent**") in connection with the Invitation, not later than five days before the Early Consent Deadline.

In addition, the Exchange Offer Memorandum will be made available to Noteholders at the office of the Exchange Agent and Meeting Agent, at 80 Robinson Road #11-02, Singapore 068898 from 9 May 2017, between 8.30 a.m. and 5.30 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 4.00 p.m. (Singapore time) on 29 May 2017.

Questions and requests for further information and assistance in relation to the Invitation regarding the Existing Notes should be directed to the Sole Dealer Manager: Oversea-Chinese Banking Corporation Limited at its address and telephone number set forth on the back of the Exchange Offer Memorandum. Questions and requests for assistance in relation to the submission of the Exchange Application Forms or the Voting Instruction Forms should be directed to Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services) at its address and telephone number set forth on the back of the Exchange Offer Memorandum.

By Order of the Board
Century Sunshine Group Holdings Limited

Chi Wen Fu
Chairman

NOTE: This announcement does not constitute an invitation to participate in the Invitation. No offer or invitation to issue or redeem any securities is being made pursuant to this release. This announcement must be read in conjunction with the Exchange Offer Memorandum. This announcement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Issuer or any other entity.

INFORMATION MEMORANDUM



世纪阳光

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

S\$300,000,000

Multicurrency Medium Term Note Programme

Unconditionally and irrevocably guaranteed by the Guarantors (as defined below)

This information memorandum (the "Information Memorandum") amends and replaces the information memorandum dated 19 May 2015 in relation to the S\$300,000,000 multicurrency medium term note programme (the "Programme") of Century Sunshine Group Holdings Limited (the "Issuer"). Under the Programme, subject to compliance with all relevant laws, regulations and directives, the Issuer may from time to time issue notes in bearer or registered form (the "Notes"). The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed S\$300,000,000 (or its equivalent in other currencies), subject to any duly authorised increase. Notes issued under the Programme are guaranteed by all of the Issuer's Subsidiaries (as defined below) other than the Other Non-Guarantor Subsidiaries (as defined herein) and those incorporated or established under the laws of the People's Republic of China (the "Guarantors").

Notes will be issued in series (each, a "Series"), with all Notes in a Series having the same maturity date and terms otherwise identical (except in relation to issue dates, interest commencement dates, issue prices and related matters). Notes of each Series may be issued in one or more tranches (each, a "Tranche") on different issue dates. Details applicable to each particular Series or Tranche will be supplied in the applicable pricing supplement (each, a "Pricing Supplement"), which will contain the aggregate principal amount of the Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche. This Information Memorandum may not be used to consummate sales of Notes, unless accompanied by a Pricing Supplement.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that an application to the SGX-ST for the listing of the Notes of any Series will be approved. The approval in-principle from, and admission to the Official List of, the SGX-ST and the listing and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries, respective associated companies (if any) or respective joint venture companies (if any), the Programme or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Unlisted Notes may also be issued under the Programme.

Notes of each Series to be issued in bearer form ("Bearer Notes") will initially be represented by interests in a temporary global Note or by a permanent global Note, in either case in bearer form (each, a "Temporary Global Note" and a "Permanent Global Note", respectively), without interest coupons. The provisions governing the exchange of interests in Temporary Global Notes and Permanent Global Notes (each, a "Bearer Global Note") for other Bearer Global Notes and individual definitive Bearer Notes ("Definitive Bearer Notes") are described in "Forms of the Notes". Definitive Bearer Notes will only be available in the limited circumstances as described herein.

Notes of each Series to be issued in registered form ("Registered Notes") will initially be represented by interests in a global certificate without interest coupons (each, a "Global Certificate"). Notes in definitive registered form will be represented by Definitive Note Certificates (each, a "Definitive Note Certificate"), one Definitive Note Certificate being issued in respect of each holder's entire holding of Notes of one Series and will only be available in the limited circumstances as described herein. Bearer Global Notes and Global Certificates may be deposited on the relevant date of issue (the "Issue Date") with, or registered in the name of, or a nominee of, (a) The Central Depository (Pte) Limited ("CDP"), (b) a sub-custodian for the Central Moneymarkets Unit Services (the "CMU") operated by the Hong Kong Monetary Authority ("HKMA"), or (c) a common depository (the "Common Depository") on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A., ("Clearstream, Luxembourg"), or any other agreed clearing system as may be agreed between the Issuer, the Principal Paying Agent (as defined herein), the Trustee (as defined herein) and the Relevant Dealer(s) (the "CDP Cleared Notes", the "CMU Cleared Notes" and the "Non-CDP/CMU Cleared Notes", respectively).

Investing in the Notes involves risk. See "Risk Factors" beginning on page 15 for a discussion of such risks.

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes to be issued from time to time by the Issuer pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. See "Subscription and Sale" for further details.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may only be offered and sold outside the United States to persons who are not U.S. persons in offshore transactions in reliance on Regulation S. In addition, subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code")). See "Subscription and Sale" for further details.

Sole Arranger and Dealer



This Information Memorandum is dated 9 May 2017.

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NOTICE TO INVESTORS

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the material facts and does not omit any material fact likely to affect the import of such information. Where information not relating to the Group herein is extracted from published or otherwise publicly available sources, the sole responsibility of the Issuer and the Guarantors has been to ensure that such information has been accurately and correctly extracted from these sources.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. See “Documents Incorporated by Reference” below for further information.

No action has been or will be taken to permit a public offering of any Notes in any jurisdiction where action would be required for that purpose. No Notes may be offered or sold, directly or indirectly, and this Information Memorandum may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, Oversea-Chinese Banking Corporation Limited (“OCBC”) as the sole arranger of this Programme (the “Arranger”), any of the Dealers, The Bank of New York Mellon, Singapore Branch, as trustee (the “Trustee”) or the Agents (as defined herein) to subscribe for or purchase, any Notes. Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Information Memorandum in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the Relevant Dealer.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum, and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by the Issuer, the Guarantors, the Arranger, any of the Dealers, the Trustee, the Agents or any other person. Neither the delivery of this Information Memorandum nor any sale of any Notes in connection therewith shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of any party mentioned herein since that date.

No representation, warranty or undertaking, express or implied, is made by any of the Arranger, the Dealers, the Trustee or the Agents, and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Notes, their distribution or their future performance.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes should be considered as a recommendation by the Issuer, the Guarantors, the Arranger, any of the Dealers, the Trustee or the Agents that any recipient of this Information Memorandum should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the business, financial condition and affairs of the Issuer, the Guarantors, their respective subsidiaries, associated companies (if any) and joint venture companies (if any), and its own appraisal of the creditworthiness of the Issuer, the Guarantors, their respective subsidiaries, associated companies (if any) and joint venture companies (if any).

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum must be read and construed in conjunction with each relevant Pricing Supplement and all other documents which are deemed to be incorporated by reference in the Information Memorandum and in the relevant Pricing Supplement. The Information Memorandum and the relevant Pricing Supplement must, save as specified herein and therein, be read and construed on the basis that such documents are so incorporated by reference and form part of the Information Memorandum and the relevant Pricing Supplement. This Information Memorandum must also be read and construed in conjunction with the Issuer's most recently published audited consolidated financial statements, and any interim consolidated financial statements (whether audited or unaudited) published subsequently to such consolidated financial statements from time to time and any supplement to or amendment to this Information Memorandum issued by the Issuer, which shall be deemed to be incorporated in, and to form part of this Information Memorandum and which is deemed to modify or supersede the contents of this Information Memorandum to the extent that a statement contained in any such document is inconsistent with such contents (whether expressly, by implication or otherwise). Copies of documents deemed to be incorporated by reference in this Information Memorandum may be obtained without charge from the head office of the Issuer.

SUPPLEMENTAL INFORMATION MEMORANDUM

If at any time, the Issuer is required to prepare a supplemental Information Memorandum, the Issuer will prepare and make available an appropriate amendment or supplement to this Information Memorandum or a further Information Memorandum.

CERTAIN DEFINED TERMS AND CONVENTIONS

As used in this Information Memorandum, unless the context otherwise requires, the term "the Group" refers to Century Sunshine Group Holdings Limited and its consolidated Subsidiaries and the term "Century Sunshine" or "the Issuer" refers to Century Sunshine Group Holdings Limited.

In this Information Memorandum, references to "Latest Practicable Date" are to 28 April 2017, references to "S\$", "SGD" and "Singapore dollars" are to Singapore dollars, the legal currency of the Republic of Singapore, references to "HK\$", "HKD" and "H.K. dollars" are to Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the People's Republic of China, and references to "RMB" and "Renminbi" are to the legal currency of the People's Republic of China.

PRESENTATION OF FINANCIAL AND OTHER DATA

The Issuer's audited consolidated financial statements as of and for each of the years ended 31 December 2014, 2015 and 2016 included in this Information Memorandum have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The Issuer's audited consolidated financial statements as of and for each of the years ended 31 December 2014, 2015 and 2016 have been audited by HLB Hodgson Impey Cheng Limited, which expressed an unqualified opinion on such financial statements. Except as otherwise indicated or the context otherwise requires, financial information in this Information Memorandum is presented on a consolidated basis.

Solely for your convenience, this Information Memorandum contains translations of certain Hong Kong dollar amounts into Singapore dollars at the exchange rate of HKD100 = S\$17.95, which was the average of buying and selling interbank rates at noon in Singapore published by the Monetary Authority of Singapore (“MAS”) as at the Latest Practicable Date. These translations should not be construed as representations that the Hong Kong dollar amounts represent such Singapore dollar amounts or could be, or could have been, converted into Singapore dollars at the rates indicated or at all.

This Information Memorandum includes certain figures relating to EBITDA. EBITDA is calculated based on profit before income tax plus finance cost, depreciation and amortisation, realised and unrealised loss on investment held for trading and share options granted to directors and employees and any significant non-cash items minus realised and unrealised gain on investment held for trading. EBITDA is not a standard measure under HKFRS, but is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer’s operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Issuer believes that investors should consider, among other things, the components of EBITDA such as revenue and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group’s performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer’s EBITDA to EBITDA presented by other companies because not all companies use the same definition. Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group’s financial condition or results of operations, as reported under HKFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of its business. The Issuer compensates for these limitations by relying primarily on its HKFRS results and using EBITDA measures only supplementally.

Market data and certain industry forecasts used throughout this Information Memorandum have been obtained based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. The Issuer takes responsibility for only accurate reproduction and extraction of such summaries and data, but accepts no other responsibility for such industry information, and none of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents and their respective directors and advisors make any representation as to the accuracy or completeness of such industry information. In addition, third-party information providers may have obtained information from market participants, and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Rounding adjustments have been made in calculating some of the financial and other information included in this Information Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This Information Memorandum includes, and any amendment or supplement may include, forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum and any amendment or supplement regarding, among other things, the future financial position and results of operations, business, strategy, plans, developments and prospects of the Issuer and/or the Group may constitute forward-looking statements and accordingly, are only predictions. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “continue” or similar terminology. However, these words are not the exclusive means of identifying forward-looking statements.

Specifically, statements under the captions “Summary”, “Risk Factors” and “Business” relating to the following matters may include forward-looking statements relating to:

- the strategic, business and financial plans and objectives of the Group, including budgeted and future capital expenditures, acquisitions and investments;
- the ability of the Group to be and remain competitive in each of its main business segments;
- the financial position, business strategy and budget of the Group, including projected financial and operating data; and
- existing and future regulatory requirements applicable to the Group and its businesses.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set out in this Information Memorandum. Factors that could cause actual results to differ include, but are not limited to, the following:

- economic, social and political conditions in Hong Kong, the People’s Republic of China and other countries in which the Group operates;
- increases or other changes in regulatory burdens and obligations in Hong Kong, the People’s Republic of China and other countries, including dividend obligations, and environmental regulations and compliance costs;
- accidents, natural disasters, and other catastrophes;
- demographic changes;
- changes in the Group’s future capital needs and the availability of financing and capital to fund those needs;
- inability to realise anticipated growth opportunities or to implement the Group’s strategies;
- changes in the terms and conditions of the agreements under which the Group operates its businesses and the ability of third parties to perform in accordance with contractual terms and specifications;
- fluctuations in currency exchange rates and interest rates;
- changes in laws and regulations and their interpretation, applicable taxes and tax rates, and accounting standards or practices;

- changes in the Group's ability to manage the risks described above and in the section captioned "Risk Factors"; and
- other factors beyond the control of the Issuer, the Guarantors and/or the Group.

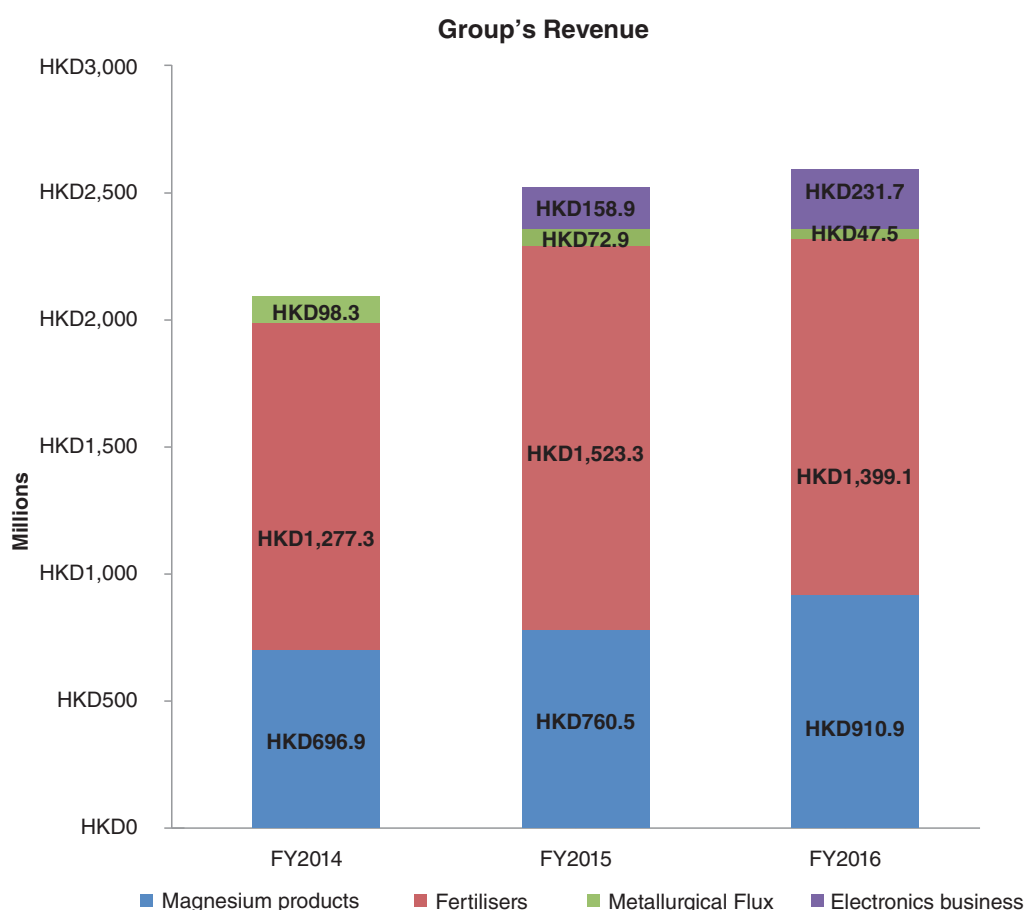
This list of factors is not exhaustive. Although the Group believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to be correct. Additional factors that could cause the actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". Should one or more of these uncertainties or risks, among others, materialise, the actual results of the Group may vary materially from those estimated, anticipated or projected. In any event, these statements speak only as of their dates, and the Group undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Accordingly, undue reliance should not be placed on forward-looking statements.

OVERVIEW OF THE ISSUER

This overview highlights information contained elsewhere in this Information Memorandum. This overview is derived from, qualified by, and must be read in conjunction with, the more detailed information and the consolidated financial statements appearing elsewhere in this Information Memorandum. This entire Information Memorandum should be read carefully, including the consolidated financial statements of the Issuer and related notes and “Risk Factors”.

OVERVIEW

The Group is a leading vertically integrated producer of ecological fertilisers and magnesium products in the PRC, which are its two main business segments. The Group also produces and sells metallurgical flux products. The Group holds 51.88 per cent. of the share capital in Group Sense, whose subsidiaries are principally engaged in the design, manufacture and sale of electronic products, as well as the provision of electronic manufacturing services. The Issuer is listed on the HKSE and had a market capitalisation of HKD1,310.4 million (approximately S\$235.3 million) as at the Latest Practicable Date. The chart below shows the Group’s total revenues, including a breakdown by business segment, for the periods indicated.



In relation to the Group’s business segments:

- Fertilisers Business. The Group produces and sells compound fertilisers (chemically manufactured from various materials and compounds) and organic fertilisers (produced from organic waste materials). Since 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche products. The Group has obtained exploration and mining rights to a serpentine mine in the Jiangsu

province of the PRC. Serpentine is a source of the magnesium and silicon that the Group uses in the production of its silicon magnesium compound fertiliser. The abundant, quality serpentine reserves also provide a source of auxiliary material for iron and steel smelting. The Group's fertiliser plant, which is located approximately one kilometre from the serpentine mine, has five production lines with an aggregate annual production capacity of 850,000 tonnes of organic and compound fertilisers as the Latest Practicable Date. The building of a new fertiliser production line at Ruichang City, Jiangxi Province, with an annual capacity of 1.4 million tonnes also commenced in August 2016. In addition, the new production line's self-owned cargo-handling terminal, coupled with the adjacent water source, is expected to reduce the cost of production and transportation significantly. The first phase of this new fertiliser plant is scheduled to be completed in late 2017, whilst the second phase is scheduled to be completed in 2019. As of the Latest Practicable Date, the Group's fertilisers are sold and distributed across 29 provinces in the PRC.

- Magnesium Products Business. The magnesium products that the Group produces include basic magnesium products, such as general magnesium alloys and magnesium ingots, and rare earth magnesium alloys. The Group has obtained exploration and mining rights to a dolomite mine in the Jilin province of the PRC, from which it obtains the dolomite that it uses to produce raw magnesium for its magnesium products. The Group also has an integrated magnesium smelting, ingot manufacturing, alloy processing and product warehousing and distribution plant, located in close proximity to the dolomite mine, with an annual production capacity of 25,000 tonnes as of 31 December 2016. As of the Latest Practicable Date, the Group has one of the largest rare earth magnesium alloy production lines in the PRC in terms of production capacity.

In August 2015, the Group (via Group Sense) acquired a magnesium product manufacturer located in Xinjiang Province, with an approved scale of annual production capacity of 1.2 million tonnes of semi-coke, 100,000 tonnes of magnesium alloy and 100,000 tonnes of ferroalloy, as approved by the PRC's supervisory authorities. Two established production lines consist of annual production capacity of 15,000 tonnes magnesium ingot and 600,000 tonnes semi-coke respectively.

- Metallurgical Flux Business. As a secondary business, the Group also produces and sells metallurgical flux that can be used for smelting iron and steel. The metallurgical flux is produced from the serpentine that the Group produces from its serpentine mine.
- Electronics Business. The Group owns 51.88 per cent. of the share capital of Group Sense. Some of Group Sense's subsidiaries are engaged in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, as well as the provision of electronic manufacturing services.

In April 2017, the Issuer and Group Sense jointly announced that a memorandum of understanding was entered into between the parties on 18 April 2017, in relation to the possible reorganisation involving the acquisition of the Issuer's direct interests in Fullocean Group Limited, an indirect non-wholly owned subsidiary of the Issuer, and China Rare Earth Magnesium, a direct non-wholly owned subsidiary of Fullocean Group Limited, by Group Sense (the "Possible Transaction").

See "Business – Recent Key Developments" for a discussion on the Possible Transaction.

Competitive Strengths

The Issuer believes its competitive strengths include the following:

- strong brand recognition and awareness of the Group's products;
- strategic partnerships and investors;
- environmentally friendly products which cater to an increased demand for eco-friendly products;
- control and ready supply of high quality raw materials;
- competitive cost structure;
- experienced and established management team;
- emphasis on and investment in research and development; and
- responsiveness to specific needs of consumers.

For further details, please see "*Business*".

Strategies

The Issuer believes its key business strategies include the following:

- expansion through increase in production capacity;
- expansion through acquisitions, joint ventures and strategic alliances;
- expansion of sales coverage and increased market penetration;
- adoption of marketing strategy emphasising product differentiation and the optimisation of products mix; and
- increased emphasis on products with high profit margins.

For further details, please see "*Business*".

Corporate Information

The Issuer is an exempted company incorporated in Cayman Islands with limited liability on 21 January 2003. The Issuer's registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Issuer's head office is located at Unit 2605, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Issuer was listed on the Growth Enterprise Market Board ("GEM") of HKSE on 17 February 2004, and its listing was transferred to the Main Board of the HKSE on 1 August 2008.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement, the Trust Deed and the Agency Agreement. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary.

A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed upon by and between the Issuer and the Relevant Dealer(s) prior to the issue of the Notes and will be set forth in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described below.

Issuer Century Sunshine Group Holdings Limited.

Guarantors Unless otherwise specified in the applicable Pricing Supplement, the initial Guarantors are (1) Capital Idea Investments Limited, (2) Fullocean Group Limited, (3) Bright Stone Group Limited, (4) Gold Strategy Investments Limited, (5) Fly Union Limited, (6) New Bright Group Limited, (7) Century Sunshine Ecological Technology Limited, (8) Blue Atlantic International Limited, (9) Ming Xin Developments Limited, (10) Path Rich Holdings Limited, (11) Step Grace Limited, (12) Madrone Investment Management Limited, (13) Century Bravo International Limited, (14) Hong Kong Mg-Tech Metals Company Limited, (15) Mg-Tech (International) Investments Ltd, (16) China Rare Earth Magnesium Technology Holdings Limited, (17) Long Xiang Enterprises Limited and (18) Acronagrotrans Ltd.

Notwithstanding the above, the Guarantees given by:

- Capital Idea Investments Limited;
- Fullocean Group Limited;
- China Rare Earth Magnesium Technology Holdings Limited;
- Century Bravo International Limited;
- Mg-Tech (International) Investments Ltd; and
- Hong Kong Mg-Tech Metals Company Limited,

shall be automatically and unconditionally released and discharged if (x) the ordinary shares of Fullocean Group Limited are transferred to Group Sense (International) Limited or any of its Subsidiaries, (y) no Event of Default or Potential Event of Default has occurred or will occur as a result of such transfer, and (z) the Issuer has delivered to the Trustee an Officers’ Certificate, stating that all conditions precedent

stipulated in (x) and (y) relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted hereunder; whereupon, each of such companies shall become an Other Non-Guarantor Subsidiary.

Certain of the Group's Subsidiaries are not, but in certain circumstances could become, Guarantors. See Terms and Conditions—3. Status and Guarantees—(b) The “Guarantees” for further information.

Sole Arranger	Oversea-Chinese Banking Corporation Limited.
Dealer(s)	Oversea-Chinese Banking Corporation Limited and/or such other Dealer or Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	The Bank of New York Mellon, Singapore Branch.
Principal Paying Agent, CDP Transfer Agent and CDP Registrar in relation to the CDP Cleared Notes	The Bank of New York Mellon, Singapore Branch.
CMU Lodging and Paying Agent, CMU Transfer Agent and CMU Registrar in relation to the CMU Cleared Notes	The Bank of New York Mellon, Hong Kong Branch.
Non-CDP/CMU Paying Agent in relation to the Non-CDP/CMU Cleared Notes	The Bank of New York Mellon, London Branch.
Non-CDP/CMU Transfer Agent and Non-CDP/CMU Registrar in relation to the Non-CDP/CMU Cleared Notes	The Bank of New York Mellon SA/NV, Luxembourg Branch
Relevant Calculation Agent	To be appointed in respect of each Series of Notes where required.
Agents	The Principal Paying Agent, the CDP Transfer Agent, the CDP Registrar, the CMU Lodging and Paying Agent, the CMU Transfer Agent, the CMU Registrar, the Non-CDP/CMU Paying Agent, the Non-CDP/CMU Transfer Agent, the Non-CDP/CMU Registrar and the relevant Calculation Agent, or any of them, and shall include any other agent or agents as may be appointed from time to time under the Agency Agreement.
Description	Multicurrency Medium Term Note Programme.

Programme Size	Up to an aggregate principal amount of Notes outstanding at any one time of S\$300,000,000 (or its equivalent in other currencies) (the “Programme Limit”). The Issuer may increase the amount of the Programme Limit in accordance with the terms of the Programme Agreement.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars, U.S. dollars, Euros, Renminbi or any other currency agreed between the Issuer and the Relevant Dealer(s).
Use of Proceeds	The Issuer intends to use the net proceeds for the issue of each Tranche of Notes (after deducting issue expenses) for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its subsidiaries, in each case with respect to businesses relating to (1) magnesium and its ancillary business (including power generation and semi-coke), (2) fertiliser, (3) mining of dolomite and serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as may be specified in the relevant Pricing Supplement.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each, a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and their Issue Price), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each, a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be specified in the Pricing Supplement.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Maturity	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of such tenor as may be agreed between the Issuer and the Relevant Dealer(s).
Specified Denomination	Notes will be in such denominations as may be specified in the relevant Pricing Supplement.
Interest Basis	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the Relevant Dealer(s) or may not bear interest.

Fixed Rate Notes	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement and at maturity.
Floating Rate Notes	<p>Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Offer Rate (or in any other case such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s) prior to their issue).</p> <p>Floating Rate Notes which are denominated in other currencies will bear interest determined separately for each Series as set out in the Terms and Conditions of the Notes and the relevant Pricing Supplement.</p>
Variable Rate Notes	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Terms and Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the Relevant Dealer(s) prior to their issue.
Hybrid Notes	Hybrid Notes will bear interest during the fixed rate period, to be agreed between the Issuer and the Relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the Relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ Swap Offer Rate (or such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the Relevant Dealer(s) and as set out in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Mandatory Redemption	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its Redemption Amount on the maturity date.
Optional Redemption and Purchase	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed or purchased prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders of the Notes, and if so the terms applicable to such redemption.

Redemption upon a Change of Control

Upon a Change of Control, the Issuer shall, at the option of the holder of any Note, redeem such Note at 101.0% of the Redemption Amount or (in the case of Zero Coupon Notes) 101.0% of the Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after a Change of Control (the “Change of Control Redemption Date”).

The Issuer shall within seven days after a Change of Control, give notice (the “Change of Control Notice”) to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the Change of Control and the Change of Control Redemption Date (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Change of Control Notice is given. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

“**Change of Control**” means the occurrence of one or more of the following events: (i) the merger, take over, amalgamation, or consolidation of the Issuer with, by or into another Person who is not one of the Permitted Holders or the merger or amalgamation of another Person who is not one of the Permitted Holders with or into the Issuer, or the sale of all or substantially all the assets of the Issuer to another Person who is not one of the Permitted Holders; (ii) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Shares of the Issuer; (iii) any person is or becomes the beneficial owner directly or indirectly, of the total voting power of the Voting Shares of the Issuer greater than such total voting power held beneficially by the Permitted Holders; or (iv) the adoption of a resolution relating to the liquidation or dissolution of the Issuer.

Redemption upon Cessation or Suspension of Trading of the Issuer’s Shares

If on any date, (i) the ordinary shares of the Issuer cease to be traded on the HKSE or (ii) trading in the ordinary shares of the Issuer on the HKSE is suspended for a continuous period of more than 10 market days (or, in the case of any suspension of trading (x) pending the release of any announcement in respect of any matter not involving the matters described in Condition 10(g) of the Notes (*Bankruptcy, Insolvency etc.*) which the Issuer is required to disclose under the Listing Rules of the HKSE, or (y) for purposes of compliance by the Issuer under The Codes on Takeovers and Mergers and Share Buy-backs issued by the

Securities and Futures Commission in Hong Kong or under any insider trading laws and regulations in Hong Kong, more than 40 market days), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of 10 market days or 40 market days, as the case may be.

Redemption for Taxation

Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Principal Paying Agent in accordance with Condition 15 of the Notes (*Notices*) (which notice shall be irrevocable) at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that (i) it has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 of the Notes (*Taxation*) or a Guarantor would be unable for reasons outside its control to procure that the Issuer is able to make payment and in making payment itself would be required to pay Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8 of the Notes (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (A) with respect to the Issuer or any initial Guarantor, on or after 19 May 2015, or (B) with respect to any future Guarantor, on or after the date such future Guarantor becomes a Guarantor, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due, and provided further that where any such requirements to pay such Additional Amounts are in consequence of the laws and treaties of the PRC or any political subdivision or any authority thereof or therein, the Issuer will be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which such Additional Amounts are required is in excess of the Additional Amounts that the Issuer would be required to pay if payments in respect of the Notes were subject to deduction or withholding for PRC taxes at a rate of 10.0%.

Status of the Notes The Notes and Coupons constitute direct, general, unconditional, unsubordinated and (subject to Condition 4 of the Notes (*Covenants*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of the Guarantees Each Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the Coupons. Each such guarantee (the “Guarantee”) constitutes direct, general, unconditional, unsubordinated and (subject to Condition 4 of the Notes (*Covenants*)) unsecured obligations of such Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Additional Guarantors The Issuer will procure each of its future Subsidiaries (other than Subsidiaries incorporated or established under the laws of the PRC or any future subsidiary of Group Sense (International) Limited), as soon as practicable and in any event within 10 Business Days of becoming a Subsidiary, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Each Subsidiary that guarantees the Notes after the date of the Trust Deed, upon executing the applicable supplemental trust deed, will be a “Guarantor”.

Notwithstanding the above, to the extent that:

- (x) Group Sense (International) Limited or any of its Subsidiaries conducts any of the Permitted Businesses (other than the design and manufacture of electronic and personal communications devices and products, or the magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite) or investment holding in connection with such business through Fullocean Group Limited and/or its Subsidiaries) as a result of a transfer by, or an acquisition from, the Issuer or any of its Subsidiaries (other than Group Sense (International) Limited or any of its Subsidiaries) of any of such Permitted Businesses; or
- (y) any of the existing or future PRC-incorporated Subsidiaries of the Issuer (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)) is or becomes

permitted by applicable law to provide a Guarantee without having to register such Guarantee with any governmental authority in the PRC or without such Guarantee being subject to any other limitation or restriction,

the Issuer will procure that Group Sense (International) Limited and all of its Subsidiaries that are not incorporated in the PRC or such PRC-incorporated Subsidiary as referred to in paragraph (y) (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)), as soon as practicable, and in any event no later than 10 Business Days of such transfer or acquisition (in the case of paragraph (x)) or of becoming so permitted (in the case of paragraph (y)), to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

In addition, notwithstanding the above, to the extent that Group Sense (International) Limited or any of Group Sense (International) Limited's Subsidiaries that are not incorporated in the PRC guarantees any Indebtedness of the Issuer or any of the Issuer's Subsidiaries (other than Group Sense (International) Limited or any of Group Sense (International) Limited's Subsidiaries), the Issuer will procure that Group Sense (International) Limited or such Subsidiary that is providing such guarantee, as the case may be, as soon as practicable and in any event no later than 10 Business Days of providing such guarantee, to execute and deliver to the Trustee a supplemental trust deed pursuant to which Group Sense (International) Limited or such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

Negative Pledge.

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that each of the Principal Subsidiaries will not, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) without at the same time or prior thereto (A) securing the Notes equally and rateably with (or, if the obligation to be secured by the Security Interest is subordinated in right of payment to the Notes or any Guarantee, prior to) the obligations so secured or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

Financial Covenants	So long as any Note remains outstanding (as defined in the Trust Deed), unless otherwise specified in the applicable Pricing Supplement, the Issuer will ensure that (i) the Consolidated Tangible Net Worth shall not at any time be less than HKD1.8 billion (or its equivalent in foreign currencies), (ii) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2.0:1, and (iii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall not at any time be less than 3.0:1.
Limitation on Incurrence of Indebtedness	The Issuer will not, and will not permit any Subsidiary to, Incur any Indebtedness; provided that the Issuer or any Subsidiary may Incur Indebtedness if, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth would not be more than 1.5:1.
Events of Default	Certain events will permit acceleration of the principal of the Notes (together with all interest and any additional amounts accrued and unpaid thereon). These events are set out in Condition 10 of the Notes (<i>Events of Default</i>) and include default with respect to the payment of principal of, premium, if any, or interest on, the Notes.
Listing	<p>Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. There is no assurance that an application to the SGX-ST for the listing of the Notes of any Series will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in any other currency).</p> <p>The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the Relevant Dealer(s) in relation to each Series. Unlisted Notes may also be issued under the Programme. The relevant Pricing Supplement will state whether or not the Notes of a Series will be listed on any exchange(s) and, if so, on which exchange(s) the Notes are to be listed.</p>
Form of Notes	<p>The Notes may be issued in bearer or registered form, as specified in the applicable Pricing Supplement.</p> <p>Each Series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on the Issue Date with CDP,</p>

CMU, or the Common Depository on behalf of Euroclear and Clearstream, Luxembourg or any other agreed clearing system. Interests in a Temporary Global Note will be exchangeable, from the 40th day following the Issue Date, for either interests in a Permanent Global Note or Definitive Bearer Notes (as indicated in the applicable Pricing Supplement) and, in the case of Notes to which the D Rules (as defined below) apply, upon certification of non-U.S. beneficial ownership as required by United States Treasury regulations ("U.S. Treasury Regulations"). Interests in a Permanent Global Note will be exchangeable, unless otherwise specified in the applicable Pricing Supplement, only in the limited circumstances described therein, in whole but not in part for Definitive Bearer Notes, upon written notice to the Trustee. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP, CMU, Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as appropriate.

Each Series of Registered Notes will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Global Certificate, which will be deposited on or about its Issue Date with CDP, a sub-custodian of the CMU, the Common Depository and/or any other agreed clearing system, and registered in the name of, or of a nominee of, CDP, CMU, the Common Depository and/or any other agreed clearing system. Global Certificates will be exchangeable for Definitive Note Certificates only in the limited circumstances more fully described herein.

Bearer Notes will not be exchangeable for Registered Notes, and Registered Notes will not be exchangeable for Bearer Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Temporary Global Note or Permanent Global Note is exchanged for Definitive Bearer Notes or, as the case may be, the Global Certificate is exchanged for Definitive Note Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Temporary Global Note or Permanent Global Note is exchanged for Definitive Bearer Notes or, as the case may be, the Global Certificate is exchanged for Definitive Note Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Bearer Notes or, as the case may be, the Definitive Note Certificates, including details of the paying agent in Singapore.

The Notes will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

Clearing Systems Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository.

Notes may also be cleared in CMU, Euroclear, Clearstream, Luxembourg and/or such other clearing system as may be agreed between the Issuer, the Trustee and the Relevant Dealer(s). Notes which are to be cleared through CMU, Euroclear, Clearstream, Luxembourg and/or such other clearing system as may be agreed between the Issuer, the Trustee and the Relevant Dealer(s) are required to be kept with a sub-custodian of the CMU, the Common Depository on behalf of Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as the case may be.

Selling Restrictions The offer and sale of Notes and the delivery of the Information Memorandum is restricted in certain jurisdictions. See “Subscription and Sale” and any additional selling and transfer restrictions set out in the relevant Pricing Supplement.

Bearer Notes will be issued in compliance with rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the Internal Revenue Code (the “D Rules”) unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Internal Revenue Code (the “C Rules”) or (ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which the Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) is not applicable.

Governing Law The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

RISK FACTORS

An investment in the Notes involves risks. Prospective investors should carefully consider all of the information in this Information Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect the Group and the value of the Notes. The risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the Group's business, financial condition, results of operations or prospects or any decision to purchase, own or dispose of the Notes. Additional investment considerations and risk factors which the Group is currently unaware of may also impair the Group's business, financial condition, results of operations or prospects. Additionally, some risks may be unknown to the Group and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially adversely affect the Group's business, financial condition, results of operations and prospects. In such cases, the Group's ability to comply with its obligations under the Trust Deed and the Notes may be adversely affected. Prospective investors should also consider the information provided below in connection with the forward-looking statements in this Information Memorandum and the warning regarding forward-looking statements at the beginning of this Information Memorandum.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, the Guarantors or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantors, their respective subsidiaries, respective associated companies (if any) or respective joint venture companies (if any), the Arranger or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantors and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

Risks Relating to the Group's Business

The industries in which the Group operates are highly competitive with intense price competition

The industries in which the Group's business segments operate are highly competitive. Pricing is often the primary factor in determining the sales of the Group's magnesium and fertiliser products. Some of the Group's competitors have larger operations, have greater resources, and/or have greater brand recognition and greater geographical reach and/or lower capital costs. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group's revenue and profitability. The Group expects to face increased competition, particularly in respect of its NPK compound fertilisers and basic magnesium products (such as magnesium ingots and basic magnesium alloys), and it cannot give any assurance that it will be able to continue competing successfully with existing competitors and/or new entrants into the market.

If other competitors begin to enter specialty markets such as rare earth magnesium alloys, organic fertilisers or silicon magnesium compound fertilisers, which the Group currently specialises in, levels of competition in such markets may increase. While the Group believes it is able to maintain its competitive edge in terms of product quality and branding, the Group may nevertheless need to deploy alternative strategies in response to competitive pressures and to maintain market share, for instance by adjusting its product mix and/or pricing strategies. Competition may also limit the Group's ability to increase prices in response to commodity and other input cost increases, as its sales volumes could be adversely affected if it seeks to pass on cost increases to customers.

As a result, the business, financial condition, results of operations and prospects of the Group could be materially and adversely affected.

The Group may also need to increase spending on advertising and promotional activities to protect existing market share or increase market share. The success of such increased spending is subject to risks, including uncertainties about new customer acceptance. As a result, the Group may not be able to maintain or enhance market share even with increased expenditure, which could result in lower profitability. Also, if the Group is not able to maintain or improve the Group's brand image or value proposition, it could have a material effect on its market share, its business, financial condition, results of operations and prospects.

The Group may not be able to maintain its competitiveness or to compete with new entrants to the industries in which it operates as barriers to entry can be low for segments of these industries

The Group's basic magnesium products and some of the Group's fertiliser products (mainly NPK compound fertilisers) belong to segments of the magnesium and fertiliser industries respectively for which barriers to entry are low. This is because, unlike the Group's rare earth magnesium products and other fertiliser products, such as its organic and silicon magnesium compound fertiliser products, the technical barriers to entry are comparatively low in that there is less usage of and need to invest in patented technology, and these are not comparatively niche products.

In the event the Group is unable to retain its customers or maintain its competitiveness vis-à-vis its competitors or new entrants into the relevant segments of the magnesium and agricultural industries, the Group may not be able to secure a sufficient number of contracts, and its business, financial condition, results of operations and prospects may be adversely affected.

The Group may not be able to manage future expansion of its business and/or the anticipated benefits of acquisitions, which could put significant strain on its managerial, operational and financial resources

From time to time, the Group may evaluate potential acquisitions or joint ventures that would further its strategic objectives.

In relation to acquisitions, the Group may not be able to identify suitable candidates, consummate a transaction on terms that are favourable to it, or achieve expected returns and other benefits. Companies or operations acquired or joint ventures created by the Group may not be profitable or may not achieve sales levels and profitability that justify the investments made.

Although the Group believes that its expansion plans and activities (as described in “The Group – Business Strategy” and “The Group – Company Background”) may accelerate its achievement of strategic goals, the realisation of anticipated benefits from such plans and activities depends upon the subsequent performance of the acquired businesses and their successful integration into the Group. While the Group conducts business, legal and financial due diligence in order to identify and evaluate any material risks involved in its expansion activities/transactions, it may not necessarily ascertain or accurately evaluate all such risks. It may thus not realise the intended advantages of any given activity/transaction.

Among the financial and operational risks the Group may face include the diversion of management attention from existing core businesses, difficulties in integrating or separating personnel and financial and other systems, and negative effects on existing business relationships with suppliers and customers. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, goodwill and/or amortisation expenses related to certain intangible assets, and increased operating expenses, all of which could adversely affect the Group’s business, financial condition, results of operations and prospects.

Please also see below on “Risks Relating to the Possible Transaction”.

The Group’s business, financial condition, results of operations prospects may be adversely affected if Shandong Hongri continues to be unprofitable

On 1 April 2017, the Group completed the acquisition of 50.5 per cent. equity interest of Shandong Hongri. See “The Group-Company Background” for further information relating to the Group’s acquisition of such Shandong Hongri shares. There are various risks relating to the Group’s acquisition of Shandong Hongri, such as:

Shandong Hongri has recorded losses in recent years.

Prior to the acquisition, Shandong Hongri recorded consolidated losses of HKD202.8 million in 2013, HKD34.3 million in 2014 and HKD133.5 million in 2015. In addition, it recorded unaudited consolidated loss of HKD249.7 million in 2016. Losses in 2013 and 2014 were primarily attributable to (a) assets impairment of obsolete assets invested by Shandong Hongri and its subsidiaries prior to 2013, and (b) to the then existing corporate guarantees granted by Shandong Hongri and its subsidiaries in favour of banks relating to loans advanced by such banks to unrelated borrowers, which were non-operational and non-recurring in nature.

The production facilities of Shandong Hongri in Linyi City, Shandong Province was ordered by the local government to suspend production in March 2015 due to the non-compliance of the environmental standard for pollutant discharge during production. Production gradually resumed from April 2015 to November 2015. In addition, in 2016, Shandong Hongri decided to temporarily reduce production to approximately 20 per cent. of its plant capacity due to the lack of liquidity to

maintain its operations following the 2015 suspension of production. Since then, Shandong Hongri resumed its production capacity from approximately 40 per cent. in August 2016 to approximately 60 per cent. by September 2016 and approximately 90 per cent. by the date of completion of the acquisition. These factors contributed to the losses in 2015 and 2016.

The Group has formulated a revised business plan and strategies for improving productivity and business development of the Shandong Hongri business, and to integrate its operations with the Group's fertilisers business. However, there can be no assurance that the Group will be successful in integrating the business of Shandong Hongri and its subsidiaries.

The Group may not realise the expected benefits of its acquisition of Shandong Hongri.

The successful integration of Shandong Hongri's business will require, among other things, the following:

- integration of the Group's and Shandong Hongri's production, sales and marketing, information and software systems and other operations;
- retention and integration of Shandong Hongri's management and other employees;
- development and maintenance of uniform standards, controls, procedures and policies within the Group;
- coordination of ongoing and future research and development efforts and marketing activities;
- retention of existing customers of the Group and of Shandong Hongri and attraction of additional customers;
- retention of strategic partners and attraction of new strategic partners;
- minimise disruption of the Group's ongoing business and distraction of its management; and
- downsize of expenses related to integration.

If the anticipated benefits of the acquisition are not realised or the combined Group is unsuccessful in integrating Shandong Hongri's business, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Shandong Hongri and its subsidiaries are subject to risks of default by third parties in relation to bank loans granted to such third parties borrowers under existing corporate guarantees provided by Shandong Hongri and its subsidiaries.

Shandong Hongri and its subsidiaries have provided corporate guarantees with respect to bank borrowings by certain non-related third party corporate borrowers in the PRC. As of 30 June 2016, the aggregate guaranteed amount was RMB220 million. These guarantees will expire during the period from 19 July 2017 to 19 December 2017. Shandong Hongri and its subsidiaries do not intend to renew such guarantees upon expiry subject to bank consent.

The consolidation of the financial statements of Shandong Hongri and its subsidiaries with the Group's future financial statements may result in the Group's future financial statements not being directly comparable with the Group's historical financial statements.

The Group consolidates the financial statements of Shandong Hongri and its subsidiaries from 1 April 2017 onwards. Therefore, the financial statements of the Group for 2014, 2015 and 2016 do not reflect the financial statements of Shandong Hongri and its subsidiaries. In addition, the

financial statements of the Group as of and for the six months ending 30 June 2017 and as of and for the year ending 31 December 2017 will only reflect the financial statements of Shandong Hongri and its subsidiaries for only three months and nine months, respectively.

The Issuer has included in this Information Memorandum the historical audited consolidated financial information for Shandong Hongri and its subsidiaries, which have been audited by independent auditors HLB Hodgson Impey Cheng Limited. Such audited consolidated financial statements of Shandong Hongri and its subsidiaries were prepared in accordance with the HKFRS (the “**Shandong Hongri HKFRS Financial Statements**”) for the purposes of the shareholders’ circular dated 27 September 2016 in relation to the acquisition of the 50.5 per cent. equity interest in Shandong Hongri.

In addition, the Issuer has included in this Information Memorandum the unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of financial position of Shandong Hongri and its subsidiaries as of and for the year ended 31 December 2016, which have been prepared on a basis consistent with HKFRS but which do not contain notes. Such financial statements are management accounts and have not been audited nor reviewed by the Issuer’s auditor. Therefore, investors should not place undue reliance on such financial statements. Shandong Hongri has not prepared, and has no intention of continuing to prepare, audited consolidated financial statements of Shandong Hongri and its subsidiaries in accordance with HKFRS for any period after 30 June 2016. Shandong Hongri is a company incorporated in the PRC and prepares its financial statements in accordance with generally accepted accounting principles in the PRC.

The Group faces various risks associated with technology changes – the Group may face product substitution, may be unable to keep pace with technological developments or may not successfully develop new products

Generally, the introduction of new technologies and the emergence of new industry standards may render the Group’s existing technical processes and products obsolete and less marketable. The life cycles of the Group’s processes and products may also be difficult to estimate. The Group’s future success will depend on its ability to enhance its existing technical processes and products, and to develop and introduce new technical processes and products which are able to keep pace with technological developments and emerging industry standards and requirements and address the increasingly sophisticated needs of end users.

For instance, in respect of the Group’s fertilisers business, new types of fertilisers or other substituted products are constantly being developed as researchers seek ways to make plants and crops stronger and more resistant to diseases and adverse weather conditions. The Group cannot assure that it will always be able to respond rapidly enough to technological advancements.

Further, the success of the Group’s research and development activities may be affected by various factors, including but not limited to restrictions to its production or testing environments, under-development of relevant technology and lack of understanding of relevant markets. Thus, the Group cannot assure that it will be able to continuously and successfully develop new and/or improved products or that when it launches new products, these will be commercially successful and/or be able to meet the requirements of end users adequately. The failure of new products and/or the failure to utilise the results of the Group’s research and development activities may have an adverse impact on its business, financial condition, results of operations and prospects.

Cessation of favourable government policies relating to the magnesium industry will have an adverse impact on the Group's magnesium products business

In order to encourage the development of the magnesium production industry, the Ministry of Finance and the Ministry of Land and Resources agreed to provide to the Group's subsidiary, Baishan City Tianan Magnesium Resources, a RMB131.2 million grant to improve its production technology and enhance its production capacity. Baishan City Tianan Magnesium Resources will receive amounts under the grant on a reimbursable basis, based on the funds it has disbursed. Baishan City Tianan Magnesium Resources has, as at 31 December 2016, received approximately HKD68.3 million in aggregate from the local government under the grant.

The Group cannot guarantee that it will continue to receive the remaining or any additional grants or other financial assistance in the future.

The PRC government's removal of incentives to the agricultural industry may adversely affect the Group's fertilisers business

The PRC government currently provides a number of incentives to farmers in the PRC, such as, the exemption from value added tax. At the Latest Practicable Date, it is reported the PRC government has provided approximately RMB1.0 billion in incentives to 100 selected counties (i.e. approximately RMB10.0 million to each selected county), for the purpose of promoting the use of organic fertilisers. This allows the Group's end-customers, such as farmers, to have higher disposable income, which can be spent on purchasing fertilisers for their crops. If such incentives are reduced or removed, this could adversely affect the Group's end-customers resulting in a decline in demand for the Group's fertiliser products and consequently, adversely affect the Group's business, financial condition, results of operations and prospects.

Demand for and supply of the Group's products are subject to fluctuations which may adversely affect the Group's business, financial condition, results of operations and prospects

The Group's sales volumes and revenues attained across its business segments are attributable to the sales of its products, which include organic and compound fertilisers and basic and rare earth magnesium products. In the normal course of its business, the Group is exposed to fluctuations in both supply and demand, which could have significant effects on the Group's products, and in turn, its business, financial condition, results of operations and prospects.

Market demand for the Group's products depends largely on key factors such as general economic conditions, (for the Group's fertilisers business) agricultural requirements for fertiliser, (for the Group's magnesium products business) industry requirements for different magnesium products, governmental policies for the agricultural and magnesium industries and weather conditions in the PRC. On the other hand, market supply for the Group's products depends on the number of and entry into by producers, their production capacities, utilisation rates, profit margins and governmental policies for the fertiliser and magnesium industries in the PRC. Thus, any significant adverse fluctuation in the market demand for and supply of the Group's products may result in a decline in the prices of its products, and hence its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's intellectual property rights in the PRC may be infringed

The Group owns, has registered or is registering various, intellectual property rights. See "The Group – Intellectual Property" for details of the Group's intellectual property rights. However, the Group cannot assure that the existing legal protection in the PRC will effectively prevent unauthorised use of its trademarks or the misappropriation by third parties of the Group's patents.

Policing unauthorised use of the trademarks and proprietary technology of the Group may be difficult, costly and ineffective, and there can be no assurance that any steps taken by the Group will effectively prevent any such misappropriation or infringement from occurring.

Any failure to obtain or adequately protect the Group's intellectual property rights, or any change in law or other changes that serve to lessen or remove the current legal protections of the Group's intellectual property, could diminish the Group's competitiveness and materially harm the Group's business.

Specifically, the Group's products may also be subject to counterfeiting or imitation. The Group is unable to guarantee that counterfeiting and misuse of the Group's trademarks or name will not occur in the future and, if it does occur, whether the Group will be able to detect and deal with it effectively. Any occurrence of counterfeiting, imitation or misuse of the Group's trademarks or name could have a negative impact on the Group's reputation and brand name, and lead to a loss in consumer confidence in the Group's brands. In addition, counterfeit and imitation products could result in a reduction in the Group's market share and result in an increase in its administrative costs in respect of detection and prosecution.

Further, in respect of its magnesium products business, there remain applications for new patents which are pending. If the Group fails in its application for securing any new patents, the Group may not be able to prevent the unauthorised use of the Group's technologies and methods, which could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may face intellectual property claims that may be costly to resolve or which limit its ability to use intellectual property in the future

The Group has its own trademarks and proprietary technology and continues to develop new products and technologies in the course of its business. Whilst the Group uses best efforts to register its patents and trademarks with the corresponding authorities, the Group cannot ensure that third parties will not assert infringement claims against it in the future or that these claims will not be successful.

The Group could incur substantial costs and time and management resources may be diverted to defend any such infringement claims. The Group may have to pay substantial damages and costs should it be unsuccessful in its defense in any of these claims, and may further have to cease production of the infringing product or usage of any infringing technology, or be required to enter into royalty or licensing agreements in order to obtain the right to use any proprietary technology. If the latter is required, the Group cannot assure that it will be able to enter into such agreements on commercially reasonable terms, if at all.

In the event that the Group has to defend infringement claims and is unable to resolve it successfully, this could have adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group's mining licenses may be subject to termination, renewal and other uncertainties

The Group's significant licenses are the licenses covering their serpentine and dolomite mines, which gives it the right to mine serpentine and dolomite respectively. The Group's mining license for its dolomite mine is for a validity period of nearly 13 more years and its current license will expire in November 2030. The Group's mining license for its serpentine mine is for a validity period of 8 years and its current license will expire on October 2020. The licenses for these mines are presently renewable on the basis that there remain reserves by the time of their expiry.

The PRC government can suspend or revoke the Group's licenses if it fails to satisfy the conditions or obligations under such licenses, including payment of royalties and taxes to the PRC government or relevant governmental authorities and the satisfaction of certain mining, environmental and health and safety requirements. There can be no assurance that the Group will be able to achieve compliance with all applicable regulations at all times.

Should the Group's mining license(s) be terminated by the PRC government, this will materially and adversely affect its business, financial condition, results of operations and prospects.

The Group may face various risks due to its reliance on raw materials suppliers

The Group relies on a number of major suppliers for significant raw materials such as ferrosilicon and potash. If these major suppliers cease to supply the Group with its resources, the Group may be unable to source for alternative suppliers in a timely manner or on commercially reasonable terms, which could result in a material adverse effect on the Group's business operations. Further, if the Group's major suppliers unilaterally increase their prices and the Group is unable to source for cheaper alternative suppliers in a timely manner or pass on such cost increases to its customers this could adversely affect the Group's profit margins and profitability, and thus its financial performance. Raw materials which the Group require in its production processes, such as ferrosilicon and potash, are vulnerable to price fluctuations on a more regular basis.

The Group may face disruption to its business due to its reliance on its distributors for the sales and distribution of the Group's products

For the past three financial years ended 31 December, approximately 70.0 per cent. of the Group's sales have been conducted through distributors (with the remaining 30.0 per cent. being direct sales). For instance, at the Latest Practicable Date, in respect of its fertilisers business, the Group has a distribution network across 29 provinces in the PRC. After the acquisition of Shandong Hongri, the Group's distribution network has been expanded to cover most of the provinces in the PRC except Tibet. Any substantial decrease in the businesses of the Group's existing distributors or disruption of the Group's business relationships with these distributors could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's business may be adversely affected by natural disasters, the occurrence of epidemics and other acts of God

Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Several cities in the PRC may, from time to time, be affected by flood, earthquake, rainstorm or drought. Although the Group has not previously suffered any material damage or significant liabilities arising from floods, earthquakes or other calamities, there can be no assurance that this will continue to be the case. The occurrence of such natural calamities in the regions where the Group's operations are located could adversely affect its businesses in such regions. Any significant disruption in the supply of public utilities or the occurrence of fire, flood or other calamities could also result in an interruption to, delay in, or require the Group to cease its operations. It is possible that this could result in additional expenditure which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's fertilisers business may be adversely affected by outbreaks of crop diseases

The occurrence and effect of crop disease and pestilence can be unpredictable and devastating to crops, potentially destroying all or a substantial portion of the affected harvest. Outbreaks of crop diseases may restrict the Group's ability to conduct its operations in that they can affect demand for the Group's fertilisers. Particularly, as a number of the Group's fertilisers are meant to be used for the cultivation of particular crop, such as tea, the outbreak of crop diseases

affecting the particular crop for which the Group's fertilisers are produced would be adversely affected. This will in turn have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to a number of operating risks

The Group is subject to various risks inherent in the industries in which it operates, such as accidents, power failures, outbreaks of natural diseases or natural calamities such as fires and adverse weather conditions, which can result in severe consequences, including loss of human life or serious injury, significant damage to the Group's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences, damage to the Group's reputation and third party claims.

In particular, adverse weather conditions such as droughts or floods could affect crop harvests that could cause reduction in crop sales and income to farmers, which in turn could adversely affect the prices and the level of demand for fertiliser products in the following planting season. In such event, the Group's performance in its fertilisers business segment could be adversely affected.

The Group is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. The Group may be forced to cease part of its operations if any of its key assets break down until it can replace and/or repair such key assets. A major system failure could result in substantial loss of life and/or serious injury, damage to or loss of equipment and protracted legal disputes and damage to the Group's reputation.

In addition, while the Group's dolomite and serpentine mines are open pit mines and mining activities in such mines are considered relatively safer compared to underground mines, the Group's mining activities nevertheless remain susceptible to risks typically associated with such activities, such as fire or explosion. Accidents occurring in the course of the Group's production activities may also result in casualties among the Group's employees and further cause harm to persons within the vicinity of the Group's production facilities. The Group may not be adequately insured for losses resulting from such disruptions. In the event that the Group is unable to resume its mining or production activities on a timely basis or obtain timely replacement of damaged equipment or inventory, this will have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's operations may be affected by work stoppage and other labour relations matters

While the Group believes that it has good working relationships with its employees and has not experienced any work stoppages, strikes or other labour problems that have resulted in materially adverse effects to its operations as at the Latest Practicable Date, it cannot assure that such events will not arise in the future. If the Group's employees were to engage in such events, the Group could face significant disruptions to its operations and/or higher labour costs, which it may not be able to pass on to its customers and which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to environmental and operational safety laws

The Group's businesses and the operations of its production facilities and mines are subject to and are materially affected by regulation contained in state and local environmental and operational safety laws and regulations in force in the PRC, including but not limited to laws and regulations relating to the prescribed standards for the discharge of waste water, solid wastes, effluent and gases. These laws and regulations empower the state and local governments to impose penalties on companies which do not comply with these laws and regulations.

It may be the case that the Group may commence operations in respect of its projects and production facilities without all licences, permits, reports, authorisations or other approvals (collectively, the “Approvals”) in place, and some of the Group’s operations therefore may be conducted without every Approval having been obtained. While the Group undertakes efforts to obtain all Approvals relevant to the operation of its businesses, the Group has not obtained every Approval it is required to obtain. There can be no assurance that the requirements to obtain such Approvals may not be made more stringent in the future or that the current licences or permits held by the Group will be renewed when they expire. As at the Latest Practicable Date, no material issues have been raised by any local, municipal or other authorities in respect of these issues with the extent of the Group’s Approval coverage.

The Group’s businesses are such that waste water, waste gas and coal slags are regularly discharged as a result of its various production processes. Although the Group has obtained the relevant permits for its production processes, it cannot assure that it will at all times be able to fully comply with the laws and regulations promulgated by the state and local governments of the PRC on an ongoing basis. Any failure to comply by the Group could subject it to warnings, fines and/or other penalties imposed by the environmental protection administration or the relevant governmental department empowered to conduct environmental supervision and management in the PRC. Should such penalties be sufficiently severe (such as suspension or closure), the Group’s business operations or financial performance may be adversely impacted. In any event, the Group’s reputation could suffer as a result of any negative publicity from its failure to comply with any laws or regulations.

As at the Latest Practicable Date, the Group is not aware of any material violation to local environmental regulations stemming from its business operations. However, should this occur, the Group will be obliged to rectify the harm caused to the environment and pay compensation to parties which have suffered direct losses as a result of the pollution. Further, should its production facilities fail to meet other applicable environmental protection requirements from time to time, it will be subject to fines and be required to take remedial measures. In such event, the Group may also be required to suspend operations until it complies with the relevant environmental protection requirements or in severe cases, the Group may be required to cease operations altogether. If any of these events occur, the Group’s business, financial condition, results of operations and prospects may be adversely impacted.

In any event, the laws and regulations governing the Group are subject to amendment, including changes in their interpretation or implementation. Further, new laws and regulations may be introduced which might restrict the Group’s ability to conduct business or increase the cost of doing business and thereby adversely affect its operations. These amendments, and/or new laws and regulations, may require the Group to modify its production processes or upgrade its equipment to meet more stringent requirements. The Group cannot predict the ultimate cost of compliance or the impact thereof on its business operations. Any material increase in such costs could adversely affect the Group’s business, financial condition, results of operations and prospects. The Group is also required by various governmental agencies to obtain and maintain certain permits, licences, certificates and other authorisations with respect to its operations. Some of the conditions imposed by these governments and agencies may include requirements beyond the control of the Group. Accordingly, there is no assurance that the Group will be able to fully comply with new requirements or conditions imposed as a result of changes in laws and regulations.

The Group may be unable to manage its capital resources

The Group intends to increase its production capacity and, where opportunities arise, to acquire or invest in related businesses. See “The Group – Business Strategy” for further details. Such expansion plans and the capital expenditure which results may strain the Group’s capital resources.

Globally, the financial markets and economic conditions have been volatile and have faced disruption in recent years. If there is significant deterioration of global financial markets and economic conditions in the future, the Group may be unable to obtain adequate funding under its present credit facilities due to reluctance from or the inability of lenders to meet funding obligations, market disruption events or increased costs, which may lead to an inability to obtain funds at the interest rate agreed in its credit facilities. Such deterioration may also cause lenders to be unwilling to provide the Group with new financing to the extent required to fund its ongoing operations and growth. These factors may hinder the Group's ability to access financing or result in increased financing costs.

Additional equity financing will result in the dilution of the Issuer's existing Shareholders while additional debt financing may limit the Group's ability to pay dividends or require the Group to seek consents from relevant financial institutions or lenders, if necessary, for the payment of dividends. It will also increase the Group's vulnerability to general adverse economic and industrial conditions, limit its ability to pursue its existing expansion plans, require the Group to dedicate substantial portions of its cash flow from operations to payment of its debt, which would in turn reduce the availability of the Group's cash flow to fund capital expenditures, working capital and other general corporate purposes. This in turn limits the Group's flexibility in planning for or reacting to changes in its businesses or industries.

If financing or refinancing is not available when needed, or is available only on unfavourable terms, the Group may be unable to meet its obligations as they come due, or be unable to implement growth strategies, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could harm the Group's business, financial condition, results of operations and prospects.

The Group may be exposed to risks relating to debt financing

The Group may from time to time pledge its assets or the shares of its subsidiaries and associated companies as security for debt financing. In the event that there is a default in repayment of any loan instalments or interest payment, or if there is a breach of the agreement underlying the debt financing, assets or shares pledged may be liable to forfeiture, and the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, the Group may be subject to certain covenants in connection with any future debt financing that may, inter alia, limit or otherwise adversely affect its business, financial condition, results of operations and prospects.

The Group may be exposed to risks relating to foreign currency exchange rate fluctuations

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk primarily with respect to HKD, USD and SGD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

At present, the Group's management does not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge foreign exchange risks. The Group periodically reviews liquid assets and liabilities held in currencies other than HKD to evaluate its foreign exchange risk exposure and consider the usage of hedging instruments when necessary.

Nevertheless, the impact of future exchange rate fluctuations in respect of any of the abovementioned currencies on the Group's liabilities cannot be accurately predicted and currency controls may be imposed which may render any of the abovementioned currencies not readily convertible or exchangeable.

In addition, the Group's financial statements are presented in and the Group's reporting currency is in HKD. Exchange rate gains or losses will arise when the assets and liabilities in any of the abovementioned currencies are translated or exchanged into HKD for financial reporting or repatriation purposes. Should any of these currencies depreciate against the HKD, the Group's reported financial results may be adversely affected.

The Group may be exposed to other price risks

The Group is exposed to equity price risk through its investments in listed equity securities, which are concentrated on equity instruments listed in the PRC and on the Australian Securities Exchange. As at 31 December 2016, the fair value of the Group's equity investments on the Australian Securities Exchange was approximately HKD5.6 million, while its equity investments in the PRC were valued at HKD10.4 million.

The prices of the Group's equity investments may be volatile and may fluctuate significantly in response to, inter alia, the following factors:

- variations in the operating results of the companies invested in;
- changes in market valuations of similar companies;
- announcements by the companies invested in on any corporate actions;
- fluctuations in the stock market and the global economy;
- changes in regulatory environment in the relevant jurisdictions in which the companies invested in operate;
- any involvement by such companies in litigation; and
- changes in securities analysts' recommendations, perceptions or estimates of the companies' financial performance.

The Group may not have adequate insurance coverage

The Group maintains insurance coverage, where appropriate and subject to policy terms, limits and exceptions, for certain fixed assets and machinery owned by the Group, protection and indemnity, commercial general liabilities and workers' compensation to adequate levels to reduce some financial impact of any adverse incidents. However, the Group does not currently maintain any insurance policies against loss of key personnel, and, in respect of its fertiliser products, product liability claims. The Group's insurance coverage may not be adequate to cover all losses or liabilities suffered by it. In addition, certain risks, such as those related to biochemical damage, are not insurable. There can be no assurance that the Group will not suffer losses in excess of the insurance coverage or that the losses and damages suffered by the Group will be covered by insurance.

The Group cannot assure that it will be able to continue to renew its insurance policies on the same or commercially reasonable terms, at economically acceptable premiums, or at all. For instance, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic mining disaster could exceed the Group's insurance coverage. Any deterioration of the security conditions in the regions where the Group or its customers operate or past incidence of claims made against its insurance policies are also likely to attract higher premiums for the coverage of the same risk in the future or, under certain circumstances, withdrawal by the Group's insurers from providing the insurance coverage.

Furthermore, its insurance may be voidable by the insurers as a result of certain of the Group's actions, such as its production facilities failing to obtain required permits or licenses. In addition, the Group cannot give any assurance that its insurance policies will cover all losses that it incurs, or that disputes over insurance claims will not arise with its insurers. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In addition, the Group's insurance policies are subject to limitations and exclusions, which may increase the Group's costs or lower the Group's revenues.

The Group's business, financial condition, results of operations and prospects may be materially adversely affected in the event of an uninsured loss, a loss that exceeds insured limits, a succession of such losses or substantially higher insurance premiums.

The Group is dependent on its key management team and technical personnel

The Group attributes its success to the leadership and contributions of its executive directors, key executives and other members of its management staff, in particular Mr. Chi Wen Fu (its Chairman), Mr. Shum Sai Chit (its Executive Director and Chief Executive Officer) and other executive directors and senior executive management team members. Its continued success is therefore dependent to a large extent on its ability to retain the services of its key executives and management personnel, who are responsible for formulating and implementing growth, corporate development and overall business strategies. The loss of their services without timely and suitable replacement may adversely affect the Group's business, financial condition, results of operations and prospects.

There is also a limited supply of adequately skilled technical personnel in the PRC. Demand for experienced personnel is intense and the search for personnel with the relevant skill sets can be time consuming. The Group's continued success depends largely on its ability to attract and retain skilled technical personnel, particularly in light of its continued expansion plans. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group is exposed to risks arising from credit terms extended to its customers, and is dependent on the creditworthiness of its clients

Although the Group continues to pursue a systematic credit policy where the experience of material non-performing debts is minimal, the Group is nonetheless exposed to payment delays and/or defaults by its customers who are granted credit terms. For FY2016, its trade receivables of approximately HKD447.7 million accounted for approximately 21.6 per cent. of its current assets. For FY2015, the Group's trade receivables of approximately HKD472.5 million accounted for approximately 20.0 per cent. of its current assets. For FY2014, the Group's trade receivables of approximately HKD314.9 million accounted for approximately 22.0 per cent. of its current assets.

Therefore, the Group's financial position and profitability are dependent on the creditworthiness of its customers. Any material non-payment or non-performance by any of the Group's key clients, especially during periods of downturn, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to credit risks due to the inherent uncertainties in its customers' business environment. These include political, social, legal and economic risks, as well as those arising from unanticipated events or circumstances. There is no guarantee that customers will make

timely payments. If these customers cannot settle amounts due to the Group for work done and/or services rendered, this may have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

Impairment of goodwill and other intangible assets which may negatively impact the Group's business, financial condition, results of operations and prospects

An impairment of goodwill or other intangible assets could adversely affect the Group's business, financial condition, results of operations and prospects. As at the 31 December 2016, the Group has maintained goodwill, such as that arising from acquisition of a business and intangible assets (such as synergies arising from business combinations, technical know-how and research and development expenditure), amounting to HKD197 million, representing 6.2 per cent. of the Group's non-current assets.

The Group tests intangible assets (other than goodwill) with (1) indefinite useful lives or which (2) are not yet available for use, on an annual basis as well as whenever the asset may be impaired. These intangible assets are mainly amortised on a straight-line basis over their estimated useful lives. Specifically in respect of technical know-how, expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of five years, from the date when the technical know-how is available for use.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units, which are expected to benefit from the synergies of the acquisition. A cash generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

Additional impairment charges may be incurred in the future that could be significant due to various reasons, including restructuring actions or adverse market conditions that are either specific to the Group or the broader industries in which the Group operates or more general in nature and that could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be involved in legal and other proceedings from time to time

In general, the Group is exposed to the risk of litigation by various parties such as suppliers, customers, contractors, sub-contractors, employees, shareholders and other parties involved in its business, including the risk of being joined as third parties to litigation actions or involvement in frivolous claims.

These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and time wastages. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses. There can be no assurance that these disputes will be settled, or settled on terms which are favourable to the Group. In the event such disputes are not settled on terms which are favourable to the Group, or at all, the Group's business, financial condition, results of operations and prospects may be adversely affected.

Risks Relating to the Possible Transaction

Group Sense may not be able to successfully acquire Fullocean and China Rare Earth

On 18 April 2017, the Issuer and Group Sense jointly announced that they had entered into the Memorandum of Understanding in relation to the possible reorganisation involving the acquisition of the Issuer's indirect interests in Fullocean and China Rare Earth. The Issuer is effectively

holding 90.95 per cent. of the shares of China Rare Earth, which is the immediate holding company of the Issuer's magnesium business (other than the existing magnesium business held by Group Sense). (See also "Business – Recent Key Developments" for a discussion of the Possible Transaction.) The Memorandum of Understanding does not create any legally binding commitment between the parties to proceed with the Possible Transaction and is subject to the relevant parties entering into definitive agreements. In addition, the Possible Transaction is subject to the approval of the shareholders of Group Sense and the shareholders of the Issuer. There can be no assurance that the Possible Transaction will take place.

Assuming the Possible Transaction occurs, the Group's ability to influence the operations of the magnesium business will be limited

The Possible Transaction will result in Group Sense acquiring one of the PRC's largest rare earth magnesium alloy production line with an annual capacity of 75,000 tonnes of magnesium products, as well as a dolomite mine in Baishan City, Jilin Province. Until such time as the Possible Transaction occurs, the Company has an indirect shareholding interest in Fullocean and China Rare Earth that allows it to control the operations of the magnesium business. Group Sense, in which the Group has a shareholding interest of 51.88 per cent. as of the Latest Practicable Date, is a company listed on the HKSE and has its own independent board of directors and senior management. Therefore, after the Possible Transaction occurs, the Group's ability to influence the operations of the magnesium business will become limited to exercising its rights as majority shareholder of Group Sense.

Assuming the Possible Transaction occurs, the percentage of any dividends arising from the magnesium business that the Group is entitled to receive may decrease

Until such time as the Possible Transaction occurs, the Issuer is entitled to receive 90.95 per cent. of dividends receivable from the magnesium business held by China Rare Earth. After the Possible Transaction, any dividends from the magnesium business held by China Rare Earth would be paid to Group Sense and, to the extent that Group Sense declares a dividend, the Issuer may be entitled to receive less than 90.95 per cent. of dividends from the magnesium business held by China Rare Earth. If the magnesium business held by China Rare Earth accounts for substantially all of the distributable profits of Group Sense, the amount of dividends that the Issuer receives in connection with the magnesium business held by China Rare Earth would decrease even if the total amount of dividends derived from the magnesium business held by China Rare Earth remains the same, because minority shareholders of Group Sense would be entitled to such Group Sense dividends. Such a decrease in dividends may not be evident in the revenue, gross profit and profit for the period as reflected in the Group's consolidated financial statements after the Possible Transaction occurs because the Group will continue to fully consolidate the financial statements of Group Sense and its subsidiaries.

Risks Relating to the PRC

Economic, political, legal and regulatory conditions in the PRC may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group conducts substantially all of its business in the PRC. The Group also derives substantially all of its revenues from the PRC and most of its non-current assets are located in the PRC. Consequently, the Group's business, financial condition, results of operations and prospects are subject to economic, legal and regulatory conditions in the PRC.

The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, circulars, administrative directives and guidelines. The PRC government is still developing its legal system to, among other things, meet the needs of investors. At the same time,

the PRC economy is undergoing development at a faster pace than its legal system, and thus there is some degree of uncertainty which exists when considering how existing laws and regulations apply to certain events or circumstances.

Some state and local laws and regulations, and the interpretation, implementation and enforcement thereof, remain subject to policy changes. The Group cannot assure that the introduction of new laws, changes to existing laws and regulations and the interpretation or application thereof or delays in obtaining approvals from the relevant authorities will not have an adverse impact on its business or prospects.

Further, there are limited precedents regarding the interpretation, implementation and enforcement of various laws and regulations in the PRC. As the PRC is a civil law jurisdiction, there is no strict concept of the binding nature of precedent cases on lower or future courts. Thus, the outcome of dispute resolution processes may not be as consistent or predictable. At the same time, it may be difficult to obtain swift or equitable enforcement of laws in the PRC, or obtain enforcement of legal judgments by a court of another jurisdiction.

The Group's business and operations in the PRC also entail the Group's having to procure licenses and permits from the relevant authorities. Thus, changes in such rules and regulations or the implementation thereof may require the Group to obtain additional or renewed approvals, licenses and permits in order for it to conduct such business and operations. The Group may have to incur further expenses in order to obtain such additional or renewed approvals, licenses and permits. This could have an impact on the Group's financial performance as its business costs will increase. Further, the Group cannot assure that such approvals, licenses and permits will be granted to it promptly or at all. If the relevant authority delays in or refuses to grant the Group with such approvals, licenses and permits, the Group's business and operations in the PRC, and hence its overall financial performance, may be adversely affected.

Lastly, the Group is also subject to economic and political conditions in the PRC that differ in certain significant respects from those prevailing in other countries; in fact, the Group is particularly susceptible to changes in the PRC's political, economic and social conditions as its revenue is currently wholly derived from its operations in the PRC. The PRC economy alone differs from economies of many developed countries in a number of respects, including but not limited to:

- extent of government involvement;
- level of development;
- significant but uneven growth rate geographically and among various sectors of the economy;
- control of foreign exchange; and
- resource allocation.

For instance, since 1978, the PRC government has undertaken various reforms to the local economic framework. These reforms can be unprecedented or experimental and will be refined and modified from time to time. There is no assurance that the PRC government will not in the future impose, for instance, restrictive foreign exchange controls that may affect the outward remittance of funds, including interest or other payments payable on the Notes. The PRC government could also introduce measures to control inflation and promulgate changes in interest rates and bases for taxation. The Group's business, cash flows, financial condition, results of operations and prospects may be adversely affected by changes in government policies.

Other political, economic and social factors may also lead to further reactionary reforms introduced by the PRC government. Such adjustments may again have a material impact on the Group's business, financial condition, results of operations and prospects.

Significant and/or prolonged economic downturns in the PRC may adversely affect the business operations and financial performance of the Group's businesses

The Group's financial results are affected by the level of business activity of its customers, which is in turn affected by the level of economic activity in the industries and markets that they serve. A decline in the level of business activity of the Group's customers could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Currently, all of the Group's business sales are made within the PRC. Accordingly, a prolonged economic downturn or any significant slowdown in the economy of the PRC, in particular, slowdowns in activity of the agricultural, magnesium, automotive and other heavy industry sectors in the PRC, may lead to a slowdown in the Group's customers' business operations and consequently, may result in the Group's customers terminating their orders with the Group or requiring less of the Group's products. Any decrease in demand for the Group's products may compel the Group to reduce the price of the Group's products. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's geographic and market concentration and the general political and economic conditions in which the Group operates may adversely affect the Group's business, financial condition, results of operations and prospects

The Group derives its revenue and operating profits chiefly from its magnesium products, fertilisers and metallurgical flux businesses and operations in the PRC and is consequently highly dependent on the state of the PRC market. Thus, any natural disaster affecting provinces in the PRC in which the Group operates or conducts its businesses or changes in the social, political and economic environment of the PRC would have greater impact on the Group than if its operations and businesses were more geographically diversified. Future political or economic instability or a sustained domestic economic slowdown may adversely affect the Group's business, financial condition, results of operations and prospects.

Higher labour costs and inflation in the PRC may adversely affect the Group's businesses and its profitability

Labour costs in the PRC have risen in recent years as a result of new labour laws being enacted and social development. In June 2007, the PRC National People's Congress enacted the Labour Contract Law, which came into effect on 1 January 2008. The Labour Contract Law formalises workers' rights concerning overtime hours, pensions, layoffs and employment contracts and also provides for specific standards and procedures for the termination of an employment contract.

The Group's total staff costs were HKD94.5 million in FY2014, HKD195.3 million in FY2015 and HKD198.3 million in FY2016 which, as a percentage of the Group's total revenue in each of such years, were 4.6 per cent., 7.8 per cent. and 7.7 per cent., respectively. Any material increase in staff costs in the future could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Further, the PRC has faced increasing inflation. This may adversely affect the Group's business, financial condition, results of operations and prospects given that it purchases raw materials from suppliers in the PRC.

The Group and payments under the Notes may be subject to the imposition of PRC Enterprise Income Tax

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and its attendant implementing rules, enterprises established under the laws of foreign countries but whose “de facto management bodies” are located within PRC territory are considered resident enterprises and will be subject to the enterprise income tax at the rate of 25.0 per cent. on its global income.

If the Issuer were to be considered a PRC resident enterprise, the Issuer would be subject to PRC enterprise income tax at the rate of 25.0 per cent. of its global income, which would adversely affect the Issuer’s profitability and cash flow.

Further, under the EIT Law and implementing rules, PRC-sourced income of non-PRC resident enterprises is generally subject to a 10.0 per cent. withholding tax. If the Issuer were to be considered a PRC resident enterprise under the EIT Law and implementing rules, the Issuer will be required to withhold income tax at the rate of 10.0 per cent. from the payment of interest in respect of the Notes for any non-PRC enterprise Noteholder. Similarly, if the Issuer were to be considered as a PRC resident enterprise under the EIT Law and the implementing rules, any gain realised by non-PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and may be subject to up to 10.0 per cent. PRC withholding tax.

Finally, as the Group conducts substantially all of its operations in the PRC, its PRC-sourced income may be subject to PRC withholding tax. For instance, dividends paid by PRC resident enterprises to non-PRC resident enterprise shareholders may be subject to a 10.0 per cent. withholding tax. If the Issuer is considered a non-PRC resident enterprise, dividends it receives from its PRC subsidiaries in the PRC will be subject to a 10.0 per cent. withholding tax, which would reduce the amount of cash available to the Issuer to meet its payment obligations, including principal and interest payments under the Notes.

The Issuer’s capital contributions or loans to its PRC subsidiaries are subject to PRC regulations

As the Issuer is an offshore entity, when it extends capital contributions or loans to its PRC subsidiaries, these are subject to PRC regulations. For instance, the Issuer’s capital contributions have to be approved by the PRC Ministry of Commerce or its local counterpart. The Group cannot assure that the Issuer will be able to obtain necessary approvals promptly or at all. If these approvals cannot be obtained, the Issuer’s ability to make equity contributions or provide loans to its PRC subsidiaries or to fund their operations may be negatively impacted, which in turn will adversely affect these subsidiaries’ liquidity and ability to fund their working capital and any expansion activities and meet their obligations and commitments.

Non-enforceability of non-PRC judgments may limit the ability of investors to recover damages from the Group

The Issuer is a public company with limited liability incorporated under the laws of the Cayman Islands, but its operations and significant assets are all located within the PRC. The Issuer’s directors and members of senior management are not residents of Singapore. Their assets are also located throughout the world including the PRC.

As a result, unless legal proceedings are commenced in the PRC and service is effected through diplomatic channels, it may not be possible for investors to effect service of process outside of the PRC.

Thus, to the extent the investors are entitled to bringing legal action against the Issuer and/or the Group, they may be limited in their remedies and any recovery in any PRC legal proceedings may be limited depending on the relevant court's discretion. To the extent any investors are entitled to any recovery with respect to the Notes in any PRC legal proceedings, recovery might be limited to payments in Renminbi.

Risks Relating to the Notes

An investment in the Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which its financial activities are principally denominated;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Notes to be issued under the Programme may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, and appropriate addition of risk to their overall portfolios. Each potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact such investment will have on its overall investment portfolio.

The structure of a particular issuance of Notes may have features which contain particular risks for investors

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide, *inter alia*, that the Trustee may, without the consent or sanction of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes if the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of Noteholders or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such.

Notes subject to optional redemption or repurchase

An optional redemption or optional repurchase feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or repurchase Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed or repurchased. This also may be true prior to any redemption or repurchase period. The Issuer may be expected to redeem or repurchase Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, Noteholders generally would not be able to reinvest the redemption or repurchase proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed or repurchased and may only be able to do so at a significantly lower rate. Noteholders should consider reinvestment risk in light of other investments available at that time.

Floating Rate Notes with a multiplier or other leverage factor

Notes with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on the Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes where denominations involve integral multiples

In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Investors may receive less interest or principal than expected as a result of exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than such specified currency. These include the risk that exchange rates may significantly change (including changes due to the devaluation of such specified currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. This risk is in addition to any performance risk that relates to the Issuer or the type of Note being issued.

Enforcing rights under the Notes across multiple jurisdictions may prove difficult

The Issuer is incorporated under the laws of the Cayman Islands, while its shares are listed on the HKSE. The Guarantors are incorporated in different jurisdictions, including the British Virgin Islands and Hong Kong. The Notes and the Trust Deed are governed by the laws of Singapore and the Notes may be listed on the SGX-ST.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in jurisdictions outside Singapore (including in the Cayman Islands, the British Virgin Islands and Hong Kong) in addition to proceedings in Singapore. Any such multi-jurisdictional proceedings would be complex and costly for creditors and may result in greater uncertainty and delay regarding the enforcement of investors' rights. Investors' rights under the Notes will be subject to the insolvency and administrative laws of multiple jurisdictions, and there is no assurance that investors will be able to effectively enforce their rights in any such complex multiple bankruptcy, insolvency or other proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of such jurisdictions may be materially different from, or be in conflict with, each other and those with which investors may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of proceedings. The application of these laws,

or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect investors' ability to enforce their rights under the Notes in the relevant jurisdictions or limit any amounts that they may receive.

The Issuer is a holding company whose obligations under the Notes will be structurally subordinated to all existing and future obligations of its subsidiaries; moreover, the Issuer will be dependent upon payments from its Subsidiaries to provide it with funds to meet its obligations under the Notes

The Issuer is a holding company and has no material business operations of its own. The Issuer substantially depends upon dividends and other distributions and payments from its Subsidiaries for its cash flow. In addition, substantially all of the Issuer's assets are held by these entities. The Issuer's ability to meet its obligations under the Notes is largely dependent upon the flow of funds from and among its Subsidiaries. The ability of these companies to pay dividends or other distributions will depend on their respective distributable earnings, cash flow conditions, restrictions that may be contained in their respective debt instruments, applicable law and other arrangements. There is no assurance that such companies will be able to make dividend payments and other distributions and payments in an amount sufficient to meet the Issuer's cash requirements or to enable it to meet its payment obligations under the Notes.

As a result, the Issuer's obligations under the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect Subsidiaries. All claims of creditors of these Subsidiaries, including trade creditors, lenders and all other creditors, will have priority as to the assets of the Subsidiaries over claims of the Issuer and the Issuer's creditors, including holders of Notes. As of 31 December 2016, the Group had total borrowings of HKD1,573 million (approximately S\$282.4 million), which include bank loans, other borrowings, listed subordinated notes and exchangeable bonds. Subject to compliance with the financial covenants therein, the Trust Deed does not contain any restrictions on the ability of the Issuer or its respective Subsidiaries to incur additional indebtedness. In addition, issues of equity interests by the Issuer's Subsidiaries could dilute the shareholding interest of the Issuer in such subsidiaries.

The Group may not be able to generate sufficient cash flows to meet its debt service obligations or the Guarantees

The Group's ability to make scheduled payments on, or to refinance its obligations with respect to, any indebtedness, including intercompany loans among group companies, the Notes and the Guarantees, will depend on the Group's financial and operating performance, which in turn will be affected by general economic conditions and financial, competitive, regulatory and other factors beyond its control. The Group's businesses may not generate sufficient cash flow from operations and future sources of capital may not be available to it in an amount sufficient to enable it to service its indebtedness, including the Notes and the Guarantees, or to fund its other liquidity needs. If the entities in the Group are unable to generate sufficient cash flow to satisfy its respective debt obligations, they may have to undertake alternative financing plans, such as refinancing or restructuring its respective debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. In addition, the Group may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. The Group's ability to sell assets or restructure or refinance any indebtedness will depend on the condition of the financing and capital markets and the Group's financial condition at such time. Any refinancing of any indebtedness could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict its business operations. The terms of the Group's existing or future debt instruments, including the Trust Deed, may limit or prevent it from taking any of these actions. The Group's inability to generate sufficient cash flows to satisfy any debt obligations, or to refinance any indebtedness on commercially reasonable terms, would materially and adversely affect its financial condition and results of operations and its ability to satisfy the

Issuer's obligations under the Notes or each Guarantor's obligations under the relevant Guarantee. Investors should also be aware that the entities in the Group forming the Guarantors may change in accordance with the Trust Deed.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes or to redeem the Notes upon the occurrence of certain events constituting a change of control triggering event, a cessation or suspension of trading of shares or otherwise, as required by the Trust Deed governing the Notes

Upon the occurrence of certain events constituting a change of control triggering event or a cessation or suspension of trading of the Issuer's shares on the HKSE, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the Redemption Amount plus accrued and unpaid interest to the date of purchase or to redeem all outstanding Notes at the Early Redemption Amount. If any such event triggering the Issuer's repurchase or redemption obligations were to occur, there is no assurance that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes.

In addition, the change of control provision contained in the Trust Deed may not necessarily afford investors protection in the event of certain important corporate events, including a reorganisation, restructuring, merger, recapitalisation or other similar transaction involving the Issuer that may adversely affect investors, because such corporate events may not involve a change in ownership or control in accordance with the terms of the Trust Deed, and even if they do, may not constitute a "Change of Control" as defined in the Trust Deed. Except as described under Condition 6 (*Redemption and Purchase*) in "Terms and Conditions of the Notes", the Trust Deed does not contain provisions that require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, take over, recapitalisation or similar transaction.

The Notes are not secured

The Notes and Coupons of all Series shall constitute the Issuer's direct, unconditional, unsubordinated and unsecured obligation and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and at least *pari passu* with all its other present and future unsecured obligations (other than subordinated obligations and priorities created by law) from time to time outstanding.

In addition, the payment obligations of each Guarantor under the relevant Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of such Guarantor and shall at all times rank at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of such Guarantor.

Accordingly, on the winding-up or insolvency of the Issuer or, as the case may be, any Guarantor at any time prior to maturity of any Notes, the Noteholders will not have recourse to any of the specific assets of the Issuer or, as the case may be, the specific assets of that Guarantor or any respective subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders, and there is no assurance that there would be sufficient value in the Issuer's assets or any Guarantor's assets, as the case may be, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons or Guarantee, as the case may be, owed to the Noteholders.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Noteholders. The Trustee is not obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. In addition, the Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

There has been no prior market for the Notes; the absence of a prior market in the Notes may contribute to a lack of liquidity and the market price of the Notes following their offering may be volatile

Notes may have no established trading market when issued, and one may never develop. There can be no assurance as to the liquidity of any market that may develop for the Notes, an investor's ability to sell its Notes or the prices at which it would be able to sell its Notes. The Notes could trade at prices that may be lower than their initial offering price depending on many factors, including prevailing interest rates, the financial condition and operating results of the Group and the market for similar securities. This is particularly the case for Notes that are especially sensitive to interest rate, currency, credit or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Neither the Issuer, any Guarantor, the Arranger nor any Dealer has any obligation to make a market in the Notes. In addition, the market for debt securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the markets for the Notes, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material adverse effect on investors' investment in the Notes.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Singapore. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The transfer of Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold

The Notes and the Guarantees have not been registered, and the Issuer is not obligated to register the Notes and each Guarantor is not obligated to register its Guarantee under, the Securities Act, or the securities laws of any other jurisdiction. In addition, this Information Memorandum has not been registered as a prospectus under the SFA. Accordingly, the Notes may not be offered or sold except pursuant to an exemption from or a transaction not subject to, the registration requirements of the Securities Act, the SFA and any other applicable laws. See "Subscription and Sale" for further details of certain selling restrictions applicable. The Issuer has

not agreed to, or otherwise undertaken, to register this Information Memorandum or the Notes (including by way of an exchange offer) with the MAS or the U.S. Securities and Exchange Commission, and the Issuer has no intention to do so.

Favourable Singaporean taxation laws may be amended or revoked prior to the maturity of the Notes

The Notes to be issued are, pursuant to the Income Tax Act, Chapter 134 of Singapore (“ITA”), the Income Tax (Qualifying Debt Securities) Regulations and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Singapore Taxation”. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Legal investment considerations may restrict certain investments

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. If such an investor is a financial institution, it should also consult its legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes may be represented by Global Notes or Global Certificates and holders of an interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes and Global Certificates will be deposited with a common depository for CDP, CMU, Euroclear and Clearstream, Luxembourg, or any other clearing system (each of these, a “Clearing System”).

Risks Relating to Renminbi Notes

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC

Renminbi is not freely convertible at present. The government of the PRC continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific regulations or filing with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investment (“FDI”), the People’s Bank of China (“PBOC”) promulgated the “Administrative Measures on Renminbi Settlement of Foreign Direct Investment” (外商直接投资人民币结算业务管理办法) (the “PBOC FDI Measures”) on 13 October 2011 as part of PBOC’s detailed Renminbi FDI accounts administration system. The system covers almost all

aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases, however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce (“MOFCOM”) promulgated the “Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment” (商务部关于跨境人民币直接投资有关问题的公告) (the “MOFCOM Circular”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the PBOC FDI Measures and the MOFCOM Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Bonds denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Group’s ability to source Renminbi outside the PRC to service the Notes or make payments under the Guarantees

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange.

There is no assurance that new PRC rules and regulations will not be promulgated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Group is required to source Renminbi in the offshore market to service the Notes or to make payments under the Guarantee, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Notes is subject to exchange rate risks

The value of the Renminbi against the Singapore dollar, U.S. dollar, HKD or any other foreign currency fluctuates and is affected by changes in the PRC and international political and economic conditions, and by many other factors.

In addition, although the Issuer's primary obligation is to make all payments of principal, premium and interest with respect to the Notes in Renminbi, if access to Renminbi deliverable in Hong Kong becomes restricted to the extent that, by reason of any terms relating to inconvertibility, non-transferability or illiquidity, it is unable, or it is impracticable for the Issuer, to pay principal, premium or interest in Renminbi in Hong Kong, the terms of the Notes allow the Issuer to make payment in U.S. dollars in New York at the prevailing spot rate of exchange, all as provided for in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace.

If the value of the Renminbi depreciates against the Singapore dollar, U.S. dollar, HKD or any other foreign currency, the value of investors' investment in Singapore dollar, U.S. dollar, HKD or any other applicable foreign currency terms will decrease.

Payments in respect of the Notes will only be made to investors in the manner specified in the Notes

All payments in Renminbi to investors in respect of the Notes will be made solely (a) when the Notes are represented by a Global Note or Global Certificate, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (b) when the Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. If a Noteholder fails to maintain a valid Renminbi account with a bank in Hong Kong and, accordingly, payments are unsuccessful, it is possible that such amounts may be settled in U.S. dollars. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

The Issuer will be discharged upon making payment to the CMU Lodging and Paying Agent, and a Noteholder may not bring any claim against it in respect of amounts so paid

So long as the Notes are represented by a Global Note or Global Certificate held on behalf of CMU, each person for whose account interest in the Global Note or Global Certificate is credited as being held in CMU, as notified by CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or in any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any account holder and the principal amount of any Note credited to its account, save in the case of manifest error), will be the only person entitled to receive payments on the Notes represented by such Global Note or Global Certificate. Such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment made by the Issuer in respect of such Global Note or Global Certificate, and in relation to all other rights arising under the Global Note or Global Certificate, subject to and in accordance with the respective rules and procedures of CMU. The Issuer will be discharged by payment to the CMU Lodging and Paying Agent, and such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate in respect of each amount so paid. Noteholders are therefore exposed to the creditworthiness of the CMU Lodging and Paying Agent and may suffer a loss in their investment if the CMU Lodging and Paying Agent delays or fails to make the relevant payment to them upon receiving the relevant payment from the Issuer.

USE OF PROCEEDS

The Issuer intends to use the net proceeds for the issue of each Tranche of Notes (after deducting issue expenses) for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its subsidiaries, in each case, with respect to businesses relating to (1) magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite), (2) fertiliser, (3) mining of serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as may be specified in the relevant Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes to be issued by the Issuer, which, as supplemented by the applicable Pricing Supplement or otherwise amended and completed, and except for the text in italics, will be endorsed on, as the case may be, each Definitive Bearer Note or Definitive Note Certificate (if issued). If the Pricing Supplement for any Notes specify terms and conditions other than those set out below, the terms and conditions so specified shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purposes of such Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This note is one of a series of notes (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Century Sunshine Group Holdings Limited (the “**Issuer**”). References herein to the “**Notes**” shall be references to the Notes of this Series (as defined below) only. The Notes are (a) constituted by and subject to, and have the benefit of, a trust deed dated 19 May 2015 (the “**Original Trust Deed**” and, as amended and restated by an amending and restating trust deed dated 9 May 2017 (the “**Amending and Restating Trust Deed**”) and as further amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the guarantors named therein (the “**Guarantors**”) and The Bank of New York Mellon, Singapore Branch as trustee (the “**Trustee**”, which expression includes all persons for the time being appointed as trustee for the holders of the Notes under the Trust Deed) and (b) are the subject of an agency agreement dated 19 May 2015 (as amended and restated by an amending and restating agency agreement dated 9 May 2017 and as further amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantors, the Trustee, The Bank of New York Mellon, Singapore Branch as principal paying agent, transfer agent and registrar in relation to each Series of Notes that are CDP Cleared Notes (as defined below) (the “**Principal Paying Agent**”, the “**CDP Transfer Agent**” and the “**CDP Registrar**”, respectively), The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent, transfer agent and registrar in relation to each Series of Notes that that are CMU Cleared Notes (as defined below) (the “**CMU Lodging and Paying Agent**”, the “**CMU Transfer Agent**” and the “**CMU Registrar**”, respectively), The Bank of New York Mellon, London Branch as paying agent in relation to each Series of Notes that are Non-CDP/CMU Cleared Notes (as defined below) and as calculation agent (the “**Non-CDP/CMU Paying Agent**” and “**Calculation Agent**”, respectively), and The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent and registrar in relation to each Series of Notes that are Non-CDP/CMU Cleared Notes (the “**Non-CDP/CMU Transfer Agent**” and the “**Non-CDP/CMU Registrar**” respectively).

*As used herein, “**CDP Cleared Notes**” means Notes that have been or are to be deposited and cleared with The Central Depository (Pte) Limited (“**CDP**”), “**CMU Cleared Notes**” means Notes which are cleared or, as applicable, to be cleared through the Central Moneymarkets Unit Service (the “**CMU**”), and “**Non-CDP/CMU Cleared Notes**” means Notes that are cleared or, as applicable, to be cleared and settled through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”), or any other clearing system as may be agreed with the Issuer from time to time other than CDP and CMU. Reference in these Conditions to the Principal Paying Agent, the Transfer Agent and the Registrar shall, with respect to CDP Cleared Notes, be deemed to be a reference to the Principal Paying Agent, the CDP Transfer Agent and the CDP Registrar, respectively, with respect to the CMU Cleared Notes, be deemed to be a reference to the CMU Lodging and Paying Agent, the CMU Transfer Agent and the CMU Registrar, respectively, and, with respect to the Non-CDP/CMU Cleared Notes, be deemed to be a reference to the Non-CDP/CMU Paying Agent, the Non-CDP/CMU Transfer Agent and the Non-CDP/CMU Registrar, respectively, and (unless the context otherwise requires) all such references shall be construed accordingly.*

Certain provisions of these terms and conditions (the “**Conditions**”) are summaries of the Trust Deed, the Agency Agreement and applicable Pricing Supplement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of all the provisions of the Trust Deed, the Agency Agreement and Pricing Supplement applicable to them. Copies of the Trust Deed, Agency Agreement and applicable Pricing Supplement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent and any other Paying Agent. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee.

The Pricing Supplement for this Note is attached hereto or endorsed hereon and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References herein to the “**applicable Pricing Supplement**” are to the Pricing Supplement attached hereto or endorsed hereon.

As used herein, “**Series**” means a Tranche of Notes, together with any further Tranche or Tranches of Notes, which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices. As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing).

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Notes are issued either in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”).

This Note may be a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis specified hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, other than in the case of Notes that do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Registered Notes by the same holder.

The Notes will be issued in the denominations as specified hereon (a “**Specified Denomination**”).

(b) Title

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of joint holders, the first named thereof) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (or, in the case of joint holders, the first named thereof), as the case may be, and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

For so long as any of the Notes is represented by (i) a Global Note and such Global Note is held by a common depositary for Euroclear and Clearstream, Luxembourg and/or CDP and/or the CMU or (ii) a Global Certificate and such Global Certificate is issued in the name of a common depositary for Euroclear and Clearstream, Luxembourg and/or of CDP or its nominee and/or the Hong Kong Monetary Authority as operator of the CMU or its nominee, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Principal Paying Agent, the Transfer Agent, the Registrar, all other agents of the Issuer, the Guarantors and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the registered holder of the Global Certificate shall be treated by the Issuer, the Guarantors, the Principal Paying Agent, the Transfer Agent, the Registrar, all other agents of the Issuer, the Guarantors and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU, as the case may be.

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Note.

2. TRANSFERS OF NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes may not be exchanged for Registered Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(b) Transfer of Registered Notes

Each Registered Note may, subject to the terms of the Agency Agreement and to Conditions 2(c) (*Formalities Free of Charge*), 2(d) (*Closed Periods*) and 2(f) (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part in a Specified Denomination by lodging the relevant Certificate (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Transfer Agent. A Registered Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Note will be valid unless and until entered on the Register.

The Registrar will within five Business Days (as defined below) of any duly made application for the transfer of a Registered Note, register the transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Registered Note, deliver a Certificate for the untransferred balance to the transferor), at the Specified Office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(d) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) during the period of 15 days immediately prior to the due date for any payment of principal or interest in respect of the Notes.

(e) Business Day

In these Conditions, “**Business Day**” means a day which is:

- (i) for any purpose other than with respect to payments, a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore, in Hong Kong and in the city in which the Principal Paying Agent’s or any other relevant Agent’s Specified Office is located; or

- (ii) if a payment is to be made on that day (A) in relation to any sum payable in Singapore dollars, a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore, (B) in relation to any sum payable in a Specified Currency other than Singapore dollars, Renminbi and euro, a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency, (C) in relation to any sum payable in Renminbi, a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong, or (D) in relation any sum payable in euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System, or any successor system thereto, (the “**TARGET System**”) is open.

*For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear and Clearstream, Luxembourg and/or by CDP and/or by or on behalf of CMU, or a Global Certificate and such Global Certificate is issued in the name of a common depositary for Euroclear and Clearstream, Luxembourg and/or of CDP and/or of CMU or its respective nominee, “**Business Day**” shall also include, in addition to the definitions in (i) and (ii) above, a day (other than a Saturday, Sunday or a gazetted public holiday) on which Euroclear, Clearstream, Luxembourg, CDP and CMU, as applicable, are operating.*

(f) **Regulations Concerning Transfer and Registration**

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(g) **Specified Denominations**

No Registered Note may be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are Specified Denominations.

3. STATUS AND GUARANTEES

(a) **Status of the Notes**

The Notes and Coupons constitute direct, general, unconditional, unsubordinated and (subject to Condition 4 (*Covenants*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) **The Guarantees**

Unless otherwise specified in the applicable Pricing Supplement, the initial Guarantors are (1) Capital Idea Investments Limited, (2) Fullocean Group Limited, (3) Bright Stone Group Limited, (4) Gold Strategy Investments Limited, (5) Fly Union Limited, (6) New Bright Group Limited, (7) Century Sunshine Ecological Technology Limited, (8) Blue Atlantic International Limited, (9) Ming Xin Developments Limited, (10) Path Rich Holdings Limited, (11) Step Grace Limited, (12) Madrone Investment Management Limited, (13) Century Bravo International Limited, (14) Hong Kong Mg-Tech Metals Company Limited, (15) Mg-Tech (International) Investments Ltd, (16) China Rare Earth Magnesium Technology Holdings Limited, (17) Long Xiang Enterprises Limited and (18) Acronagrotrans Ltd.

The following Subsidiaries are not Guarantors:

- (i) all Subsidiaries incorporated or established under the laws of the PRC (together, the “**PRC Non-Guarantor Subsidiaries**”);
- (ii) (1) Acme Century International Limited, (2) Zone Advance Limited, (3) China Clean Energy Corporation Limited, (4) Century Sino Technology Limited, (5) Cai Wang Investments Limited, (6) Forth Well Investments Limited, (7) Feijun Investments Limited, (8) Group Sense (International) Limited and any of its Subsidiaries and (9) Win Profit Holdings Ltd. (the “**Other Non-Guarantor Subsidiaries**” and, together with the PRC Non-Guarantor Subsidiaries, the “**Non-Guarantor Subsidiaries**”).

Notwithstanding the above, the Guarantees given by:

- (A) Capital Idea Investments Limited;
- (B) Fullocean Group Limited;
- (C) China Rare Earth Magnesium Technology Holdings Limited;
- (D) Century Bravo International Limited;
- (E) Mg-Tech (International) Investments Ltd; and
- (F) Hong Kong Mg-Tech Metals Company Limited

shall be automatically and unconditionally released and discharged if (x) the ordinary shares of Fullocean Group Limited are transferred to Group Sense (International) Limited or any of its Subsidiaries, (y) no Event of Default or Potential Event of Default has occurred or will occur as a result of such transfer, and (z) the Issuer has delivered to the Trustee an Officers’ Certificate, stating that all conditions precedent stipulated in (x) and (y) relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted hereunder; whereupon, each of such companies shall become an Other Non-Guarantor Subsidiary.

None of the existing PRC Non-Guarantor Subsidiaries or the Other Non-Guarantor Subsidiaries was required to provide a Guarantee on the date of the Amending and Restating Trust Deed and, unless permitted by applicable law, none of the existing PRC Non-Guarantor Subsidiaries will be required to provide a Guarantee at any time in the future. In addition, none of (aa) the existing Non-Guarantor Subsidiaries, (bb) any future

Subsidiaries of Group Sense (International) Limited or (cc) unless permitted by applicable law, any future Subsidiaries that may be incorporated or established under the laws of the PRC will provide a Guarantee at any time in the future.

The Issuer will not permit the Other Non-Guarantor Subsidiaries (excluding Group Sense (International) Limited and its Subsidiaries) to, in aggregate, account for 5 per cent. or more of the consolidated profit before tax of the Group, based on the Group's most recently available audited annual consolidated financial statements. If the Other Non-Guarantor Subsidiaries (excluding Group Sense (International) Limited and its Subsidiaries) in aggregate account for 5 per cent. or more of the consolidated profit before tax of the Group, it shall not be an Event of Default if, (xx) within 10 Business Days of the publication of such most recently available audited annual consolidated financial statements, the Issuer designates one or more of such Other Non-Guarantor Subsidiaries to become Guarantors, (yy) such Other Non-Guarantor Subsidiaries execute and deliver to the Trustee a supplemental trust deed pursuant to which such Other Non-Guarantor Subsidiaries will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes (whereupon it shall no longer be an Other Non-Guarantor Subsidiary) and (zz) as a result, the remaining Other Non-Guarantor Subsidiaries (excluding Group Sense (International) Limited and its Subsidiaries) account for less than 5 per cent. of the consolidated profit before tax of the Group.

The Issuer will procure each of its future Subsidiaries (other than Subsidiaries incorporated or established under the laws of the PRC or any future Subsidiary of Group Sense (International) Limited), as soon as practicable and in any event within 10 Business Days of becoming a Subsidiary, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Each Subsidiary that guarantees the Notes after the date of the Trust Deed, upon executing the applicable supplemental trust deed, will be a **"Guarantor"**.

Notwithstanding the above, to the extent that:

- (x) Group Sense (International) Limited or any of its Subsidiaries conducts any of the Permitted Businesses (other than the design and manufacture of electronic and personal communications devices and products, or the magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite) or investment holding in connection with such business through Fullocean Group Limited and/or its Subsidiaries) as a result of a transfer by, or an acquisition from, the Issuer or any of its Subsidiaries (other than Group Sense (International) Limited or any of its Subsidiaries) of any of such Permitted Businesses; or
- (y) any of the existing or future PRC-incorporated Subsidiaries of the Issuer (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)) is or becomes permitted by applicable law to provide a Guarantee without having to register such Guarantee with any governmental authority in the PRC or without such Guarantee being subject to any other limitation or restriction,

the Issuer will procure that Group Sense (International) Limited and all of its Subsidiaries that are not incorporated in the PRC or such PRC-incorporated Subsidiary as referred to in paragraph (y) (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)), as soon as practicable and in any event no later

than 10 Business Days of such transfer or acquisition (in the case of paragraph (x)) or of becoming so permitted (in the case of paragraph (y)), to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

In addition, notwithstanding the above, to the extent that Group Sense (International) Limited or any of Group Sense (International) Limited's Subsidiaries that are not incorporated in the PRC guarantees any Indebtedness of the Issuer or any of the Issuer's Subsidiaries (other than Group Sense (International) Limited or any of Group Sense (International) Limited's Subsidiaries), the Issuer will procure that Group Sense (International) Limited or such Subsidiary that is providing such guarantee, as the case may be, as soon as practicable and in any event no later than 10 Business Days of providing such guarantee, to execute and deliver to the Trustee a supplemental trust deed pursuant to which Group Sense (International) Limited or such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

In addition, in accordance with Clause 5.9 (Release of Guarantees) of the Trust Deed, a Guarantee given by a Guarantor with respect to a Series of Notes may be released:

- (1) upon repayment in full of the Notes of such Series; or*
- (2) upon such Guarantor ceasing to be a Subsidiary in compliance with the Trust Deed, so long as such Guarantor is simultaneously released from its obligations (if any) in respect of any of the Issuer's other Indebtedness or any Indebtedness of any other Subsidiary.*

(c) Status of the Guarantees

Each Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the Coupons. Each such Guarantee constitutes direct, general, unconditional, unsubordinated and (subject to Condition 4 (*Covenants*)) unsecured obligations of such Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. COVENANTS

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that each of the Principal Subsidiaries will not, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) without at the same time or prior thereto (A) securing the Notes equally and rateably with (or, if the obligation to be secured by the Security Interest is subordinated in right of payment to the Notes or any Guarantee, prior to) the obligations so secured or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) Financial Covenants

So long as any Note remains outstanding (as defined in the Trust Deed), unless otherwise specified in the applicable Pricing Supplement, the Issuer will ensure that:

- (i) the Consolidated Tangible Net Worth shall not at any time be less than HK\$1.8 billion (or its equivalent in foreign currencies);
- (ii) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2.0:1; and
- (iii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall not at any time be less than 3.0:1.

(c) Limitation on Incurrence of Indebtedness

The Issuer will not, and will not permit any Subsidiary to, Incur any Indebtedness; provided that the Issuer or any Subsidiary may Incur Indebtedness if, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth would not be more than 1.5:1.

(d) Limitation on Dividend and Other Payment Restrictions

Except by reason of applicable law, rule, regulation or order, the Issuer will not, and will not permit any Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or consensual restriction on the ability of any Subsidiary to:

- (i) pay dividends or make any other distributions on any Capital Stock of such Subsidiary owned by the Issuer or any other Subsidiary;
- (ii) pay any Indebtedness or other obligation owed to the Issuer or any other Subsidiary;
- (iii) make loans or advances to the Issuer or any other Subsidiary; or
- (iv) sell, lease or transfer any of its property or assets to the Issuer or any other Subsidiary.

(e) Limitation on Asset Sales

- (i) The Issuer will not, and will not permit any Principal Subsidiary to, consummate any Asset Sale, unless:
 - (A) no Default will have occurred and be continuing or would occur as a result of such Asset Sale;
 - (B) the consideration received by the Issuer or such Principal Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
 - (C) at least 75% of the consideration received consists of cash or Replacement Assets;

- (D) within 365 days after the receipt of any cash proceeds from an Asset Sale, the Issuer (or the applicable Principal Subsidiary, as the case may be) may apply such cash proceeds to acquire Replacement Assets; and
- (E) any cash proceeds from Asset Sales that are not applied or invested as provided in Condition 4(e)(i)(D) will constitute “Excess Proceeds”. Excess Proceeds of less than S\$5 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed S\$5 million (or the Dollar Equivalent thereof), within five days thereof, the Issuer must make an offer to purchase Notes having a principal amount equal to:
 - (1) accumulated Excess Proceeds, multiplied by
 - (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest minimum Specified Denomination of such Notes.
- (ii) The offer price in any offer to purchase must be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest thereon to the date of purchase, and must be payable in cash.
- (iii) If any Excess Proceeds remain after consummation of an offer to purchase Notes, such remaining Excess Proceeds may be used for any general corporate purpose not prohibited by these Conditions. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such offer to purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis. Upon completion of each offer to purchase, the amount of Excess Proceeds will be reset at zero.

(f) Limitation on Business Activities

The Issuer will not, and will not permit any Principal Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses.

(g) Consolidation, Merger and Sale of Assets

- (i) The Issuer will not, unless required by law, without the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any reorganisation, amalgamation, reconstruction, merger or consolidation with any other Person, or any scheme of compromise or scheme of arrangement of the Issuer (in each case in one transaction or a series of related or unrelated transactions), unless:
 - (A) the Issuer will be the continuing Person following any such transaction;
 - (B) such transaction does not involve insolvency;
 - (C) immediately after giving effect to such transaction, no Default will have occurred and be continuing;

- (D) such transaction does not have a material adverse effect on the Issuer or the Guarantors; and
 - (E) each Guarantor, unless such Guarantor is the Person with which the Issuer has entered into a transaction described in (i) above, shall execute and deliver a supplemental Trust Deed confirming that its Guarantee shall apply to the obligations of the Issuer in accordance with the Notes and the Issue Documents.
- (ii) No Guarantor will, unless required by law, without the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any reorganisation, amalgamation, reconstruction, take-over, merger or consolidation with any other Person, or any scheme of compromise or scheme or arrangement of such Guarantor (in each case in one transaction or a series of related or unrelated transactions), unless:
- (A) such Guarantor will be the continuing Person following any such transaction;
 - (B) such transaction does not involve insolvency;
 - (C) immediately after giving effect to such transaction, no Default will have occurred and be continuing; and
 - (D) such transaction does not have a material adverse effect on the Issuer or such Guarantor,

provided that this Condition 4(g) (*Consolidation, Merger and Sale of Assets*) will not apply to any sale or other disposition that complies with Condition 4(e) (*Limitation on Asset Sales*) or to any Guarantor whose Guarantee is unconditionally released in accordance with Clause 5.9 (*Release of Guarantees*) of the Trust Deed.

(h) Use of Proceeds

The Issuer will only use the net proceeds from the issue of each Tranche of Notes for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its Subsidiaries, in each case with respect to businesses relating to (1) magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite), (2) fertiliser, (3) mining of serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as set out in the applicable Pricing Supplement.

Notwithstanding the above, for so long as Group Sense (International) Limited and its Subsidiaries that are not incorporated in the PRC are not Guarantors, the Issuer will not make any Investment using all or any part of the net proceeds of any such issue, or guarantee any obligation of Group Sense (International) Limited or any of its Subsidiaries other than any guarantee that is existing (including, for the avoidance of doubt, such existing guarantee of any obligation of a Subsidiary which will become a Subsidiary of Group Sense (International) Limited if the Fullocean Sale occurs) as of the date of the Amending and Restating Trust Deed.

(i) **Definitions**

In these Conditions, the following terms will have the meaning set out below:

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition or (iii) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of such Person or of any Person described in clause (i) or (ii). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Asset Sale” means any sale (including any sale or issuance of Capital Stock), transfer or other disposition (including by way of merger, consolidation, sale and repurchase transaction, or Sale and Leaseback Transaction) by the Issuer or by any of its Principal Subsidiaries, in one transaction or a series of related or unrelated transactions and whether at one time or over a period of time, of all or substantially all of its property or assets, or any part of its property or assets which, either alone or when aggregated with all other disposals required to be taken into account under the relevant Condition, would have a material adverse effect on the Issuer; provided that **“Asset Sale”** will not include:

- (i) sales, transfers or other dispositions of inventory, receivables and other current assets in the ordinary course of business on an arm’s length basis and on normal commercial terms;
- (ii) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Subsidiaries;
- (iii) any sale, transfer, assignment or other disposition to the Issuer or a Guarantor;
- (iv) any disposal of the shares of TTG Fintech Limited or of the shares of Cai Wang Investments Limited, Forth Well Investments Limited or Feijun Investments Limited;
- (v) any disposal of the real property owned by, or of the shares of, Century Sunshine (Zhangzhou) Ecological Technology Ltd;
- (vi) any sale of the shares of Fullocean Group Limited to Group Sense (International) Limited or any of its Subsidiaries in the manner announced by the Issuer in its HKSE announcement dated 18 April 2017 (the **“Fullocean Sale”**); and
- (vii) any sale, transfer, assignment or other disposition approved by Noteholders by way of an Extraordinary Resolution.

“Board of Directors” means the board of directors elected or appointed by the shareholders of the Issuer or the relevant Principal Subsidiary, as the case may be, to manage the business of the Issuer or the relevant Principal Subsidiary, as the case may be, or any committee of such board duly authorised to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorised to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, whether outstanding on the Programme Establishment Date or issued thereafter, including, without limitation, all Common Shares and Preferred Shares.

“Change of Control” means the occurrence of one or more of the following events:

- (i) the merger, take over, amalgamation, or consolidation of the Issuer with, by or into another Person who is not one of the Permitted Holders or the merger or amalgamation of another Person who is not one of the Permitted Holders with or into the Issuer, or the sale of all or substantially all the assets of the Issuer to another Person who is not one of the Permitted Holders;
- (ii) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Shares of the Issuer;
- (iii) any person is or becomes the beneficial owner directly or indirectly, of the total voting power of the Voting Shares of the Issuer greater than such total voting power held beneficially by the Permitted Holders; or
- (iv) the adoption of a resolution relating to the liquidation or dissolution of the Issuer.

“Commodity Hedging Agreement” means any spot, forward or option, commodity price protection agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Shares” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common or ordinary shares, whether or not outstanding at the Programme Establishment Date, and including, without limitation, all series and classes of such common or ordinary shares.

“Consolidated EBITDA” means, for any period or Test Period (as the case may be), Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (i) Consolidated Interest Expense,
- (ii) income taxes (other than income taxes attributable to extraordinary and nonrecurring gains (or losses) or sales of assets), and
- (iii) depreciation expense, amortisation expense and all other non-cash items (including non-cash gains and losses on foreign exchange) reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Issuer and its Subsidiaries in conformity with GAAP.

“Consolidated Gross Borrowings” means, in relation to the Group, an amount (expressed in Hong Kong dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Hong Kong, equal to the aggregate of:

- (i) bank overdrafts and all other Indebtedness in respect of any borrowings;
- (ii) the principal amount of the Notes or any notes, bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (iii) the liabilities of the Issuer under the Trust Deed or the Notes;
- (iv) all other Indebtedness whatsoever of the Group for borrowed moneys; and
- (v) any redeemable preference shares which are not accounted for as “equity” under generally accepted accounting principles in Hong Kong issued by any member of the Group,

and, where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation.

“Consolidated Interest Expense” means, for any period or Test Period (as the case may be), the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Issuer and its Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period or Test Period by the Issuer and its Subsidiaries, without duplication, (i) interest expense attributable to any finance or capital leases, (ii) amortisation of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortisation of fees), and (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Issuer or any Subsidiary; provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period or Test Period.

“Consolidated Net Income” means, with respect to any specified Person for any period or Test Period (as the case may be), the aggregate of the net income (or loss) of such Person and its Subsidiaries for such period or Test Period, on a consolidated basis, determined in conformity with GAAP; provided that the following items will be excluded in computing Consolidated Net Income (without duplication):

- (i) the net income (or loss) of any Person that is accounted for by the equity method of accounting except to the extent of the amount of dividends or similar distributions actually paid in cash to the specified Person or a Subsidiary of the Person during such period or Test Period;
- (ii) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Issuer or any of its Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Issuer or any of its Subsidiaries;

- (iii) the net income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, law, rule or governmental regulation applicable to such Subsidiary;
- (iv) the cumulative effect of a change in accounting principles;
- (v) any net after tax gains (or losses) realised on the sale or other disposition of (A) any property or assets of the Issuer or any Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains (or losses) by the Issuer realised on sales of Capital Stock of the Issuer or of Subsidiaries);
- (vi) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and
- (vii) any net after-tax extraordinary or non-recurring gains or losses.

“Consolidated Tangible Net Worth” means the amount (expressed in Hong Kong dollars) for the time being, calculated in accordance with GAAP, equal to the aggregate of:

- (i) the amount paid up or credited as paid up on the outstanding issued share capital of the Issuer; and
- (ii) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Issuer and its Subsidiaries on a consolidated basis,

all as shown in the then latest audited or unaudited balance sheet of the Issuer and its Subsidiaries on a consolidated basis but after:

- (A) excluding any sums set aside for future taxation;
- (B) deducting:
 - (1) an amount equal to any distribution by the Issuer or any of its Subsidiaries out of profits earned prior to the date of the latest audited or unaudited balance sheet of the Issuer and its Subsidiaries on a consolidated basis and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to the Issuer and such Subsidiaries;
 - (2) all goodwill and other intangible assets (which, for the avoidance of doubt, does not include any mining rights or land use rights of the Group); and
 - (3) any debit balances on consolidated profit and loss account.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means an Event of Default or a Potential Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than Singapore dollars, at any time for the determination thereof, the amount of Singapore dollars obtained by converting such foreign currency involved in such computation into Singapore dollars at the base rate for the purchase of Singapore dollars with the applicable foreign currency as quoted by a leading bank selected by the Issuer on the date of determination.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Issuer or the relevant Principal Subsidiary, whose determination will be conclusive if evidenced by a Board Resolution.

“GAAP” means generally accepted accounting principles in Hong Kong as in effect from time to time which, as of the Programme Establishment Date, are the Hong Kong Financial Reporting Standards.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (including those arising by virtue of partnership arrangements or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term **“guarantee”** will not include endorsements for collection or deposit in the ordinary course of business. The term **“guarantee”** used as a verb has a corresponding meaning.

“Guarantee” means any guarantee of the obligations of the Issuer under the Issue Documents and the Notes by any Guarantor.

“Guarantor” means any initial Subsidiary (other than the Issuer) named herein and any other Subsidiary which provides a Guarantee pursuant to the Trust Deed and the Notes; provided that such term will not include any Person whose Guarantee has been released in accordance with the Trust Deed and the Notes.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (i) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (ii) the accretion of original issue discount will not be considered an Incurrence of Indebtedness. The terms **“Incurrence,”** **“Incurred”** and **“Incurring”** have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (i) moneys borrowed;
- (ii) amounts raised by acceptance under any acceptance credit facility;
- (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments;
- (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with GAAP, be treated as finance leases or capital leases;
- (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service;
- (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a “with recourse” basis) having the commercial effect of a borrowing;
- (vii) any Hedging Obligation (and, when calculating the value of any Hedging Obligation, only the mark to market value shall be taken into account);
- (viii) any counter indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations at such date, provided (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, and (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates, convert a fixed rate of interest into a floating rate of interest, convert a floating rate of interest into a different floating rate of interest, or lower interest currently paid on Indebtedness of any Person.

“Investment” means:

- (i) any direct or indirect advance, loan or other extension of credit to Group Sense (International) Limited or any of its Subsidiaries;

- (ii) any capital contribution to Group Sense (International) Limited or any of its Subsidiaries;
- (iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by Group Sense (International) Limited or any of its Subsidiaries; or
- (iv) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on the balance sheet of Group Sense (International) Limited or any of its Subsidiaries prepared in accordance with GAAP.

“Permitted Businesses” means the businesses relating to (i) magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite) and investment holding in connection with such business, (ii) fertiliser, (iii) mining serpentine, (iv) investment holding in connection with (ii), and (iii), and (v) design and manufacture of electronic and personal communications devices and products.

“Permitted Holders” means any or all of the following:

- (i) Mr Chi Wen Fu;
- (ii) any Affiliate of the Person specified in clause (i); and
- (iii) any Person both the Capital Stock and the Voting Shares of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (i) and (ii).

“Permitted Security Interest” means, in relation to the Issuer or any Subsidiary of the Issuer:

- (i) any Security Interest in existence on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any subsequent Security Interest to be created for the purpose of the extension or refinancing of the original Indebtedness related to such existing security, provided that the amount secured may not be increased;
- (ii) any Security Interest created by the Issuer or such Subsidiary in favour of another Subsidiary of the Issuer or the Issuer to secure Indebtedness owed by such party to the other;
- (iii) any Security Interest granted upon or with regard to any property or asset of the Issuer or such Subsidiary whether such property or assets are acquired by the Issuer or such Subsidiary before or after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition and/or development of such property or assets, provided that the maximum principal amount secured by such Security Interest does not exceed the purchase price or cost of development of such property or asset (including transactional expenses) provided that this paragraph (iii) shall not apply to any Security Interest to be granted by the Issuer or any Subsidiary in relation to or in connection with the acquisition or proposed acquisition of the Equity Interests (as defined and described in paragraph (vii) below);

- (iv) any Security Interests or rights of set-off arising solely by operation of law and in the ordinary course of its business, in respect of indebtedness which either (A) has been due for less than 14 days or (B) is being contested in good faith and by appropriate means;
- (v) any pledge of goods and/or related documents of title, arising in the ordinary course of business, as security for bank borrowings directly relating to the purchase of the goods;
- (vi) any Security Interest over (x) its bank accounts created to secure working capital facilities granted in the ordinary course of business, provided that the total outstanding balances of all bank accounts securing each working capital facility does not exceed 35.0 per cent. of the principal amount of such working capital facility, or (y) its accounts receivables created to secure working capital facilities granted in the ordinary course of business;
- (vii) if the Fullocean Sale occurs, any Security Interest created by the Issuer or such Subsidiary over any Capital Stock of Group Sense (International) Limited issued to the Issuer or such Subsidiary as consideration for the Fullocean Sale, where such Security Interest is created in connection with an existing guarantee provided by one of the Subsidiaries that is the subject of the Fullocean Sale (details of such existing guarantee are to be provided in the Issuer's shareholders' circular relating to the Fullocean Sale), provided that the Fair Market Value of such Capital Stock does not exceed RMB200 million at the time such Security Interest is granted; and
- (viii) any Security Interest the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

"Person" means any individual, corporation, firm, partnership, limited liability company, joint venture, association, trust, unincorporated organisation, judicial entity or government (or any agency or political subdivision thereof), whether or not having separate legal personality.

"PRC" means the People's Republic of China.

"PRC CJV" means any current or future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on 13 April 1988 (as most recently amended) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on 4 September 1995, as such laws may be amended.

"Preferred Shares" as applied to the Capital Stock of any Person means shares of Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Principal Subsidiary" means any direct or indirect Subsidiary of the Issuer:

- (i) whose profits before tax, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the profits before tax of the Group as shown by such audited consolidated accounts; or

- (ii) whose total assets, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the total assets of the Group as shown by such audited consolidated accounts; or
- (iii) whose total revenue, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the total revenue of the Group as shown by such audited consolidated accounts; or
- (iv) who itself has any direct or indirect Subsidiary which is a Principal Subsidiary based on any one of the tests described in (i), (ii) or (iii) above,

provided that if any such Subsidiary (the “**transferor**”) shall at any time transfer the whole or any part of its business, undertaking or assets to another Subsidiary or the Issuer (the “**transferee**”) then:

- (1) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (2) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any Subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax, total assets or, as the case may be, total revenue as shown by the accounts of such Subsidiary based upon which such audited consolidated accounts have been prepared, to be less than 5.0% of the profits before tax, total assets or, as the case may be, total revenue of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

Notwithstanding the above:

- (w) solely for the purposes of Clause 7 (*Representations and Warranties*) and Clause 8 (*Covenants*) of the Trust Deed and Condition 4(a) (*Negative Pledge*), Condition 4(e) (*Limitation on Asset Sales*) and Condition 4(f) (*Limitation on Business Activities*) only, Group Sense (International) Limited and each of its Subsidiaries will be deemed not to be a “Principal Subsidiary”, even if it meets any one of the tests in (i), (ii), (iii) or (iv) above, until such time Group Sense (International) Limited or any such Subsidiary is required to become a Guarantor pursuant to Condition 3(b) (*The Guarantees*);
- (x) if a Subsidiary of Group Sense (International) Limited does not conduct any business relating to magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite) and is not an investment holding company in connection with such business, such Subsidiary will be deemed not to

be a “Principal Subsidiary”, even if it meets any one of the tests in (i), (ii), (iii) or (iv) above, until such time such Subsidiary is required to become a Guarantor pursuant to Condition 3(b) (*The Guarantees*);

- (y) if the Fullocean Sale occurs, upon the transfer of the ordinary shares of Fullocean Group Limited to Group Sense (International) Limited or any of its Subsidiaries, Capital Idea Investments Limited will be deemed not to be a “Principal Subsidiary” with effect from the date of such transfer until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of such transfer; whereupon the status of Fullocean Group Limited as a Principal Subsidiary shall be determined in accordance with the tests in (i), (ii), (iii) or (iv) above; and
- (z) each of Century Sunshine (Jiangxi) Ecological Technology Ltd and Century Sunshine (Shanghai) Management Co., Ltd. will be deemed to be a “Principal Subsidiary” for so long as it owns or holds shares of Jianguo Azureblue Technology Development Co., Ltd.

“Programme Establishment Date” means 19 May 2015.

“Replacement Assets” means, on any date, properties and assets (other than current assets) that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (including the Capital Stock or debt instruments of any Person) that will be used in the Permitted Businesses.

“Sale of Magnesium Business” means any sale (including any sale or issuance of Capital Stock), transfer or other disposition (including by way of merger, consolidation, sale and repurchase transaction, or Sale and Leaseback Transaction) by Group Sense (International) Limited or by any of its Subsidiaries, in one transaction or a series of related or unrelated transactions and whether at one time or over a period of time, of all or substantially all of its property or assets, or any part of its property or assets which, either alone or when aggregated with all other disposals required to be taken into account under the relevant Condition, would have a material adverse effect on the magnesium and its ancillary business (including power generation, semi-coke and mining of dolomite); provided that **“Sale of Magnesium Business”** will not include:

- (i) sales, transfers or other dispositions of inventory, receivables and other current assets in the ordinary course of business on an arm’s length basis and on normal commercial terms;
- (ii) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the magnesium and ancillary business (including power generation, semi-coke and mining of dolomite);
- (iii) any sale, transfer, assignment or other disposition to the Issuer, a Guarantor, a Principal Subsidiary, Group Sense (International) Limited or any other Subsidiaries of Group Sense (International) Limited; and
- (iv) any sale, transfer, assignment or other disposition approved by Noteholders by way of an Extraordinary Resolution.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed) now owned or hereafter acquired whereby the Issuer or any Subsidiary transfers such property to another Person and the Issuer or any Subsidiary leases it from such Person.

“Security Interest” means any mortgage, pledge, security interest, assignment, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien Interest, charge, easement or encumbrance of any kind), or anything analogous to any of the foregoing under the laws of any jurisdiction.

“Subsidiary” means, in relation to any company (the **“first Person”**) at any particular time, any other company (the **“second Person”**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

“Test Period” means, in respect of each financial half year, each period of six months ending on the last day of such financial quarter of the Issuer and its Subsidiaries.

“Voting Shares” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; provided that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries.

5. INTEREST

(a) Interest on Fixed Rate Notes

- (i) Each Fixed Rate Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the **“Calculation Amount”**) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Specified Interest Payment Date(s) in each year specified hereon (each, an **“Interest Payment Date”**) up to (and including) the Maturity Date.
- (ii) Except as provided hereon, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period shown on the face of such Note ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified hereon, amount to the Initial Broken Amount and/or Final Broken Amount so specified.

- (iii) Interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency.

(b) **Interest on Floating Rate Notes and Variable Rate Notes**

(i) ***Interest Payment Dates***

Each Floating Rate Note and Variable Rate Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each, an “**Interest Payment Date**”) in each year specified hereon; or
- (B) if no Specified Interest Payment Date(s) is/are specified hereon, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the date following the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the First Interest Payment Date, after the Interest Commencement Date, provided that the Agreed Yield (as defined in Condition 5(b)(iii)(A)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or, in the case of the First Interest Payment Date, the Interest Commencement Date) to (but excluding) the next (or First) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (bb) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Interest Period after the preceding applicable Interest Payment Date occurred;
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) ***Rate of Interest – Floating Rate Notes***

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined by reference to a Benchmark as stated, and in the manner specified, in the applicable Pricing Supplement. The Calculation Agent will determine the applicable Rate of Interest on the basis of the following provisions, or as otherwise specified in the applicable Pricing Supplement.

Where a Floating Rate Note is denominated in Singapore dollars and the Benchmark specified is SIBOR, such Note will be a SIBOR Note, and where a Floating Rate Note is denominated in Singapore dollars and the Benchmark specified is Swap Rate, such Note will be a Swap Rate Note.

(A) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Calculation Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “**ISDA Definitions**”), and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period equal to that Interest Period; and
- (3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London inter bank offered rate (“**LIBOR**”) or on the Euro-zone inter bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (y) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes that are Not SIBOR Notes or Swap Rate Notes

(I) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(x) the offered quotation; or

(y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question (or such other time in any Relevant Financial Centre as may be specified in the applicable Pricing Supplement) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotation) and the lowest (or, if there is more than one such lowest quotation, one only of such quotation) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(II) if the Relevant Screen Page is not available or if, sub-paragraph (I)(x) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (I)(y) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Benchmark is LIBOR, the principal London office of each of the Reference Banks or, if the Benchmark is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Benchmark if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time), or if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);

(III) if paragraph (II) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time) or, if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date,

deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark by leading banks in, if the Benchmark is LIBOR, the London inter-bank market or, if the Benchmark is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark, at which, if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time) or, if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Benchmark is LIBOR, the London interbank market or, if the Benchmark is EURIBOR, the Euro-zone interbank market, as the case may be, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period); and

- (IV) if the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(C) Screen Rate Determination for SIBOR Notes or Swap Rate Notes

- (I) In the case of a SIBOR Note:
 - (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "Swap Offer and SIBOR (ABSIRFIX)" and under the column headed "SGD SIBOR" (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (bb) if on any Interest Determination Date, no such rate appears on the Page ABSI (or such other replacement page thereof), the Calculation Agent will determine the Rate of Interest for such

Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);

- (cc) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
- (dd) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (cc) above on the basis of the quotations of those Reference Banks providing such quotations;
- (ee) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); and
- (ff) if paragraph (ee) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the prime lending rates for Singapore Dollars on such Interest Determination Date, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

- (II) In the case of a Swap Rate Note:
- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “Swap Offer and SIBOR (ABSIRFIX)” under the column headed “SGD SWAP OFFER” (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks or such other Relevant Screen Page as may be provided hereon) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (bb) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon), the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR RATES AT 11:00 A.M. LONDON TIME” and under the column headed “SGD SOR” (or such other page as may replace the Reuters Screen ABSFIX1 Page for the purpose of displaying the swap rates of leading reference banks or such other Relevant Screen Page as may be provided hereon) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (cc) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) or if the Reuters Screen ABSFIX1 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);

- (dd) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under (aa), (bb) or (cc) above, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their cost of funding (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) for the relevant Interest Period and for an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate. If two or more of such Reference Banks provide the Calculation Agent with such offered quotations at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations per annum (expressed as a percentage) as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). If fewer than two Reference Banks are providing offered quotations, the Rate of Interest for the relevant Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the principal Singapore offices of the Reference Banks of their prime lending rates for Singapore dollars at approximately 11.00 a.m. (Singapore time) on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); and
- (ee) if the final sentence of paragraph (dd) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the prime lending rates for Singapore Dollars on such Interest Determination Date, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) ***Rate of Interest – Variable Rate Notes***

- (A) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this Condition 5(b)(iii). The interest payable in respect of a Variable Rate Note for each Interest Period relating to that Variable Rate Note, which shall be payable on the first day of such Interest Period, is referred to in this Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (B) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period, subject as referred to in paragraph (D) below, shall be determined as follows:
 - (x) not earlier than 9.00 a.m. (Singapore time) on the ninth Business Day nor later than 3.00 p.m. (Singapore time) on the fifth Business Day prior

to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

- (1) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (2) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and
 - (3) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an **"Agreed Rate"**) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (y) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the fifth Business Day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (x) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the Fall Back Rate.
- (C) The Issuer has undertaken to the Principal Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following Business Day:
- (x) notify, or cause the Relevant Dealer to notify, the Principal Paying Agent and the Calculation Agent in writing of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (y) cause such Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note to be notified by the Principal Paying Agent to the relevant Noteholder at its request.
- (D) For the purposes of paragraph (B) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note shall be the rate (the **"Fall Back Rate"**) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate

Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as set out in the applicable Pricing Supplement for such Variable Rate Note(s), in each case plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

- (E) The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(b)(ii)(C) above (*mutatis mutandis*) and references therein to “Rate of Interest” shall mean “Fall Back Rate”.
- (F) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(iv) ***Minimum and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(c) **Interest on Hybrid Notes**

(i) ***Interest Rate and Accrual***

Each Hybrid Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) from (and including) the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(ii) ***Fixed Rate Period***

(A) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from (and including) the first day of the Fixed Rate Period at the rate per annum equal to the Rate of Interest shown on the face of such Note payable in arrear on the Specified Interest Payment Date(s) (each, an “**Interest Payment Date**”) shown on the face of the Note in each year up to (and including) the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(B) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed

Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to (and including) the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

- (C) During the Fixed Rate Period, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Hybrid Notes (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency.

(iii) ***Floating Rate Period***

- (A) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from (and including) the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (each an “**Interest Payment Date**”). Such Interest Payment Date(s) is/are either specified hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are specified hereon, Interest Payment Date shall mean each date which falls on the date following the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (bb) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Interest Period after the preceding applicable Interest Payment Date occurred;
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(B) The period from (and including) the first day of the Floating Rate Period to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is herein called an "Interest Period".

(C) The provisions of Condition 5(b)(ii) (*Rate of Interest – Floating Rate Notes*) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Interest on Zero Coupon Notes

In the case of Zero Coupon Notes, references to the amount of interest payable (other than as provided below), Coupons and Talons in these Conditions are not applicable. Where a Zero Coupon Note becomes repayable prior to its Maturity Date and is not paid when due, the amount due and payable in respect of such Note shall be the Early Redemption Amount of such Note. Where a Zero Coupon Note is to be redeemed on its Maturity Date, any overdue principal in respect of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified on such Note.

(e) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined on each Floating Rate Note, Variable Rate Note or Hybrid Note, determine the Rate of Interest for the relevant Interest Period and the relevant Interest Payment Date. The Principal Calculation Agent will also calculate the amount of interest (the "**Interest Amount**") payable on each Floating Rate Note, Variable Rate Note or Hybrid Note for the relevant Interest Period by applying the Rate of Interest to its outstanding nominal amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency.

The Calculation Agent shall notify the Trustee and the Principal Paying Agent of the Rate of Interest for the relevant Interest Period, the Interest Amount and the relevant Interest Payment Date as soon as practicable after determining the same but in any event not later than four business days after each Interest Determination Date.

(f) Notification of Rate of Interest and Interest Amount

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer as soon as practicable after their determination but in no event later than the fourth business day in the jurisdiction of the Principal Paying Agent (being a day (other than a Saturday, Sunday or a gazetted public holiday) on which banks and foreign exchange markets are open for general business in the jurisdiction of the Principal Paying Agent) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or competent listing

authority on or by which the relevant Floating Rate Notes, Variable Rate Notes or Hybrid Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*).

(g) Cessation of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid (as well after as before judgment) from such due date up to the earlier of (i) day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 15 (*Notices*). Such interest shall be at a rate per annum determined by the Principal Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

(i) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee or an Extraordinary Resolution of holders of the Notes) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Singapore office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (*Interest*) whether by the Principal Paying Agent or the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders, and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders and the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

(k) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 5 (*Interest*) for any period of time (from and including the first day of such period to but excluding the last day of such period) (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Pricing Supplement:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **“Actual/Actual”**, **“Actual/Actual (ISDA)”** or **“Actual/365”** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365);

- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (viii) such other day count fraction as specified in the applicable Pricing Supplement;

“**Determination Period**” means the period from (and including) an Interest Determination Date to (but excluding) the next following Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

“**euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Euro-zone**” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such hereon;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon and, in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market;

“Reference Rate” means the rate specified as such hereon;

“Relevant Dealer” means the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded an agreement for the issue of Notes pursuant to the Programme Agreement;

“Relevant Financial Centre” means the financial centre specified hereon or, if none is so specified, Singapore;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 a.m. in the Relevant Financial Centre and, for the purpose of this definition “local time” means, with respect to the Euro-zone as a Relevant Financial Centre, Central European Time;

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

“sub-unit” means, with respect to any currency the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

6. REDEMPTION AND PURCHASE

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified hereon (in the case of a Note other than a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period)) or on the Interest Payment Date falling in the Redemption Month specified hereon (in the case of a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period)), subject as provided in Condition 7 (*Payments*).

(b) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Principal Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) it has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or a Guarantor would be unable for reasons outside its control to procure that the Issuer is able to make payment and in making payment itself would be required to pay Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (A) with respect to the Issuer or any initial Guarantor, on or after the Programme Establishment Date, or (B) with respect to any future Guarantor, on or after the date such future Guarantor becomes a Guarantor; and
- (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due, and provided further that where any such requirements to pay such Additional Amounts are in consequence of the laws and treaties of the PRC or any political subdivision or any authority thereof or therein, the Issuer will be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which such Additional Amounts are required is in excess of the Additional Amounts that the Issuer would be required to pay if payments in respect of the Notes were subject to deduction or withholding for PRC taxes at a rate of 10.0%.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (x) a certificate signed by two Directors of the Issuer stating that the obligation referred to in (ii) above cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled to rely on and accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b) (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b) (*Redemption for Taxation Reasons*).

(c) **Redemption upon Cessation or Suspension of Trading of Shares**

If on any date, (i) the ordinary shares of the Issuer cease to be traded on the HKSE or (ii) trading in the ordinary shares of the Issuer on the HKSE is suspended for a continuous period of more than 10 market days (or, in the case of any suspension of trading (x) pending the release of any announcement in respect of any matter not involving the matters described in Condition 10(g) which the Issuer is required to disclose under the Listing Rules of the HKSE, or (y) for purposes of compliance by the Issuer under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong or under any insider trading laws and regulations in Hong Kong, more than 40 market days), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date (the “**Suspension of Shares Redemption Date**”).

The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 6(c) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date (the “**Exercise Period**”). Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6(c):

- (1) “**Effective Date**” means (in the case of (i) above) the date of cessation of trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 market days or 40 market days, as the case may be;
- (2) “**HKSE**” means the The Stock Exchange of Hong Kong Limited; and
- (3) “**market days**” means a day on which the HKSE is open for securities trading.

(d) **Redemption Upon a Change of Control**

Upon a Change of Control, the Issuer shall, at the option of the holder of any Note, redeem such Note at 101.0% of the Redemption Amount or (in the case of Zero Coupon Notes) 101.0% of the Early Redemption Amount (as defined in Condition 6(i) below), together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after a Change of Control (the “**Change of Control Redemption Date**”).

The Issuer shall within seven days after a Change of Control, give notice (the “**Change of Control Notice**”) to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 6(d) and the Change of Control Redemption Date (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as

applicable) not later than 21 days after the Change of Control Notice is given (the “**Exercise Period**”). Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(e) **Redemption at the Option of the Issuer**

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem the Notes, the Issuer may, at any time during the Redemption Option Period, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount, in each case as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the serial numbers of the Notes to be redeemed will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. The Notes shall be selected for redemption in such place as the Trustee may approve and in such manner as it deems appropriate, subject to all applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(f) **Redemption at the Option of the Noteholders**

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, the Issuer will, at the option of the holder of any Note, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the Specified Office of any Paying Agent at any time during normal business hours of such Paying Agent on a Business Day that is not less than five nor more than 10 days prior to the Optional Redemption Date falling within the Redemption Option Period specified in the relevant Pricing Supplement, a duly completed and signed redemption notice (a “**Put Notice**”) in the form obtainable from the Specified Office of any Paying Agent and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the relevant Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the relevant Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, CDP and CMU (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them, or by CDP to the Principal Paying Agent by electronic means or by CMU to the CMU Lodging and Paying Agent) in a form acceptable to Euroclear, Clearstream, Luxembourg, CDP and CMU from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the relevant Paying Agent for notation accordingly.

(g) **Purchase of Variable Rate Note at the Option of the Noteholder**

Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Principal Paying Agent at its specified office together with all Coupons and any unexchanged Talons, if any, relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Principal Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11 (*Enforcement*) and 12 (*Meetings of Noteholders, Modifications and Waivers*).

(h) **Purchase**

The Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase for its account Notes (provided that they are purchased together with all unmatured Coupons and unexchanged Talons, if any, relating to them) in the open market or otherwise and at any price, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

The Notes so purchased may be held or resold or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 6(k) (*Cancellation of Notes*) below. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a) (*Meetings of Noteholders*). Any purchase by tender shall be made available to all Noteholders alike.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Early Redemption Amount for Zero Coupon Notes**

(i) The Early Redemption Amount in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) or Condition 6(c) (*Redemption upon Cessation or Suspension of Trading of Shares*) or Condition 6(d) (*Redemption Upon a Change of Control*), or upon its becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) or Condition 6(c) (*Redemption upon Cessation or Suspension of Trading of Shares*), or 101% of the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(d) (*Redemption Upon a Change of Control*), or the Early Redemption Amount payable in respect of such Note upon its becoming due and payable as provided in Condition 10 (*Events of Default*), in each case is not paid when due, the Early Redemption Amount in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be calculated based on the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(c) (*Interest on Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) **Early Redemption Amount for Notes Other Than Zero Coupon Notes**

The Early Redemption Amount payable in respect of any Note other than a Zero Coupon Note shall be as specified in the relevant Pricing Supplement.

(k) **Cancellation of Notes**

All Notes together with all unmatured Coupons and unexchanged Talons, if any, which are redeemed pursuant to Conditions 6(b) (*Redemption for Taxation Reasons*) to 6(f) (*Redemption at the Option of the Noteholders*) or submitted for cancellation pursuant to Condition 6(g) (*Purchase of Variable Rate Notes at the Option of the Noteholders*) or Condition 6(h) (*Purchase*) will be cancelled and may not be reissued or resold.

7. PAYMENTS

(a) **Bearer Notes**

(i) ***Principal and Interest***

Payment of principal and interest in respect of each Bearer Note will, subject as mentioned below, be made against presentation and surrender of the relevant Bearer Note or Coupon, as the case may be, at the Specified Office of the Principal Paying Agent:

- (A) in respect of payments denominated in U.S. dollars, at the option of the holder, either by a U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank outside the United States of America;
- (B) in respect of payments denominated in euro, at the option of the holder, either by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the principal financial centre of any member state of the European Union;
- (C) in respect of payments of denominated in Renminbi, by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong or Singapore that processes payments in Renminbi, except that payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 7(h) (*Payment of U.S. Dollar Equivalent*), shall be made by transfer to an account maintained by the payee with a bank outside the United States of America;
- (D) in respect of payments denominated in a Specified Currency other than U.S. dollars, euro or Renminbi, at the option of the holder, either by a cheque denominated in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with, a bank in the Relevant Financial Centre of such Specified Currency; or
- (E) as may otherwise be specified on such Note.

(ii) ***Unmatured Coupons and Unexchanged Talons***

- (A) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the relevant amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).
- (B) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (C) Upon the due date for redemption of any Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (D) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons relating to it, and where any Note is presented for redemption without any unexpired Talon

relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption of such Note shall be made only against the provision of such indemnity as the Issuer may require.

- (E) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(iii) **Talons**

If specified hereon, on or after the Interest Payment Date for the final Coupon forming part of the Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9 (*Prescription*)) and, if necessary, another Talon for a further Coupon sheet.

(b) **Registered Notes**

(i) **Principal and Interest**

Payment of principal and interest in respect of each Registered Note will be made to the person shown in the Register at the close of business on the Record Date (as defined below) and, in the case of payment of principal, subject to the surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the Specified Office of the Registrar or of any Paying Agent:

- (A) in respect of payments denominated in euro, at the option of the holder, either by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the principal financial centre of any member state of the European Union;
- (B) in respect of payments of denominated in Renminbi, by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong or Singapore that processes payments in Renminbi, except that payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 7(h) (*Payment of U.S. Dollar Equivalent*), shall be made at the option of the holder, either by a cheque denominated in U.S. dollars drawn on, or by transfer to an account in U.S. dollars maintained by the payee with, a bank in New York City or outside the United States of America;
- (C) in respect of payments denominated in a Specified Currency other than euro or Renminbi, at the option of the holder, either by a cheque denominated in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with, a bank in the Relevant Financial Centre of such Specified Currency; or
- (D) as may otherwise be specified on such Note.

All such cheques shall be mailed to the holder of the relevant Note at his address appearing in the Register. However, upon application by the holder to the Specified Office of the Registrar or any Paying Agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to, in respect of payments denominated in euro, a euro account maintained by the payee with a bank in the principal financial centre of any member state of the European Union, or in respect of payments denominated in a Specified Currency other than euro or Renminbi, an account in such Specified Currency maintained by the payee with a bank in the Relevant Financial Centre of such Specified Currency.

(ii) **Record Date**

“**Record Date**” means the fifteenth day before the due date for the relevant payment.

So long as the Notes are represented by a Global Certificate and the Global Certificate is registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, the “Record Date” for such Notes shall be the close of business on the Business Day before the due date for such payment.

(iii) **Payments**

Where payment is to be made by cheque, the cheque will be mailed, on the business day preceding the due date for payment or, in the case of payments referred of principal, if later, on the business day on which the relevant Note Certificate is surrendered (or endorsed as the case may be) as specified in Condition 7(b)(i) (*Principal and Interest (Registered Notes)*) at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder.

Where payment is to be made by transfer to a bank account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated, in the case of principal, on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) and, in the case of interest and other amounts on the due date for payment.

(c) **Notes Held in the CMU**

Payments of principal, premium and interest in respect of Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Notes.

(d) **Agents**

The names of the initial Principal Paying Agent, the Transfer Agent and the Registrar and their Specified Offices are set out below. The Issuer and each Guarantor reserve the right under the Agency Agreement at any time by giving to the Principal Paying Agent and any other agent concerned at least 60 days' prior written notice, which notice shall expire at least 30 days before or after any due date for payment in respect of the Notes, to vary or terminate the appointment of or remove any Paying Agent, Transfer Agent or Registrar and to appoint successor or additional Paying Agents, Transfer Agents or Registrars, provided that it will at all times maintain:

- (i) a Principal Paying Agent and a Transfer Agent;
- (ii) one or more Calculation Agents where the Conditions so require;
- (iii) for so long as any of the Notes is listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent and a Transfer Agent with a Specified Office in Singapore;
- (iv) a Paying Agent and a Transfer Agent with a Specified Office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) a CMU Lodging and Paying Agent in relation to Notes cleared through the CMU; and
- (vi) a Registrar in relation to Registered Notes.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying Agent, Transfer Agent or Registrar will be given to Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable.

(e) **Payments subject to Fiscal Laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) **Delay in Payment**

Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a business day or (ii) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the due date for payment or being lost in the mail.

(g) **Payment Day**

If the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. Interpretation of Principal and Interest.

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any Additional Amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (ii) the Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in part, the Minimum Redemption Amount and the Maximum Redemption Amount;
- (vi) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vii) in relation to Zero Coupon Notes, the Early Redemption Amount (as defined in Condition 6(i)); and
- (viii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

(h) Payment of U.S. Dollar Equivalent

Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal, premium or interest (in whole or in part) in respect of Notes when due in Renminbi, the Issuer on giving not less than 10 days' nor more than 30 days' irrevocable notice to Noteholders prior to the due date for payment may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on such Notes will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent of the relevant Renminbi amount shall be made in accordance with Condition 7(a)(i) or Condition 7(b)(i), as the case may be, and, in addition, in the case of Notes that are held in the CMU, in accordance with Condition 7(c) (*Notes Held in the CMU*). For the avoidance of doubt, no such payment shall by itself constitute a default in payment within the meaning of Condition 10 (*Events of Default*).

For the purposes of the Conditions:

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay principal, premium or interest in respect of the Notes, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert any amount due in respect of Notes denominated in Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law or regulation).

“Non-Transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from any account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law or regulation).

“Rate Calculation Business Day” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York.

“Rate Calculation Date” means the day which is five Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

“Renminbi Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

“RMB Rate Calculation Agent” means the agent appointed from time to time by the Issuer for the determination of the Spot Rate or identified as such in the relevant Pricing Supplement.

“Spot Rate” for a Rate Calculation Date means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11:00 a.m. (Hong Kong time) on such Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page CNHFIX=. If such rate is not available, the RMB Rate Calculation Agent will determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page

RMB=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“U.S. Dollar Equivalent” of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the RMB Rate Calculation Agent at or around 11:00 a.m. (Hong Kong time) on the Rate Calculation Date and promptly notified to the Issuer, the Guarantors, the Trustee and the Paying Agents.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(h) by the RMB Rate Calculation Agent will, in the absence of manifest error) be binding on the Issuer, the Guarantors, the Trustee, the Agents and all Noteholders.

These provisions may be amended or supplemented in the relevant Pricing Supplement.

8. TAXATION

All payments of principal, premium, if any and interest in respect of the Notes or under any Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any jurisdiction in which the Issuer or an applicable Guarantor is incorporated, established or resident for tax purposes (or any political subdivision or any authority thereof or therein having power to tax) (each, as applicable, a **“Relevant Taxing Jurisdiction”**) or any jurisdiction (including Singapore) through which payments are made (or any political subdivision or any authority thereof or therein having power to tax) (together with each Relevant Taxing Jurisdiction, as applicable, a **“Relevant Jurisdiction”**), unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the applicable Guarantor shall pay such additional amounts (the **“Additional Amounts”**) as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such Additional Amounts shall be payable in respect of any Note or (if applicable) Coupon:

(a) Bearer Notes

In the case of Bearer Notes or Coupons:

- (i) to or to a party on behalf of a holder where such holder is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with a Relevant Jurisdiction otherwise than by reason only of the holding of such Bearer Note or Coupon or the receipt of any sums due in respect of such Bearer Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, a Relevant Jurisdiction); or
- (ii) the relevant Bearer Note or Coupon is surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering such Bearer Note or Coupon for payment on the last day of such period of 30 days; or

(b) **Registered Notes**

In the case of Registered Notes:

- (i) to or to a party on behalf of a holder where such holder is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with a Relevant Jurisdiction otherwise than by reason only of the holding of such Registered Note or the receipt of any sums due in respect of such Registered Note (including, without limitation, the holder being a resident of, or a permanent establishment in, a Relevant Jurisdiction); or
- (ii) if the relevant Note Certificate in respect of such Registered Note is required to be surrendered and is surrendered more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering such Note Certificate for payment on the last day of such period of 30 days.

“Relevant Date” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which notice is given to the Noteholders that the full amount have been so received and available for payment. Any reference in these Conditions to references to **“principal”** shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption and Purchase*), **“interest”** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest*) and any reference to **“principal”** and/or **“premium”** and/or **“Redemption Amounts”** and/or **“interest”** and/or **“Early Redemption Amounts”** shall be deemed to include any Additional Amounts which may be payable under these Conditions.

9. PRESCRIPTION

Claims in respect of the Notes and the Coupons (which, for this purpose does not include Talons) will become void unless the relevant Note is surrendered for payment as required by Condition 7 (*Payments*) within a period of five years from the appropriate Relevant Date.

10. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25.0% in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or secured or pre-funded to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable at its Early Redemption Amount together, if appropriate, with accrued interest thereon, if any of the following events (each, an **“Event of Default”**) occurs:

(a) **Non payment**

The Issuer or any Guarantor, as the case may be, fails to pay any amount of principal or premium, or Redemption Amount (whether becoming due and payable upon redemption or otherwise) or Early Redemption Amount (in the case of Zero Coupon Notes) in respect of the Notes on the due date for payment when the same becomes due and payable either at maturity, by declaration or otherwise; or the Issuer or any

Guarantor, as the case may be, is in default with respect to the payment of interest or any Additional Amount payable in respect of any of the Notes and such default in respect of interest or Additional Amounts continues for a period of five business days;

(b) Breach of other obligations

The Issuer or any Guarantor, as the case may be, defaults in the performance or observance of any of its other obligations under the Notes or the Issue Documents and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy, remains unremedied for 14 days after the Trustee has given written notice thereof, addressed to the Issuer and the Guarantors;

(c) Breach of Representation and Warranties

Any representation, warranty or statement by the Issuer or any Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated, and the event resulting in such default (i) is incapable of remedy or (ii) being a default which is capable of remedy, remains unremedied for 14 days after the Trustee has given written notice thereof, addressed to the Issuer and the Guarantors;

(d) Cross Default

- (i) Any present or future indebtedness (other than Indebtedness represented by the Notes) of the Issuer, any of the Guarantors or any of the Principal Subsidiaries in respect of borrowed moneys is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, any of the Guarantors or (as the case may be) the relevant Principal Subsidiary; or
- (iii) the Issuer, any of the Guarantors or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee of any such indebtedness (including any indemnity of such indebtedness or any arrangement having a similar effect),

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events referred to in Condition 10(d) above has/have occurred individually or in the aggregate equals or exceeds S\$10 million (or the Dollar Equivalent thereof);

(e) Legal Process

One or more distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer, any Guarantor or any of the Principal Subsidiaries, and is not discharged or stayed within 30 days of having been so levied, enforced or sued out;

(f) Security Enforced

Any security on or over all or any material part of the property, assets or revenues of the Issuer, any Guarantor or any of the Principal Subsidiaries becomes enforceable, or any secured party takes any step to enforce such security (including the taking of possession, or appointment of a receiver, manager or other similar person);

(g) Bankruptcy, Insolvency etc.

- (i) (A) The Issuer, any of the Guarantors or any of the Principal Subsidiaries is or becomes (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, (B) any step is taken for the appointment of an administrator, liquidator (including a provisional liquidator), receiver, judicial manager, trustee, agent or similar officer of the Issuer, any of the Guarantors or any of the Principal Subsidiaries or over the whole or a substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of the Principal Subsidiaries, or (C) the Issuer, any of the Guarantors or any of the Principal Subsidiaries, by reason of actual or anticipated financial difficulty, begins negotiations or takes any other step with a view to the readjustment, rescheduling or deferment of all or a substantial part of (or of a particular type of) its indebtedness, or suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its indebtedness, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or enters into an agreement or arrangement for the deferral, rescheduling or other readjustment of or declares a moratorium in respect of all or a material part of (or a particular type of) its indebtedness (or any part which it will or might otherwise be unable to pay when due); or
- (ii) any step is taken for the winding up, liquidation or dissolution of the Issuer, any of the Guarantors or any of the Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent and where such an event does not have a material adverse effect on the Issuer or any Guarantor); or
- (iii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(g)(i) and 10(g)(ii) above;

(h) Cessation of Business

The Issuer, any of the Guarantors or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business or operations or disposes or threatens to dispose of all or a substantial part of its property or assets (except, in each case, (1) for the purpose of and followed by a reconstruction, amalgamation, voluntary winding up not involving insolvency, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution before that event occurs, (2) in the case of a Principal Subsidiary, where the property or assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, Guarantor, another Principal Subsidiary or (in relation to any Sale of Magnesium Business) Group Sense (International) Limited or any other Subsidiaries of Group Sense (International) Limited, or (3) where the disposal is made pursuant to and in accordance with Condition 4(e) (*Limitation on Asset Sales*)). For the avoidance of doubt, the Fullocean Sale shall not constitute an Event of Default under this Condition 10(h), but any Sale of Magnesium Business shall constitute an Event of Default under this Condition 10(h) unless one of the exceptions described in this Condition 10(h) applies;

(i) **Invalidity or Unenforceability**

- (i) Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done for the purposes stated in Clause 7.3 (*All Action Taken*) of the Trust Deed is not taken, fulfilled or done or any such consent ceases to be in full force and effect without modification or is modified in a manner unacceptable to the Trustee or any condition in or relating to any such consent is not complied with;
- (ii) it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under or in respect of the Notes or any of the Issue Documents; or
- (iii) any of the Notes, any Guarantee of the Notes or any of the Issue Documents ceases (or is claimed by the Issuer or any Guarantor not) to be the legal and valid obligations of the Issuer or such Guarantor, binding upon it in accordance with its terms, or is not (or is claimed by the Issuer or any Guarantor not to be) in full force and effect;

(j) **Government Intervention**

Any step is taken for all or any substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of the Principal Subsidiaries to be condemned, seized, compulsorily acquired, expropriated, nationalised or otherwise appropriated by any Person acting under the authority of any national, regional or local government which has or would have a material adverse effect on the Issuer or the Group taken as a whole;

(k) **Litigation**

Any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or those which are being contested in good faith and by appropriate proceedings) is current or pending against the Issuer, any of the Guarantors or any of the Principal Subsidiaries (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer or the Guarantors under any of the Issue Documents or any of the Notes, or (ii) which has or would have a material adverse effect on the Issuer or the Group as a whole;

(l) **Declared Company**

The Issuer, any of the Guarantors or any of their respective Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; or

(m) **Analogous Events**

Any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in the foregoing paragraphs.

11. ENFORCEMENT

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice to the Issuer, the Guarantors, the Noteholders or the Couponholders, take any steps as it may think fit to enforce repayment of the Notes and/or one or more Guarantees, together with accrued interest, and to enforce the provisions of the Issue Documents, the Notes and the Coupons, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25.0% in principal amount of the Notes outstanding and (b) it shall have been indemnified or secured or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing. The Trustee shall not be deemed to be responsible for the consequences of taking or refraining from taking any such steps as set out in this Condition.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVERS

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee, the Guarantors or the Issuer, or by the Trustee (subject to its being indemnified, and/or secured and/or prefunded to its satisfaction against all costs and expenses) upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented; provided, however, that certain proposals (including any proposal (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount of the Notes, (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel any Guarantee (each, a **“Reserved Matter”**)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and the Couponholders (if any), whether present at the meeting(s) or not.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification or Waiver without Noteholders' consent

The Trustee may at its discretion (and is entitled to rely on and at the expense of the Issuer, an external legal, financial or other professional advice or opinion for this purpose) from time to time and at any time without any consent or sanction of the Noteholders or Couponholders concur with the Issuer in making (a) any modification to any of the Issue Documents (other than in respect of a Reserved Matter), the Notes or the Coupons which in the opinion of the Trustee it may be expedient to make provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or Couponholders or (b) any modification to any of the Issue Documents, the Notes or the Coupons if such modification is of a formal, minor, administrative or technical nature or made to correct a manifest error or (i) an error which is, in the opinion of the Trustee, is proven or (ii) to comply with mandatory provisions of Singapore law or (iii) is required by any Stock Exchange or by any depository and/or any clearing system in which the Notes may be held. Any such modification shall be binding on the Noteholders and Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with these Conditions.

In addition, the Trustee may, without the consent or sanction of the Noteholders or Couponholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as the Issuer and/or the relevant Guarantor has demonstrated to the Trustee's satisfaction that the interests of the Noteholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach by the Issuer or any Guarantor of any of the covenants or provisions contained in any of the Issue Documents (other than a breach or proposed breach relating to the subject of a Reserved Matter).

13. REPLACEMENT NOTES, COUPONS AND TALONS

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Principal Paying Agent (in the case of Definitive Bearer Notes, Coupons and Talons) and at the specified office of the Registrar (in the case of Definitive Note Certificates), or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15 (*Notices*), on payment by the claimant of the fees and costs (including the fees and costs of the Principal Paying Agent) incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talon must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders and Couponholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest) so as to be consolidated and form a single Series with the Notes, and references in these Conditions to "**Notes**" shall be construed accordingly. The Issuer may from time to time, with the consent of the Trustee, create and issue other Series of notes having the benefit of the Trust Deed.

15. NOTICES

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in Singapore (which is expected to be The Business Times) or, if such publication is not practicable, in any other leading English language daily newspaper of general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15 (*Notices*).

Notwithstanding the above, notices to Noteholders of Registered Notes may also be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as any of the Notes are represented by a Global Note or Global Certificate, and such Global Note or Global Certificate is held (i) on behalf of Euroclear and Clearstream, Luxembourg, or any other clearing system, except as provided in sub-clause (ii) or (iii) below, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to such clearing system for communication by it to the Noteholders, and any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, (ii) on behalf of the CMU, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was sent, and (iii) by CDP, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to the persons shown in the list of Noteholders provided by CDP, and any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was sent, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph.

16. TRUSTEE

(a) Indemnification

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, any of the Guarantors and any entity relating to the Issuer or any of the Guarantors without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, any of the Guarantors and/or any of their respective Subsidiaries.

(b) Exercise of power and discretion

In connection with the exercise of its functions the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders, or the Noteholders or Couponholders in respect of Notes of any particular Tranche or Series, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders.

(c) Confidentiality

Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the SGX-ST, the Trustee shall not be required to disclose to any Noteholder or Couponholder any confidential financial or other information made available to the Trustee by the Issuer or any of the Guarantors.

(d) No Responsibility

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

(e) Reliance

The Trustee may rely without liability to Noteholders on any certificate or report prepared by any expert, auditor, lawyer, banker, valuer, surveyor, broker, auctioneer or professional entity, pursuant to these Conditions or the Trust Deed, whether or not addressed to the Trustee, and whether or not their liability in respect thereof is limited by a monetary cap or otherwise or all such liability is disclaimed.

17. AGENTS

In acting under the Agency Agreement, the Agent acts solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

19. GOVERNING LAW AND JURISDICTION

(a) Governing law

The Trust Deed, the Notes, and if applicable, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Submission to Jurisdiction

The Issuer and each Guarantor has in the Trust Deed (i) submitted irrevocably to the non-exclusive jurisdiction of the courts of Singapore for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed, the Notes, and if applicable, the Coupons and the Talons; (ii) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (iii) designated Tricor WP Corporate Services Pte. Ltd. at 80 Robinson Road, #02-00, Singapore 068898 to accept service of any process on its behalf in Singapore; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

FORMS OF THE NOTES

Bearer Notes

Global Notes

Bearer Notes of each Tranche of a Series to be issued in bearer form will initially be represented on issue by a Temporary Global Note without coupons, which may be deposited with CDP, CMU or the Common Depositary and/or a depositary for any other clearing system. Upon initial deposit, CDP, CMU or Euroclear and Clearstream, Luxembourg, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Interests in the Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note representing Bearer Notes of the relevant Tranche not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Each Temporary Global Note, Permanent Global Note and any Definitive Bearer Note, Talon and Coupon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code.”

Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Internal Revenue Code” or the “Code”), generally provide that U.S. beneficial owners, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons thereon and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts, interest coupons or talons thereon.

Each of the persons shown in the records of CDP, CMU, Euroclear, Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) as the holder of a Note represented by a Global Note must look solely to CDP, CMU, Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of CDP, CMU, Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

Amendments to the Conditions

Each Temporary Global Note and Permanent Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments. No payments will be made on the Temporary Global Note unless exchange of any interest in the Temporary Global Note for the relevant interest in the Permanent Global Note or for Definitive Bearer Notes, as the case may be, is improperly withheld or refused. Payments on any Temporary Global Note will only be made to the extent that certification (in a form to be provided) to the effect that the beneficial owner of an interest in such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by CDP, CMU, Euroclear, Clearstream, Luxembourg and/or any Alternative

Clearing System, as applicable, and CDP, CMU, Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System, as the case may be, has given a like certification (based on the certifications it has received) to the Trustee or the Principal Paying Agent, as the case may be. Payments of principal, premium and interest in respect of Notes represented by a Permanent Global Note will be made against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Principal Paying Agent or of any other paying agent provided for in the Conditions and, in the case of interest only, at an office outside the United States and its possessions (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose). The Principal Paying Agent shall endorse or cause to be endorsed such payment or cause such payment to be endorsed in the appropriate schedule to the Permanent Global Note, as the case may be, such endorsement being *prima facie* evidence that the payment in question has been made.

Notwithstanding the above, if a Note is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Direct Rights. In relation to CDP Cleared Notes only, if an Event of Default occurs, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes represented by a Global Note may (subject as provided in the Global Note) elect that direct rights (the "Direct Rights") under the provisions of the Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount represented by the Global Note. Such election shall be made by notice to the Principal Paying Agent and presentation of the Global Note to or to the order of the Principal Paying Agent for reduction of the principal amount of Notes represented by the Global Note by such amount as may be stated in such notice and by endorsement of the Principal Schedule of the Global Note of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Note shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date (as defined below) unless the Noteholder elects in such notice that the exchange for such Notes shall no longer take place.

Notices. So long as any Notes are represented by the Permanent Global Note and the Permanent Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice (so long as the Permanent Global Note is held on behalf of Euroclear and Clearstream, Luxembourg, CDP or such Alternative Clearing System) to Euroclear, Clearstream, Luxembourg, (subject to the agreement of CDP) CDP or such Alternative Clearing System, as the case may be, or otherwise to the holder of the Permanent Global Note, or (so long as the Permanent Global Note is held on behalf of the CMU) to the persons shown in a CMU Instrument Position Report issued by the CMU on the business day preceding the date of dispatch of such notice as holding interests in the Permanent Global Note, rather than by publication as required by the Conditions, and any such notice shall be deemed to have been given to the Noteholders on the second business day on which such notice is delivered to the persons shown in the CMU Instrument Position Report; provided, however, that, so long as the Notes are admitted to trading on the SGX-ST and its rules so require, notices will also be published in a leading newspaper having general circulation in Singapore (which is expected to be *The Business Times*).

Meetings. The holder of the Permanent Global Note shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Specified Denomination of Notes for which the Permanent Global Note may be exchanged.

Trustee's Powers. In considering the interests of Noteholders while the Permanent Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Permanent Global Note and may consider such interests as if such accountholders were the holders of the Permanent Global Note.

Prescription. The Permanent Global Note shall become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Notes).

Call Option. Any call option of the Issuer provided for in the Conditions may be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

Put Option. Any put option of the Noteholders provided for in the Conditions may be exercised by the holder of the Permanent Global Note giving notice to the Principal Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits set out in the Conditions, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase shall be effected by reduction in the principal amount of the Permanent Global Note on its presentation to or to the order of the Principal Paying Agent for notation in the Principal Schedule. Notes may only be purchased by the Issuer, any of the Guarantors and any of its respective Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

Exchanges for Permanent Global Note and for Definitive Bearer Notes

Interests in a Temporary Global Note are exchangeable for interests in a Permanent Global Note in bearer form or, if so specified in the relevant Pricing Supplement, Definitive Bearer Notes in bearer form not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant issue date, upon certification of non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

Interests in a Permanent Global Note are exchangeable in whole but not in part for Definitive Bearer Notes (i) if the Permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if the Permanent Global Note is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is

available, or (iii) if the Permanent Global Note is held by or on behalf of the CMU and the CMU is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Any such exchange may be effected on or after an Exchange Date by the holder of this Permanent Global Note giving notice to the Principal Paying Agent and by surrendering this Permanent Global Note to or to the order of the Principal Paying Agent on or after the Exchange Date.

“Exchange Date” means a day falling not less than 40 days after the day on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore, in the case of exchange pursuant to (i) as provided in the preceding paragraph, a day on which commercial banks are open for business in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System, are located.

In exchange for the Permanent Global Note, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Bearer Notes in an aggregate principal amount equal to the principal amount of this Permanent Global Note submitted for exchange (if appropriate, having attached to them all Coupons and Talons in respect of interest that have not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and substantially in the form set out in the Trust Deed, to the persons as the relevant clearing system shall direct in writing or, in the case of Notes cleared through the CMU, as reflected in the CMU Instrument Position Report.

Registered Notes

Global Certificates

Registered Notes will be evidenced on issue by a Global Certificate and may be deposited with, and registered in the name of or the name of a nominee for, CDP, CMU or the Common Depositary. Upon such initial registration of the Global Certificate and the delivery thereof to CDP, a sub-custodian of the CMU or the Common Depositary, CDP, CMU, Euroclear, Clearstream, Luxembourg, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Interests in the Global Certificate may be held through CDP, CMU, Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, as the case may be, at any time. See “Clearance and Settlement” for further details. Except in the limited circumstances described below, owners of interests in the Global Certificate will not be entitled to receive physical delivery of certificated Registered Notes in definitive form (the “Definitive Note Certificates”). Registered Notes are not issuable in bearer form.

Each of the persons shown in the records of CDP, CMU, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Global Certificate must look solely to CDP, CMU, Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Registered Notes and in relation to all other rights arising under such Global Certificate, subject to and in accordance with the respective rules and procedures of CDP, CMU, Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the underlying Registered Notes in respect of each amount so paid.

Amendments to the Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments. Payments of principal, premium and interest in respect of Notes represented by the Global Certificate will be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to or to the order of the Principal Paying Agent. The Principal Paying Agent shall endorse or cause to be endorsed such payment or cause such payment to be endorsed in appropriate schedule to the Global Certificate, such endorsement being *prima facie* evidence that the payment in question has been made.

Notwithstanding the above, if a Note is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Direct Rights. In relation to CDP Cleared Notes only, if an Event of Default occurs, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes represented by a Global Certificate may (subject as provided in the Global Certificate) elect that direct rights (the "Direct Rights") under the provisions of the Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount represented by the Global Certificate. Such election shall be made by notice to the Principal Paying Agent, the Transfer Agent and the Registrar and presentation of the Global Certificate to or to the order of the Registrar for reduction of the principal amount of Notes represented by the Global Certificate by such amount as may be stated in such notice by (i) endorsement of the Principal Schedule of the Global Certificate and (ii) notation in the Register of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Certificate shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date unless the Noteholder elects in such notice that the exchange for such Notes shall no longer take place.

Notices. So long as any Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice (so long as the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, CDP or such Alternative Clearing System) to Euroclear, Clearstream, Luxembourg, (subject to the agreement of CDP) CDP or such Alternative Clearing System, as the case may be, or otherwise to the holder of the Global Certificate or (so long as the Global Certificate is held on behalf of the CMU) to the persons shown in a CMU Instrument Position Report issued by the CMU on the business day preceding the date of dispatch of such notice as holding interests in the Global Certificate, rather than by publication as required by the Conditions, and any such notice shall be deemed to have been given to the Noteholders on the second business day on which such notice is delivered to the persons shown in the CMU Instrument Position Report; provided, however, that, so long as the Notes are admitted to trading on the SGX-ST and its rules so require, notices will also be published in a leading newspaper having general circulation in Singapore (which is expected to be *The Business Times*).

Meetings. The holder of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Specified Denomination of Notes for which the Global Certificate may be exchanged.

Trustee's Powers. In considering the interests of Noteholders while the Global Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Global Certificate.

Prescription. The Global Certificate shall become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Notes).

Call Option. Any call option of the Issuer provided for in the Conditions may be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

Put Option. Any put option of the Noteholders provided for in the Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent and the Transfer Agent of the principal amount of Notes in respect of which the option is exercised within the time limits set out in the Conditions, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase shall be effected by reduction in the principal amount of the Global Certificate.

Exchange for and Transfers of Definitive Note Certificates

The Global Certificate will become exchangeable, free of charge to the holder, in whole but not in part, for Definitive Note Certificates (i) if the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (ii) if the Global Certificate is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available, or (iii) if the Global Certificate is held by or on behalf of the CMU and the CMU is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Any such exchange may be effected on or after an Exchange Date by the holder of the Global Certificate giving notice to the Principal Paying Agent, the Transfer Agent and the Registrar.

In such circumstances, the Issuer will procure that the Registrar notifies the Noteholders as soon as practicable after the occurrence of the relevant event and that such Definitive Note Certificates will be registered in such names as the relevant clearing system shall direct in writing or, in the case of Notes cleared through the CMU, as reflected in the CMU Instrument Position Report or any other relevant notification by the CMU. The Global Certificate shall be exchanged in full for Definitive Note Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes.

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar, together with the completed form of transfer thereon. The Registrar will not register the transfer of any Notes or exchange of interests in a Global Certificate for Definitive Note Certificates for a period of 15 calendar days ending on the due date for any payment of principal, premium or interest in respect of the Notes.

Singapore Dollar Equivalent

For the purposes of calculating the Singapore dollar equivalent of the principal amount of Notes outstanding under the Programme from time to time, the Singapore dollar equivalent of the Notes denominated in another currency shall be determined, at the discretion of the Issuer, either as of the date of agreement to issue such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in Singapore, in either case on the basis of the Exchange Rate on the relevant date of calculation. As used herein, the "Exchange Rate" means the spot rate for the sale of Singapore dollars against the purchase of such other relevant currency in the Singapore foreign exchange market as quoted by any leading bank selected by the Issuer at its discretion on the Agreement Date or on the preceding day on which commercial banks and foreign exchange markets are open for business in Singapore.

The Singapore dollar equivalent of any Zero Coupon Note and any other Note issued at a discount shall be calculated, in relation to the Specified Currency, in the manner above and with the Exchange Rate so determined to apply in respect of any other Singapore dollar equivalent determination for the same Notes and, in relation to the principal amount, by reference to the amortisation yield formula as specified in the Conditions applicable to such Notes as of the same dates as specified in the preceding paragraph or, if no formula is so specified, the principal amount of the Notes. The Singapore dollar equivalent of a Note issued at a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer from the relevant issue of Notes.

General

Any reference herein to the Paying Agent, the Transfer Agent and the Registrar shall be deemed to refer to The Bank of New York Mellon, Singapore Branch as paying agent, transfer agent and registrar in relation to Notes which are to be cleared with CDP and to The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent, transfer agent and registrar in relation to Notes which are to be cleared with CMU and The Bank of New York Mellon, London Branch as paying agent and The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent and registrar, respectively, in relation to Notes which are to be cleared with a clearing system other than CDP or CMU.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND FINANCIAL REVIEW OF THE GROUP

The following tables set out the Group's consolidated financial statements as at and for the years ended 31 December 2014 ("FY2014"), 31 December 2015 ("FY2015") and 31 December 2016 ("FY2016") respectively.

The selected consolidated financial information for FY2014, FY2015 and FY2016 in the tables below are derived from the historical financial statements of the Group, which have been audited by the independent auditors HLB Hodgson Impey Cheng Limited. The audited financial statements of the Group have been drawn up in accordance with the HKFRS.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	FY2014	FY2015	FY2016
	(audited)	(audited)	(audited)
	HKD'million (except earnings per share)		
Revenue	2,073	2,516	2,589
Cost of sales	(1,413)	(1,730)	(1,829)
Gross profit	660	786	760
Gain on bargain purchase	–	29	–
Other gains or losses, net	15	35	57
Selling and marketing costs	(103)	(114)	(94)
Administrative expenses	(63)	(140)	(159)
Net realised and unrealised gain on investment held for trading	3	7	9
Share of profits and losses from joint ventures . . .	–	2	2
Finance costs	(44)	(87)	(118)
Profit before income tax	468	518	457
Income tax expense	(128)	(155)	(144)
Profit for the year	340	363	313
Profit for the year attributable to:			
Owners of the Issuer	288	314	302
Non-controlling interests	52	49	11
Profit for the year	340	363	313
Other comprehensive expenses, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Net loss arising on revaluation of available-for-sale investments during the year . . .	(112)	(22)	(3)
Reclassification adjustments relating to disposal of available-for-sale investments during the year .	–	–	(3)
Exchange differences arising from translation of foreign operations	(55)	(142)	(279)
Other comprehensive expenses for the year, net of tax	(167)	(164)	(285)
Total comprehensive income for the year, net of income tax	173	199	28
Earnings per share (HK cents)			
Basic	8.01	7.45	6.57
Diluted	7.79	7.33	6.57

Consolidated Statement of Financial Position	FY2014	FY2015	FY2016
	(audited)	(audited)	(audited)
		HKD'million	
Non-current assets			
Land use rights	141	173	207
Property, plant and equipment	1,443	1,863	2,093
Goodwill	–	197	197
Intangible assets	–	2	1
Investment properties	135	125	114
Mining rights	549	512	467
Payment of acquisition of patents	56	54	50
Deposit for acquisition of property, plant and equipment	35	11	–
Investments in joint ventures	–	4	5
Available-for-sale investments	–	116	7
Pledged bank deposits	–	–	32
	<u>2,359</u>	<u>3,057</u>	<u>3,173</u>
Current assets			
Available-for-sale investments	30	11	71
Inventories	182	248	227
Land use rights	3	4	5
Trade and other receivables, prepayments and deposits	384	607	857
Income tax recoverable	–	2	2
Investments held for trading	10	39	10
Amount due from a joint venture	–	1	–
Bank and cash balances	829	1,452	901
	<u>1,438</u>	<u>2,364</u>	<u>2,073</u>
Less: Current liabilities			
Trade and other payables	311	335	294
Income tax payable	33	32	31
Borrowings	304	153	320
Convertible bonds	117	198	–
Derivative financial liabilities	–	–	33
	<u>765</u>	<u>718</u>	<u>678</u>
Net current assets	<u>673</u>	<u>1,646</u>	<u>1,395</u>
Total assets less current liabilities	<u>3,032</u>	<u>4,703</u>	<u>4,568</u>

Consolidated Statement of Financial Position	FY2014	FY2015	FY2016
	(audited)	(audited)	(audited)
		HKD'million	
Less: Non-current liabilities			
Convertible bonds	178	–	–
Exchangeable bonds	–	–	209
Other payable	–	110	121
Deferred revenue	70	70	66
Borrowings	292	1,043	1,011
Deferred tax liabilities	125	116	106
	<u>665</u>	<u>1,339</u>	<u>1,513</u>
Net assets	<u>2,367</u>	<u>3,364</u>	<u>3,055</u>
Capital and reserves attributable to owners of the Issuer			
Share capital	68	102	102
Reserves	2,143	2,856	2,611
	<u>2,211</u>	<u>2,958</u>	<u>2,713</u>
Non-controlling interests	156	406	342
Total equity	<u>2,367</u>	<u>3,364</u>	<u>3,055</u>
Other Unaudited Financial Information			
	FY2014	FY2015	FY2016
		HKD'million	
Profit before income tax	468	518	457
Finance cost	44	87	118
Depreciation and amortisation	78	96	129
Net realised and unrealised gain on investments held for trading	(3)	(7)	(9)
Share options granted to directors and employees	2	3	1
Gain on bargain purchase	–	(29)	–
Consolidated EBITDA	<u>589</u>	<u>668</u>	<u>696</u>

(1) EBITDA is not a standard measure under HKFRS, but is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group's financial condition or results of operations, as reported under HKFRS. Due to these limitations, EBITDA should not be considered a measure of discretionary cash available to the Group to invest in the growth of its business. See "Presentation of Financial and Other Data" for further information.

Financial Review of Results of Operations

FY2016 versus FY2015

Income Statement Review

Overview

The Group's revenue for FY2016 increased by 2.9 per cent. from approximately HKD2,515,602,000 in FY2015 to approximately HKD2,589,221,000 in FY2016. The Group recorded a gross profit margin of 29.3 per cent. in FY2016 compared to 31.2 per cent. in FY2015. In FY2016, revenue from the fertilisers business accounted for 54.0 per cent. of the total revenue of the Group, as compared to 60.6 per cent. in FY2015, but decreased by 8.2 per cent. from approximately HKD1,523,281,000 in FY2015 to approximately HKD1,399,088,000 in FY2016. In FY2016, revenue from the magnesium product business accounted for 35.2 per cent. of the total revenue of the Group, as compared to 30.2 per cent. in FY2015, and increased by 19.8 per cent. from approximately HKD760,502,000 in FY2015 to approximately HKD910,984,000 in FY2016.

Operating Income and Gross Profit

In FY2016, the Group recorded a turnover of approximately HKD2,589,221,000, representing an increase of 2.9 per cent. compared to approximately HKD2,515,602,000 in FY2015.

In FY2016, sales volume of the fertilisers business increased by 4.6 per cent. compared to FY2015. This is mainly due to the depreciation of the RMB (against the HKD) by approximately 6.0 per cent. in FY2016 from FY2015, in turn, causing the average prices of the Group's fertiliser products to decrease by 12.2 per cent. More specifically, prices of the organic fertilisers and Si-Mg compound fertilisers remained fairly constant, however, prices of compound fertilisers, which are highly sensitive to market fluctuation, dropped by approximately 13.5 per cent. Notwithstanding, gross profit for the fertiliser business recorded an increase of 0.5 per cent. from 27.9 per cent. in FY2015 to 28.4 per cent. in FY2016.

Sales volume of the magnesium business increased in FY2016 by approximately 50.6 per cent. compared to FY2015. This is mainly attributable to Group Sense's acquisition of Xinjiang Tengxiang, a company principally engaged in the production and sale of magnesium ingot and semi-coke, in late FY2015, thereby expanding the Group's magnesium business. Further, in FY2016, the Group also expanded the magnesium business by exporting magnesium products to Europe and the USA. Since the sales volume of our basic magnesium products (with comparatively lower gross profit margin) increased by approximately 98.1% year-on-year, the overall gross profit of our magnesium business has been diluted to 29.0%.

Other Gains or Losses, net

In FY2016, Group Sense has completed the negotiation of adjustment to the purchase consideration with the sellers for its acquisition of a magnesium project last year, thereby recognising an increase in bargain purchase of approximately HKD21,564,000 (in aggregate the gain on bargain purchase arising from the acquisition is approximately HKD28,746,000). Other net gains or losses mainly comprised of interest income as well as income from the sale of scrap materials, amounting to approximately HKD23,970,000 and HKD14,056,000 in FY2016 respectively, compared to approximately HKD12,094,000 and HKD11,679,000 in FY2015 respectively. However, in accordance to HKFRS, as the acquisition of Xinjiang Tengxiang was completed in December 2015, the increase in the gain on bargain purchase was restated to be recognised in FY2015 instead of FY2016.

Administrative Expenses

Administrative expenses in FY2016 increased by 14.1 per cent. compared to FY2015 to approximately HKD159,379,000. This increase is mainly due to operating expenses of Group Sense's new magnesium production base, which includes the upgrading of the existing production facilities and in the first quarter of FY2016.

Interest Expenses

The Group's interest expenses for FY2016 amounted to approximately HKD117,564,000, representing an increase of approximately 34.5 per cent. compared to FY2015. The increase is mainly attributable to the issue of Singapore dollar listed bonds in FY2015.

Margin

Profit for FY2016 amounted to approximately HKD313,052,000, representing a decrease of 13.8 per cent. compared to FY2015. Profit for the year attributable to owners of the Issuer amounted to approximately HKD302,334,000 in FY2016, representing a decrease of 3.9 per cent. from FY2015.

Consolidated Statement of Financial Position Review

The Group's liquidity in FY2016 was mainly derived from cash generated from business operations and financing activities during the year. As at 31 December 2016, the total amount of bank and cash balances of the Group was approximately HKD932,785,000, as compared to approximately HKD1,452,515,000 as at 31 December 2015.

As at 31 December 2016, the Group's total borrowings increased by approximately 10.5 per cent. as compared to 2015, while net current assets decreased by approximately 15.3 per cent. as compared to 2015. The Group's gearing ratio (calculated by total borrowings over total assets) was approximately 29.4 per cent. in 2016 as compared to 25.7 per cent. in 2015.

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs.

FY2015 versus FY2014

Income Statement Review

Overview

The Group's revenue for FY2015 increased by 21.4 per cent. between FY2014 and FY2015 from approximately HKD2,072,519,000 to approximately HKD2,515,602,000, while gross profit margin in FY2015 decreased slightly from 31.8 per cent. in FY2014 to 31.2% in FY2015. This decrease in the Group's gross profit margin was mainly due to the relatively low gross profit margin of the electronic products business of Group Sense, which had been acquired in FY2015.

Revenue from the fertilisers business reached approximately HKD1,523,281,000 in FY2015 (compared to approximately HKD1,277,282,000 in FY2014, accounting for approximately 60.6 per cent. of the Group's total revenue (compared to 61.6 per cent. in FY2014).

Revenue from the magnesium products business reached approximately HKD760,502,000 in FY2015 (compared to approximately HKD696,904,000 in FY2014), accounting for approximately 30.2 per cent. of the Group's total revenue (compared to 33.6 per cent. in FY2014).

Operating Income and Gross Profit

The Group's total revenue amounted to approximately HKD2,515,602,000 in FY2015 (compared to approximately HKD2,072,519,000 in FY2014), representing a 21.4 per cent. increase from FY2014. Between FY2014 and FY2015, sales quantities for the Group's fertilisers business and magnesium products business increased by 21.6 per cent. and 5.5 per cent. respectively.

Cost of sales for FY2015 increased by about 22.4 per cent. from FY2014, and amounted to approximately HKD1,729,567,000 (compared to approximately HKD1,412,575,000 in FY2014). Approximately 91.9 per cent. of the total cost of sales in FY2015 was attributable to the fertilisers business and magnesium product business (compared to 98.4 per cent. in FY2014). In FY2015, the Group's cost of sales mainly comprised material cost and utilities cost.

Consolidated gross profit for FY2015 was approximately HKD786,035,000 (compared to approximately HKD659,944,000 in FY2014:), representing a 19.1 per cent. increase from FY2014. This is mainly due to the fact that the Group managed to improve product structure and optimised the product mix, thereby improving the gross profit margin of the Group's fertilisers business and magnesium business.

Other Gains or Losses, net

Other net gains or losses amounted to approximately HKD35,381,000 (compared to approximately HKD15,055,000 in FY2014), and mainly comprised of interest income and income from the sale of scrap materials amounting to approximately HKD12,094,000 and HKD11,679,000 respectively in FY2015 (compared to HKD8,544,000 and HKD1,092,000 respectively in FY2014).

Administrative Expenses

Administrative expenses were approximately HKD139,742,000 in FY2015 (compared to approximately HKD63,302,000 in FY2014), representing approximately 5.6 per cent. of the Group's total revenue (compared to approximately 3.1 per cent. in FY2014). Administrative expenses mainly comprised staff costs, depreciation and amortisation expenses, audit and professional fees and occupancy costs. The increase in administrative expenses was mainly due to the Group's acquisition of Group Sense, which incurred administrative and R&D expenses amounting to approximately HKD63,462,000 and relating to its electronic products business.

Interest Expenses

The Group's interest expenses amounted to approximately HKD87,390,000 in FY2015, representing an increase of approximately HKD43,204,000 or 97.8 per cent. compared to FY2014. The increase was mainly attributable to the issue of Singapore dollar listed bonds in FY2015.

Margin

Excluding the effect of gain on bargain purchase of approximately HKD28,746,000 (as highlighted in "FY2016 versus FY2015 – Other Gains or Losses, net"), the Group's profit for FY2015 amounted to approximately HKD334,323,000 (compared to approximately HKD339,641,000 in FY2014), representing a decrease of approximately 1.6% year-on-year. The financial results for FY2015 included the operating losses of approximately HKD24,685,000 (compared to HKD Nil in FY2014) incurred from the electronic product business of Group Sense acquired on 26 February 2015.

The Group's fertilisers business and magnesium product business recorded a combined profit of approximately HKD359,008,000 in FY2015, representing an increase of approximately 5.7 per cent. from FY2014.

Profit attributable to owners of the Company in FY2015 increased by approximately 9.2 per cent. from FY2014, and amounted to approximately HKD314,479,000 (compared to HKD287,910,000 in FY2014).

Consolidated Statement of Financial Position Review

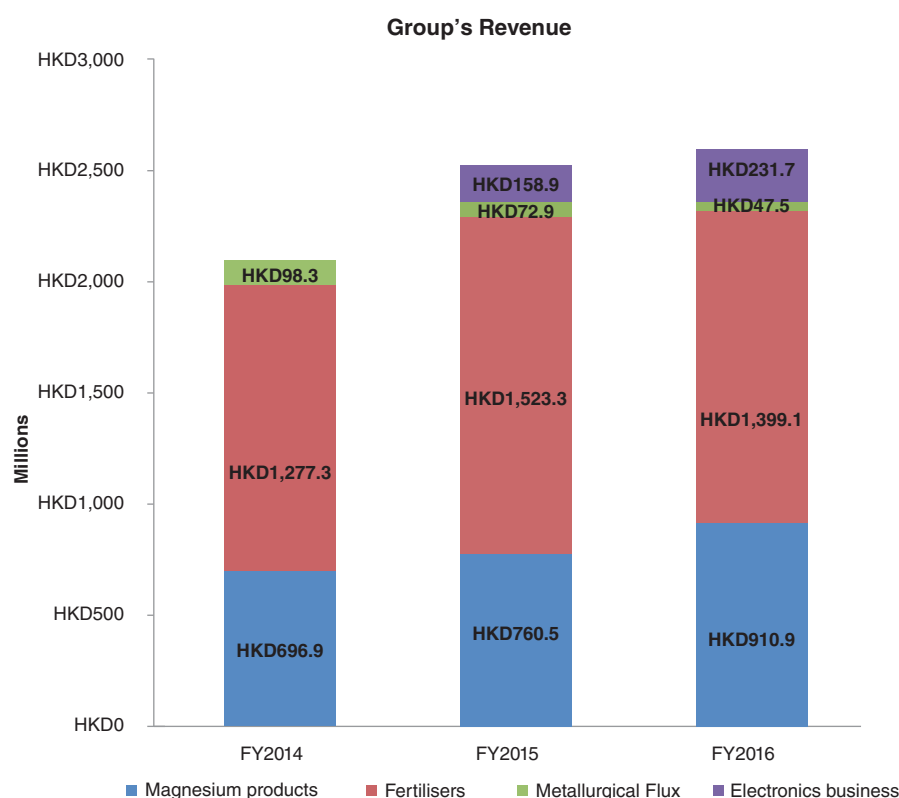
The Group's liquidity in FY2015 was mainly derived from cash generated from business operations and financing activities. As at 31 December 2015, total amount of cash and bank balances of the Group was approximately HKD1,452,515,000, compared to approximately HKD828,782,000 as at 31 December 2014.

As at 31 December 2015, the Group's total borrowings increased by approximately 56.6 per cent. as compared to 2014, while net current assets increased by approximately 141.7 per cent. as compared to 2014. The Group's gearing ratio (calculated by total borrowings over total assets) was approximately 25.7 per cent. in 2015, compared to 23.4% in 2014.

BUSINESS

1. OVERVIEW

The Group is a leading vertically integrated producer of ecological fertilisers and magnesium products in the PRC, which are its two main business segments. The Group also produces and sells metallurgical flux products. The Group holds 51.88 per cent. of the share capital in Group Sense, whose subsidiaries are principally engaged in the manufacture and sales of magnesium products and the design, manufacture and sale of electronic products, as well as the provision of electronic manufacturing services. The Issuer is listed on the HKSE and had a market capitalisation of HKD1,310.4 million (approximately S\$235.3 million) as at the Latest Practicable Date. The chart below shows the Group's total revenues, including a breakdown by business segment, for the periods indicated.



In relation to the Group's business segments:

- Fertilisers Business.** The Group produces and sells compound fertilisers (chemically manufactured from various materials and compounds) and organic fertilisers (produced from organic waste materials). Since 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche products. The Group has obtained exploration and mining rights to a serpentine mine in the Jiangsu province of the PRC. Serpentine is a source of the magnesium and silicon that the Group uses in the production of its silicon magnesium compound fertiliser. The abundant, quality serpentine reserves also provide a source of auxiliary material for iron and steel smelting. The Group's fertiliser plant, which is located approximately one kilometre from the serpentine mine, has five production lines with an aggregate annual production capacity of 850,000 tonnes of organic and compound fertilisers as the Latest Practicable Date. The building of a new fertiliser production line at Ruichang City, Jiangxi Province, with an annual capacity of 1.4 million tonnes also commenced in August 2016. In addition, the new production line's self-owned cargo-handling terminal, coupled with the adjacent water source, is expected to reduce the cost of production and transportation significantly. The first phase of this new fertiliser

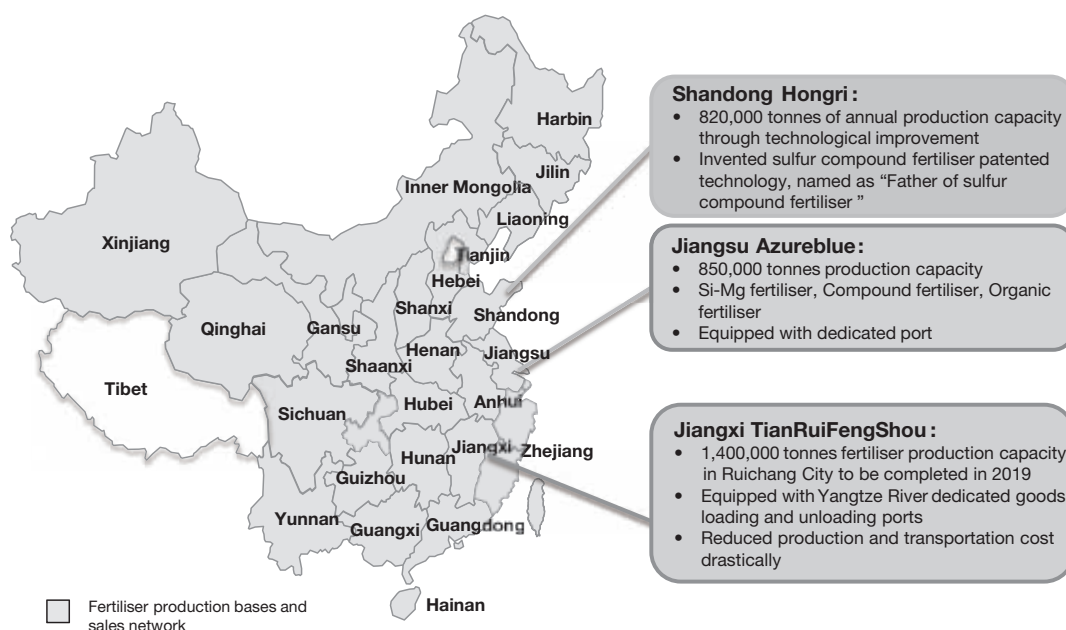
plant is scheduled to be completed in late 2017, whilst the second phase is scheduled to be completed in 2019. As of the Latest Practicable Date, the Group's fertilisers are sold and distributed across 29 provinces in the PRC.

- **Magnesium Products Business.** The magnesium products that the Group produces include basic magnesium products, such as general magnesium alloys and magnesium ingots, and rare earth magnesium alloys. The Group has obtained exploration and mining rights to a dolomite mine in the Jilin province of the PRC, from which it obtains the dolomite that it uses to produce raw magnesium for its magnesium products. The Group also has an integrated magnesium smelting, ingot manufacturing, alloy processing and product warehousing and distribution plant, located in close proximity to the dolomite mine, with an annual production capacity of 25,000 tonnes as of 31 December 2016. As of the Latest Practicable Date, the Group has one of the largest rare earth magnesium alloy production lines in the PRC in terms of production capacity.

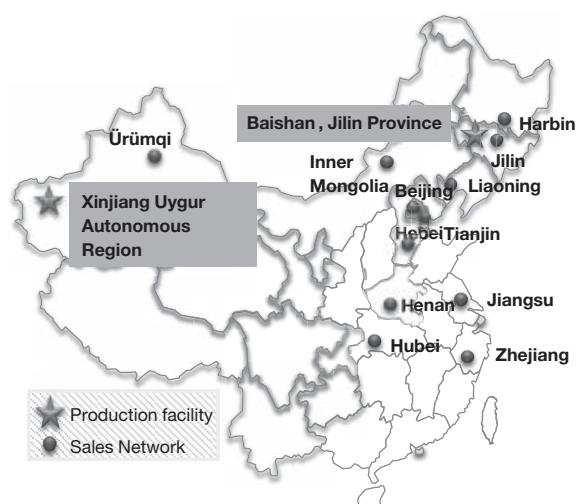
In August 2015, the Group (via Group Sense) acquired a magnesium product manufacturer located in Xinjiang Province, with an approved scale of annual production capacity of 1.2 million tonnes of semi-coke, 100,000 tonnes of magnesium alloy and 100,000 tonnes of ferroalloy, as approved by the PRC's supervisory authorities. Two established production lines consist of annual production capacity of 15,000 tonnes magnesium ingot and 600,000 tonnes semi-coke respectively.

- **Metallurgical Flux Business.** As a secondary business, the Group also produces and sells metallurgical flux that can be used for smelting iron and steel. The metallurgical flux is produced from the serpentine that the Group produces from its serpentine mine.
- **Electronics Business.** The Group owns 51.88 per cent. of the share capital of Group Sense. Some of Group Sense's subsidiaries are engaged in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, as well as the provision of electronic manufacturing services.

Production Bases of Fertiliser Business and Sales Network



Production Bases of Magnesium Business and Sales Network



Magnesium Production Plants	Development
Baishan	<ul style="list-style-type: none"> • Current capacity of 25,000 tonnes • Completed capacity expansion of 50,000 tonnes in Phase 2 in 2H 2016
Xinjiang	<ul style="list-style-type: none"> • Current capacity of 15,000 tonnes • Expected to expand the overall capacity to 100,000 tonnes

2. COMPANY BACKGROUND

The Group's founder, Mr. Chi Wen Fu, first started the research and development of organic fertiliser products in January 1998 by initiating research on microbial compound fertilisers. Thereafter, in order to continue the research and development, production and sale of organic fertiliser products in the PRC, Mr. Chi established Youxi Greenland (later known as Green Land Bio-Products Co., Ltd., which has since been deregistered as of 17 July 2012) in January 2000.

In the second half of 2000, the Group focused on conducting market research and analysis on potential demands for the Group's microbial compound fertiliser and organic fertiliser products. The Group promoted its fertilisers to tea plantations at major tea producing districts within the Fujian province in the PRC.

The Issuer was incorporated in the Cayman Islands on 21 January 2003 as an investment holding company for the Group, and was listed on the GEM of the HKSE. On 31 July 2008, the Issuer's shares were withdrawn from the GEM and since 1 August 2008, the Issuer has been listed on the Main Board of the HKSE.

In September 2008, the Group began its first foray into the magnesium production industry:

- Through its wholly-owned subsidiary, Capital Idea Investments Limited ("Capital Idea"), the Group acquired an 80.0 per cent. interest in Fullocean Group Limited ("Fullocean"). This acquisition was completed in December 2008.
- Fullocean in turn held shares representing 60.0 per cent. of the share capital in China Magnesium Limited, which was subsequently renamed "China Rare Earth Magnesium Technology Holdings Limited" ("China Rare Earth Magnesium").
- China Rare Earth Magnesium had a direct shareholding interest of 100.0 per cent. in Baishan City Tianan Magnesium Resources Co., Ltd. ("Baishan City Tianan Magnesium Resources"), a magnesium producer based in Baishan City, Jilin province in the PRC.

In 2009, 2013, 2016 and the first quarter of 2017, the Group had increased its effective shareholding in China Rare Earth Magnesium to 56.6 per cent., 78.2 per cent., 87.95 per cent. and 90.95 per cent. respectively. As Baishan City Tianan Magnesium Resources is a

wholly-owned subsidiary of China Rare Earth Magnesium, the Group's effective shareholding in Baishan City Tianan Magnesium Resources is 90.95 per cent. as at the Latest Practicable Date.

In December 2009, the Group acquired the exploration rights of a dolomite mine in Jilin province in the PRC. It later acquired the mining rights to the mine in November 2010.

At the same time, the Group further developed its original fertilisers business. It began devoting resources and research and development efforts in compound fertilisers to Jiangsu Azureblue Technology Developments Co., Ltd. ("Jiangsu Azureblue"), based in Jiangsu province in the PRC. Jiangsu Azureblue was established in 2007 as a joint venture between Century Sunshine Ecological Technology Limited ("Century Sunshine Ecological") and Lian Yun Port De Mei New Energy Technology Limited ("Lian Yun"), which was a consultancy company providing technical advice and consultancy services in the agricultural sector in Jiangsu province in the PRC. The Group then increased its shareholding interest in Jiangsu Azureblue from its initial 51.0 per cent. under the joint venture to 83.2 per cent. in 2008, 91.9 per cent. in 2014, 95.05 per cent. in 2015 and 100 per cent. in 2016.

The Group thereafter acquired a serpentine mine in Jiangsu province in September 2010 and by March 2012, began producing and selling silicon magnesium compound fertilisers.

By the second half of 2012, the Group had shut down its fertilisers production plants in Nanping, Fujian province and Jinxian, Jiangxi province, and concentrated its resources and equipment at its production base in Jiangsu province.

The Group diversified into financial services in 2010 via the acquisition of interests in various investment holding companies and companies dealing in securities. The Group subsequently divested its financial services business in November 2012, to focus on its main magnesium products and fertilisers businesses and maintaining its metallurgical flux business as a secondary business.

On 28 January 2014, the Issuer and International Financial Corporation ("IFC") entered into a Share Subscription Agreement pursuant to which IFC agreed to subscribe for an aggregate of 155,077,000 fully paid new shares in the Issuer at HKD0.75 each. The subscription was completed on 24 February 2014.

On 26 March 2015, the Group completed the acquisition of 51.88 per cent. of the entire issued share capital of Group Sense, a company listed on the HKSE. The Group's intention is to use Group Sense as a separate listed platform through which it can focus and expand on the magnesium products business.

On 24 July 2015, Blue Atlantic International Limited (a subsidiary of the Group) entered into a contract with the People's Government of Ruichang City, Jiangxi Province, the PRC, in relation to the acquisition of land use rights of a land parcel with a site area of approximately 800 mu located at Chemical Industrial Park, Matou Town, Ruichang City. This land parcel is being used for the establishment of fertiliser production facilities with a capacity of 1,400,000 tonnes, along with a self-owned cargo-handling terminal and other auxiliary facilities, to further expand the production scale of the Group's ecological fertiliser business. The first phase of this new fertiliser plant is scheduled to be completed in late 2017, whilst the second phase is scheduled to be completed in 2019. This acquisition is in line with the Group's strategic objective of developing its fertiliser business by expanding its production scale. More specifically, the new fertiliser production facilities will cover the southern market, and complement the northern market for products covered by the Jiangsu production base. This will contribute to the further development of sales network of the Group and enhance its client-base coverage.

On 12 August 2015, Hong Kong New Materials Industry Investment Company Limited (“Hong Kong New Materials”), an indirect wholly-owned subsidiary of Group Sense, entered into a share transfer agreement with Gansu Tengda West Iron Resources Holding Group Co., Ltd., Hangzhou Boiler Group Co., Ltd. and Wang Jian Min pursuant to which Hong Kong New Materials conditionally agreed to acquire the entire equity interest of Xinjiang Tengxiang Magnesium Products Company Limited (“Xinjiang Tengxiang”) at a total consideration of RMB72.28 million (equivalent to approximately HKD88.59 million). This acquisition is in line with the Group’s intention for Group Sense to be positioned to conduct magnesium products business and in particular, future development of chain model of circular economy in the magnesium products business. Xinjiang Tengxiang is principally engaged in the production and sale of magnesium ingot and semi-coke, and its production premises (which include administration, research and development and housing facilities) are located at Hami City, Xinjiang Uygur Autonomous Region, the PRC with a total area of approximately 679,121m². Moreover, this acquisition also facilitates the resource integration of the Group and is part of the Group’s efforts to achieve its strategic goal of becoming the leading magnesium enterprise in both the PRC as well as globally.

On 3 August 2016, Long Xiang Enterprises Limited (“Long Xiang”), a direct wholly-owned subsidiary of the Group, entered into an acquisition agreement with Prosperous Rich Holdings Limited and Acronagrotrans Limited to acquire the entire equity interest in Acronagrotrans Ltd. at the cash consideration of US\$1 (equivalent to approximately HKD7.76). This acquisition enabled the Group to acquire an indirect 50.5 per cent. equity interest in Shandong Hongri Acron Chemical Joint Stock Company, Ltd. (“Shandong Hongri”) and its subsidiaries. Shandong Acron is a well-established and leading compound fertiliser producer in the PRC. It has plant and production facilities in Linyi City, Shandong Province, the PRC, with an aggregate annual production capacity of approximately 820,000 tonnes. The acquisition is consistent with the Group’s development strategy, which can bring long-term strategic benefits. For example, amongst other things, the Group will benefit from Shandong Hongri’s product offerings with strong brand names (such as, 艳阳天 (Yanyangtian) and 东方红 (Dongfanghong)) and an established distribution network spanning 29 provinces and autonomous regions in the PRC. The acquisition was completed on 1 April 2017.

3. RECENT KEY DEVELOPMENTS

On 18 April 2017, the Issuer and Group Sense jointly announced that a memorandum of understanding (the “Memorandum of Understanding”) was entered into between the parties on 18 April 2017, in relation to the possible reorganisation involving the acquisition of the Issuer’s indirect interests in Fullocean Group Limited, an indirect non-wholly owned subsidiary of the Issuer, and China Rare Earth Magnesium, a direct non-wholly owned subsidiary of Fullocean Group Limited, by Group Sense.

The Issuer is the 100 per cent. holding company of Capital Idea Investments Limited, which indirectly holds 90.95 per cent. of the shareholding in Baishan City Tianan Magnesium Resources Company Limited as at the Latest Practicable Date. The magnesium production base of the Group, excluding Group Sense (and its subsidiaries), is located in Baishan City, Jilin Province, the PRC and the magnesium product business is operated under Baishan City Tianan Magnesium Resources Company Limited.

Group Sense (and its subsidiaries) is principally engaged in the manufacture and sale of magnesium-related products and electronic products.

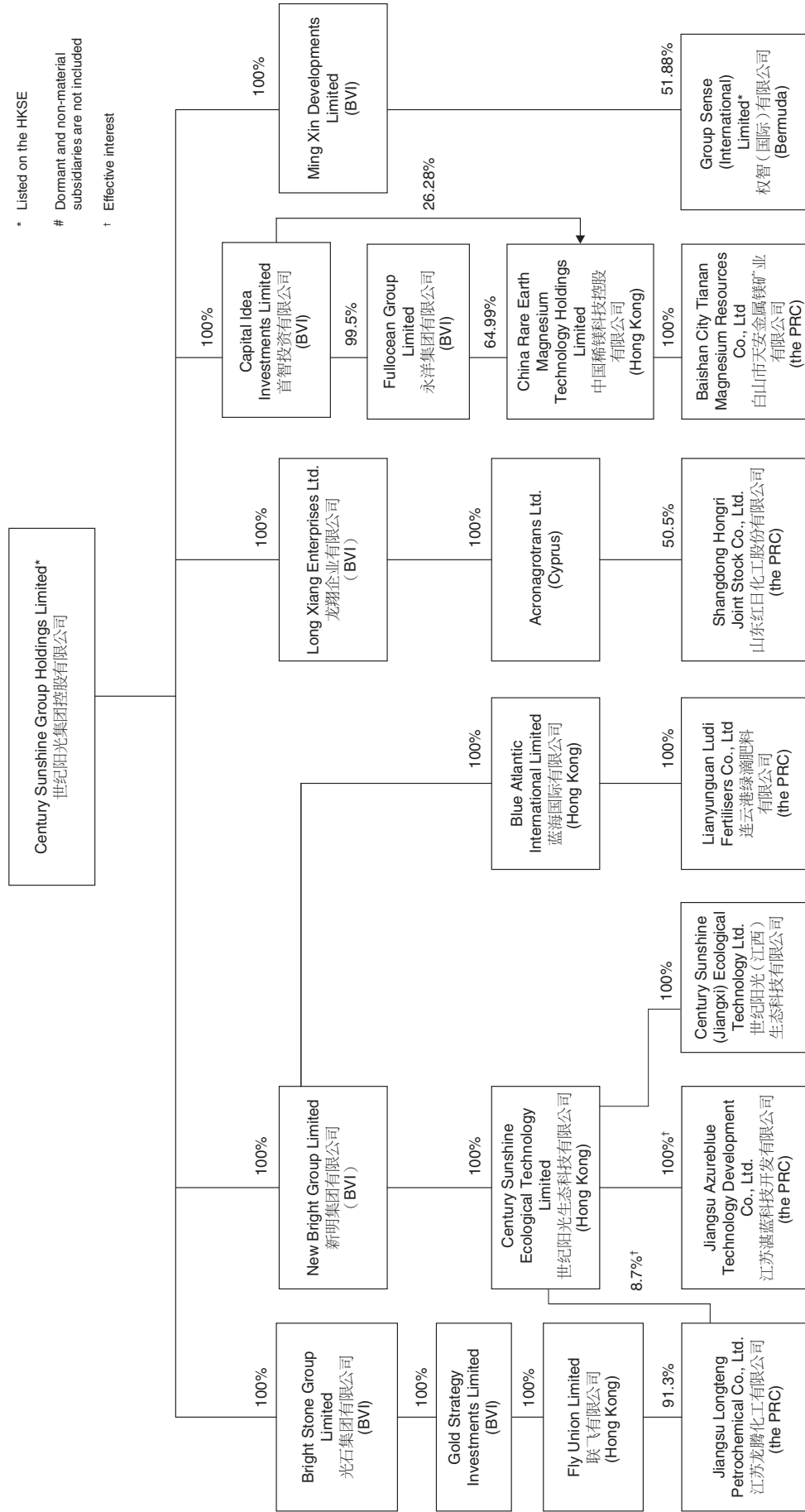
Immediately after completion of the Possible Transaction, the Issuer’s interests in its magnesium product business will be held through Group Sense, thereby facilitating a better delineation of businesses within the Group.

The Memorandum of Understanding does not create any legally binding commitment between the parties to proceed with the Possible Transaction and is subject to the relevant parties entering into definitive agreements. The terms of the Possible Transaction, including but not limited to, the consideration and method of payment, are to be further negotiated. The Issuer and Group Sense have agreed in the Memorandum of Understanding that if and to the extent that the consideration for the Possible Transaction comprises any equity or equity linked securities to be issued by Group Sense, the issue or conversion price per share of Group Sense will not be more than HKD0.40.

There can be no assurance that the Possible Transaction will be consummated. See also “Risk Factors – Risks Relating to the Possible Transaction” for a discussion of the risks relating to the Possible Transaction.

4. CORPORATE STRUCTURE

The chart below sets out the key holding and operating companies of the Group as at the Latest Practicable Date[#]:



* Listed on the HKSE

Dormant and non-material subsidiaries are not included

† Effective interest

5. KEY MILESTONES

The Group's key milestones are listed below:

2000	Youxi Greenland was established and carried out the business of research and development, production and sale of organic fertiliser products.
2003	On 21 January 2003, the Issuer was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
2004	On 17 February 2004, the Issuer's shares were listed on the GEM of the HKSE.
2006	In November 2006, the Issuer received a seven-year loan of RMB120.0 million from IFC.
2007	The Group entered into a joint venture with Lian Yun and acquired a 51.0 per cent. interest in Jiangsu Azureblue, which operates a compound fertiliser facility in Jiangsu province in the PRC.
2008	<p>On 1 August 2008, the Issuer's shares were transferred to and listed on the Main Board of the HKSE.</p> <p>In October 2008, the Group increased its equity interest in Jiangsu Azureblue from 51.0 per cent. to 83.2 per cent.</p> <p>In December 2008, the Group acquired an 80.0 per cent. equity interest in Fullocean through its wholly-owned subsidiary Capital Idea. Through Fullocean, the Group acquired effective shareholding interest in China Rare Earth Magnesium, which in turn wholly owned Baishan City Tianan Magnesium Resources, which was a magnesium producer in Baishan City, Jilin province in the PRC.</p> <p>In the same month on 19 December 2008, the Group's wholly-owned subsidiary, Bright Stone Group Limited ("Bright Stone"), entered into a memorandum of understanding to purchase the entire equity interest in Gold Strategy Investments Limited and its subsidiaries ("Gold Strategy Group"), which included Jiangsu Longteng Petrochemical Co., Ltd ("Jiangsu Longteng"). Jiangsu Longteng carried out the business of processing, exploration and sale of serpentine in the PRC and its principal asset was a natural serpentine mine in Donghai county in Jiangsu province in the PRC; it had acquired the mining rights to the same mine from the Jiangsu Land and Resources Department in September 2007.</p>
2009	<p>In July 2009, the Group through Capital Idea acquired a further 4.5 per cent. shareholding interest in Fullocean.</p> <p>In September 2009, Fullocean acquired a further 7.0 per cent. interest in China Rare Earth Magnesium. The Issuer thus effectively held a 56.6 per cent. interest in China Rare Earth Magnesium.</p> <p>In December 2009, the Group acquired, at a consideration of HKD29.4 million (approximately S\$5.0 million), the exploration rights of a dolomite mine in Jilin province in the PRC for the production of magnesium products; it obtained mining rights in November 2010.</p>

2010	<p>In 2010, the Group’s production base at Magnesium Industrial Park in Baishan was designated as a “Demonstration Base for China Magnesium Production” by the China Mining Association. The Group was the first to receive such an honour in the magnesium industry.</p> <p>In September 2010, the Group acquired, at a consideration of HKD367.0 million (approximately S\$62.9 million), the abovementioned serpentine mine in Jiangsu province for the production of silicon magnesium compound fertilisers. At the time of acquisition, the serpentine mine accounted for a market share of about 28.0 per cent. in the PRC market and was a market leader in serpentine supply in the PRC.</p> <p>Through its wholly owned subsidiary Fly Union Limited, the Group acquired an effective shareholding interest of 91.3 per cent. in Jiangsu Longteng.</p> <p>By 31 December 2010, the Group had completed its acquisition of the Gold Strategy Group.</p>
2011	<p>The Group’s production of magnesium products commenced in July 2011.</p> <p>On 31 October 2011, the Group established Lianyungang Ludi Fertilisers Co., Ltd. (连云港绿滴肥料有限公司) (“Lianyungang Ludi”) and retained a 91.5 per cent. effective interest therein. This entity manufactures and sells organic fertilisers and calcium magnesium fertilisers in the PRC.</p> <p>In October 2011, the Group’s magnesium alloy enterprise was accredited as one of the 40 comprehensive demonstration bases for applications of mining resources by the PRC Ministry of Land and Resources and Ministry of Finance.</p>
2012	<p>In January 2012, Baishan Municipal Committee of the People’s Government of Jilin Municipality honoured the Group as one of the “Top 10 Enterprises in Science and Technology”.</p> <p>In March 2012, the Group began production of its silicon magnesium compound fertilisers.</p> <p>In 2012, to improve utilisation of its facilities and raw materials, the Group shut down its Nanping and Jinxian plants in the Fujian and Jiangxi provinces in the PRC respectively in the same year. It then consolidated its equipment to a production base in Jiangsu province in the PRC. The production base began full production by the second half of 2012. As a result, both the sales volume and gross profit margin for the Group’s organic fertilisers increased by the year ended 31 December 2012.</p>

2013	<p>In January 2013, Capital Idea acquired an additional 24.0 per cent. shareholding interest in China Rare Earth Magnesium. The Issuer's net equity interest in China Rare Earth Magnesium increased by 21.66 per cent. to 78.2 per cent. This meant that the Group's effective shareholding in Baishan City Tianan Magnesium Resources was also 78.2 per cent.</p> <p>In May 2013, the Issuer was listed on the MSCI China Small Cap Index.</p> <p>In July 2013, the Group announced that China Rare Earth Magnesium had entered into a shares subscription agreement with Hong Kong Zhongke Co., Limited ("Zhongke") and John-May Co., Limited ("John-May"); Zhongke and John-May subscribed to 3.0 per cent. of the enlarged capital of China Rare Earth Magnesium. As Zhongke and John-May were established by a reputable research institute in the PRC, Changchun Institute of Applied Chemistry of the Chinese Academy of Sciences ("CIAC"), the transaction introduced CIAC to the Group as a strategic shareholder.</p> <p>On 13 November 2013, the loan extended by the IFC in November 2006 was fully repaid.</p>
2014	<p>In 2014, the Group further increased its interest in Jiangsu Azureblue from 83.2 per cent. to 91.9 per cent. by acquisition of a minority equity stake.</p> <p>On 28 January 2014, the Issuer and IFC entered into a Share Subscription Agreement pursuant to which IFC agreed to subscribe for an aggregate of 155,077,000 fully paid new shares in the Issuer at HKD0.75 each. The subscription was completed on 24 February 2014.</p> <p>In April 2014, the Group acquired a further 8.5 per cent. equity interest in Lianyunguan Ludi, which then became a wholly owned subsidiary of the Group.</p> <p>On 30 May 2014, Baishan City Tianan Magnesium Resources entered into a loan agreement, which was amended and restated on 7 December 2015 with IFC. IFC granted Baishan City Tianan Magnesium Resources a loan for the principal amount in aggregate of US\$27.0 million for seven years.</p> <p>On 17 June 2014, the Issuer entered into a Subscription Agreement with Gem Power International Limited ("Gem Power", a subsidiary of CCB International (Holdings) Limited) pursuant to which Gem Power agreed to subscribe for convertible bonds of the Issuer in aggregate principal amount of HKD115.0 million (approximately S\$19.7 million). The subscription was completed on 27 June 2014.</p> <p>On 20 June 2014, the Issuer entered into a Subscription Agreement with Greenhouse Century Limited ("Greenhouse", a subsidiary of China Everbright Asset Management), pursuant to which Greenhouse agreed to subscribe for convertible bonds of the Issuer in an aggregate principal amount of HKD180.0 million (approximately S\$30.9 million). The subscription was completed on 27 June 2014.</p>

2015	<p>On 6 January 2015, the Group announced that it would be acquiring, through its subsidiary Ming Xin Developments Limited (“Ming Xin”), an aggregate stake of 51.46 per cent. of Group Sense. It also announced that Octal Capital Limited (“Octal Capital”) and Get Nice Securities Limited (“Get Nice Securities”) (being financial services firms) may, on behalf of Ming Xin, make a potential unconditional mandatory cash general offer to acquire all the issued shares of Group Sense.</p> <p>On 3 February 2015, the Group held an extraordinary general meeting to seek shareholders’ approval of the sale and purchase agreement and the subscription of a total of 239,532,000 new shares in Group Sense. The relevant resolutions were passed and announced on 23 February 2015.</p> <p>On 13 February 2015, the Group’s subsidiary Century Sunshine Ecological injected further capital of RMB63.6 million into Jiangsu Azureblue, and the Group’s effective shareholding in Jiangsu Azureblue was increased to 95.05 per cent.</p> <p>On 26 February 2015, the Group announced that the sale and purchase and subscription transactions in respect of Group Sense’s shares were completed. Octal Capital and Get Nice Securities proceeded to make the mandatory cash general offer for a further 616,753,911 shares in Group Sense on 5 March 2015.</p> <p>On 26 March 2015, the Group announced the closure of the mandatory cash general offer by Octal Capital and Get Nice Securities and that valid acceptances for a total of 6,066,727 shares had been received, representing approximately 0.42 per cent. of the entire issued share capital of Group Sense as at the date of the announcement. This meant that, taking into account these valid acceptances, the Group would be interested in an aggregate of 745,598,727 shares in Group Sense, representing approximately 51.88 per cent. of the entire issued share capital of Group Sense as at the date of the announcement.</p> <p>In June 2015, the Issuer issued 1,453,119,268 new shares to raise HKD581.25 million before expenses.</p> <p>On 4 June 2015 and 3 August 2015, the Issuer issued S\$75 million and S\$50 million in aggregate principal amount of 7.20 per cent. notes due 2018 comprised in Series 001 under the Programme.</p> <p>On 24 June 2015, Blue Atlantic International Limited (a subsidiary of the Group) acquired the land use rights of a land parcel with a site area of approximately 800 mu located at Chemical Industrial Park, Matou Town, Ruichang City, to be used for the establishment of fertiliser production facilities with a capacity of 1,400,000 tonnes,</p> <p>On 12 August 2015, Hong Kong New Materials (an indirect wholly-owned subsidiary of Group Sense) entered into a Share Transfer Agreement with Gansu Tengda West Iron Resources Holding Group Co., Ltd. and Wang Jian Min pursuant to which Hong Kong New Materials conditionally agreed to acquire the entire equity interest of Xinjiang Tengxiang at a total consideration of RMB72.28 million (equivalent to approximately HKD88.59 million).</p>
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	In August 2015, Group Sense raised approximately HKD287.44 million before expenses by issuing 1,437,195,029 shares. Group Sense applied approximately 70 per cent. of the net proceeds as funding for the expansion and business development of Xinjiang Tengxiang.
2016	<p>On 26 April 2016, the Issuer, Wan Tai Investments Limited (an indirectly wholly-owned subsidiary of CCB International (Holding) Limited) and Mr. Chi Wen Fu (the Chairman and Executive Director of the Issuer) entered into a subscription agreement for the issuance of fixed rate exchangeable bonds in the principal amount of HKD232,000,000. The relevant exchangeable bonds were issued on 4 May 2016.</p> <p>On 3 August 2016, Long Xiang (a direct wholly-owned subsidiary of the Group) entered into an acquisition agreement with Prosperous Rich Holdings Limited pursuant to which Long Xiang conditionally agreed to buy the entire equity interest in Acronagrotrans Ltd. at the cash consideration of US\$1 (equivalent to approximately HKD7.76). Acronagrotrans Ltd. holds 50.5% of the issued shares of Shandong Hongri. The Group's acquisition of Shandong Hongri was completed on 1 April 2017.</p>

6. BUSINESS ACTIVITIES

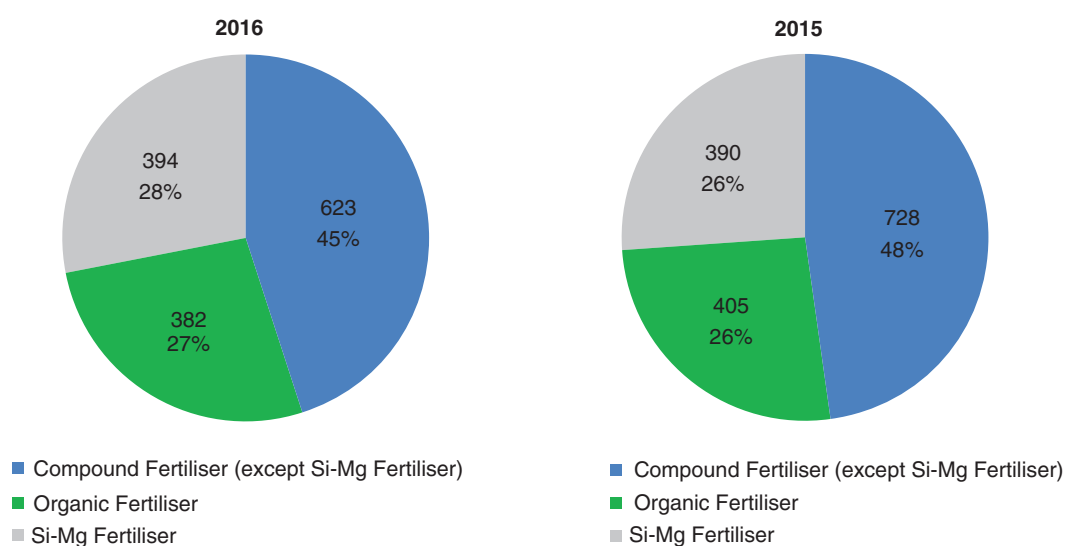
The Group's principal lines of business are its fertilisers business and magnesium products business. The Group also produces and sells metallurgical flux. The Group's businesses are vertically-integrated, in that the Group controls its sources of raw materials, the production processes and thereafter sells its products through distributors or to its customers directly.

The Group's total revenue amounted to HKD2,072,519,000 (approximately S\$372,086,000), HKD2,515,602,000 (approximately S\$451,634,000) and HKD2,589,221,000 (approximately S\$464,851,000) for the financial year ended 31 December 2014 ("FY2014"), the financial year ended 31 December 2015 ("FY2015") and the financial year ended 31 December 2016 ("FY2016") respectively. This represented a year-on-year increase of 21.4 per cent. in FY2015 as compared to FY2014 and 2.9 per cent. in FY2016 as compared to FY2015.

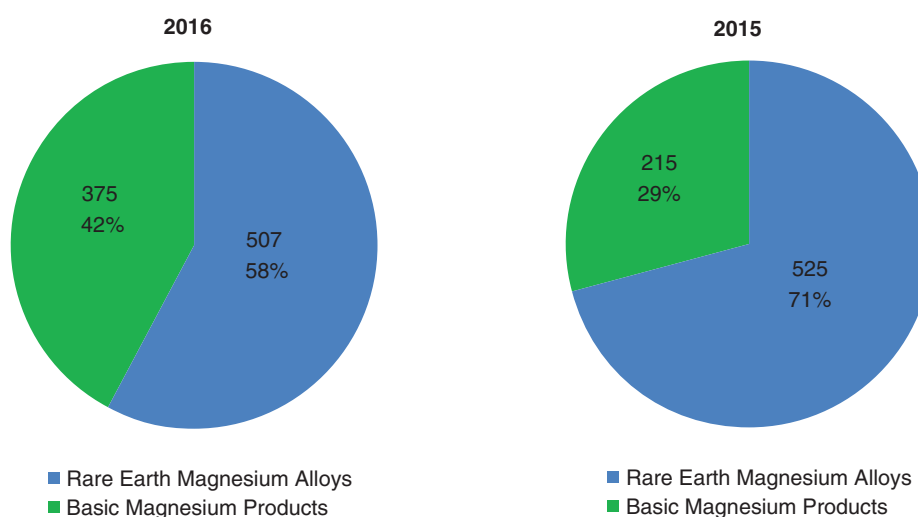
The following diagram sets out the breakdown of revenue contributed by each of the Group's businesses in FY2016 and FY2015:

Revenue Contributed by Group's Businesses in FY2016 and FY2015 (in HKD million)

Sales revenue breakdown by fertiliser products

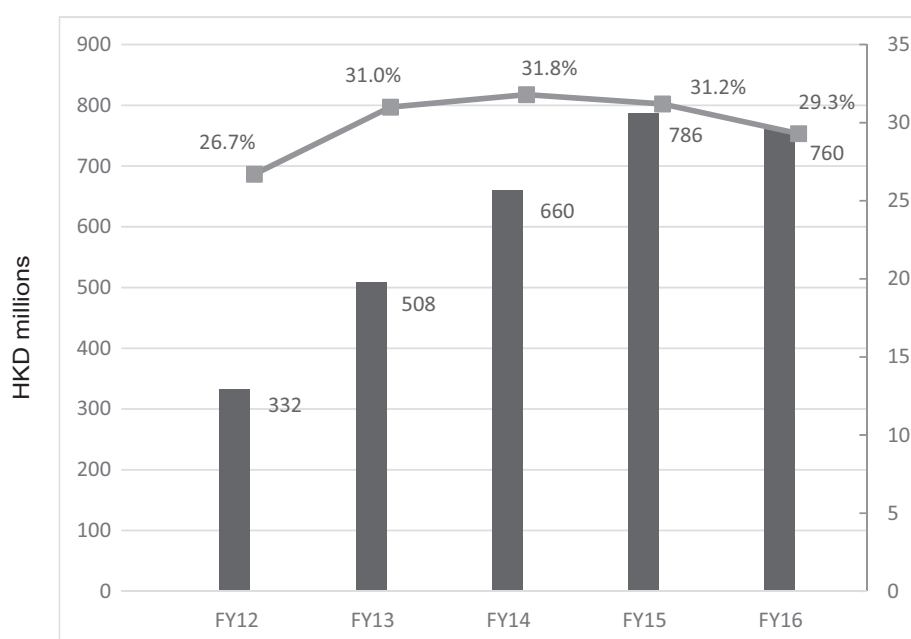


Sales revenue breakdown by magnesium products



The Group attained gross profit of HKD659,944,000 (approximately S\$118,482,000), HKD786,035,000 (approximately S\$141,119,000) and HKD759,861,000 (approximately S\$136,420,000) for FY2014, FY2015 and FY2016 respectively. This represented a growth of about 19.1 per cent in FY2015 as compared to FY2014 and a decrease of 3.3 per cent. in FY2016 as compared to FY2015. The increase between FY2014 and FY2015 was mainly due to increase in sales volumes for the Group's flagship products.

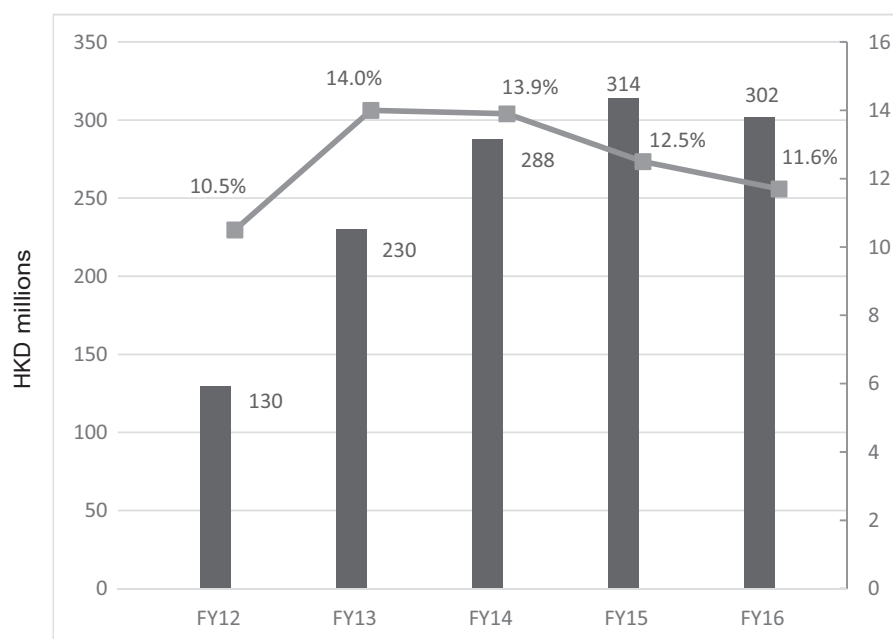
The following diagram tracks the Group's gross profit and gross profit margin from the financial year ended 31 December 2012 ("FY2012") to FY2016:



The Group's profit for the year amounted to HKD339,641,000 (approximately S\$60,977,000), HKD363,069,000 (approximately S\$65,183,000) and HKD313,052,000 (approximately S\$56,203,000) for FY2014, FY2015 and FY2016 respectively. This represented an increase of 6.9 per cent. in FY2015 as compared to FY2014 and a decrease of 13.8 per cent. in FY2016 as compared to FY2015.

The profit for the year attributable to the owners of the company in turn amounted to HKD287,910,000 (approximately S\$51,689,000), HKD314,479,000 (approximately S\$56,549,000) and HKD302,334,000 (approximately S\$54,279,000) for FY2014, FY2015 and FY2016 respectively. This represented a year-on-year increase of 9.2 per cent. in FY2015 as compared to FY2014 and a decrease of 3.9 per cent. in FY2016 as compared to FY2015.

The following diagram tracks the Group's profit for the year attributable to the owners of the company and the profit margin from FY2012 to FY2016:



(a) Fertilisers Business

The Group's fertilisers business covers two product categories, being compound fertilisers and organic fertilisers. These in turn cater to the mass agricultural and organic markets respectively. The Group's fertiliser brands, such as, "Lu Di", "Feng Shou", "Le He He", "Zhan Lan", "Yanyangtian" and "Dongfanghong" are well-received and recognised in 29 provinces across the PRC. These fertilisers are specialty products with specific formulas addressing different soil conditions and nutrient requirements of crops.

The table below sets out certain information relating to the Group's fertilisers business for the periods indicated.

	<u>FY2014</u>	<u>%</u>	<u>FY2015</u>	<u>%</u>	<u>FY2016</u>	<u>%</u>
Revenue (HKD in millions, except for percentages):						
Compound fertilisers (excluding Si-Mg fertilisers)	637	49.9	728	47.8	623	44.5
Si-Mg fertilisers	293	23.0	391	25.7	395	28.2
Organic fertilisers	345	27	405	26.6	382	27.3
Others	2	0.2	1	0	–	–
Total fertilisers revenue.	1,277	100	1,523	100	1,399	100

	<u>FY2014</u>	<u>%</u>	<u>FY2015</u>	<u>%</u>	<u>FY2016</u>	<u>%</u>
Fertilisers business revenue as a percentage of total revenue	N/A	61.6	N/A	60.6	N/A	54.0
Gross Profit Margin:						
Compound fertilisers (excluding Si-Mg fertilisers)	N/A	18.4	N/A	18.7	N/A	17.6
Si-Mg fertilisers	N/A	33.5	N/A	34.9	N/A	35.9
Organic fertilisers	N/A	37.7	N/A	37.8	N/A	38.3
Fertilisers business	N/A	27.1	N/A	27.9	N/A	28.4

Fertilisers and Opportunities for Growth

Given that the PRC is the world’s most populous country, the long term growth potential of the fertiliser market, which supports the agriculture industry in the PRC, remains optimistic. General market expectation is that demand for fertilisers in the PRC will grow as a result of increasing demand for food, decreasing arable land and lower crop yields.

The Group’s fertiliser business benefits from favourable national policies of the PRC, such as, the “National Agricultural Modernisation Plan (2016-2020), the “Outline of the Development Plan of Food Industry under 13th Five Year Plan”, and the “National Rural Economic Development Plan under the 13th Five Year Plan”, which promote agricultural development. For example, during the first year of the 13th Five Year Plan, the PRC government announced several plans in relation to the mid-to long-term development of the agricultural industry. The principal strategies underlying these policies include ecology preservation and fertiliser utilisation enhancement, which promotes the overall development of the agricultural industry.

In February 2015, the Ministry of Agriculture issued a “Zero Fertiliser Growth by 2020 Resolution”, proposing a fertiliser efficiency rate of 40 per cent. or more by 2020, and strives to reduce the use of chemical fertilisers. This policy sets out to increase the usage of ecological fertilisers while at the same time reduce the usage of chemical or single nutrient fertilisers, which reinforces the Group’s strategy to further develop its ecological compound fertilisers. It also aims to boost the restructuring, transformation and upgrading of fertiliser industry. In July 2015, the Ministry of Industry and Information Technology also issued “Guidance on the Transformational Development of the Fertiliser Industry” to promote development of new fertilisers, with the aim of increasing the use of new fertilisers in the PRC to 30 per cent. as compared to the then current rate of 10 per cent.

The development of the fertiliser industry is also accelerated by the favourable financial policies by the PRC government. In February 2017, the Ministry of Agriculture issued “Fruit, Vegetable and Tea-based Organic Fertilisers Replacing Chemical Fertilisers Programme”, which provides subsidies of RMB1 billion to 100 counties within the PRC to replace chemical fertilisers with organic fertilisers, primarily in the production of fruit, vegetables and tea. The above policies pave the way in transforming the fertiliser industry in the PRC. With continual modernisation supported by the PRC government, the use of environmental-friendly ecological fertilisers is expected to become the dominant within the industry.

Compound Fertilisers

Chemical fertilisers are chemically manufactured from various materials such as nitrogen, phosphorus, potassium, and other compounds such as calcium, magnesium and sulphur. Where these chemical fertilisers contain more than one nutrient, they are known as

compound fertilisers. Despite the abovementioned environmental concerns, these fertilisers still have a strong role to play in the PRC market given that they specifically target deficiencies in Chinese soil and promote faster growth rates in crops. Compared to organic fertilisers, these fertilisers are also used primarily in cereal crops such as wheat, rice, grain and corn to promote faster and more aggressive growth, whereas organic fertilisers are used mainly in cash crops such as green food, vegetables and teas and in orchards.

The Group produces nitrogen-phosphorus-potassium (“NPK”) compound fertilisers and silicon magnesium compound fertilisers.

The features of the sulphur-based NPK compound fertilisers are that they:

- are in granule form;
- contain nitrogen which aids in foliage growth and promotes seed and fruit production;
- contain phosphorous which aids in the development of roots and flowers;
- contain potassium which is key to the overall health of crops by aiding the building of protein and photosynthesis and production resistance to disease;
- contain sulphur which contributes to increased crop yields by providing direct nutritive value, while providing indirect nutritive value as soil amendments and improving the use efficiency of nitrogen and phosphorus; and
- promote greater uniform distribution of the above essential plant nutrients.

Since March 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche product. The Group focused on producing this niche product because, according to estimations by the Chinese Academy of Agricultural Sciences, more than 50.0 per cent. and 19.0 per cent. of the PRC’s rice paddy fields lack silicon and magnesium respectively. The features of silicon magnesium compound fertilisers are that they:

- contain silicon, which can improve crops’ drought tolerance, strength and disease resistance, and is an important nutrient for high silicon-accumulating crops such as rice, sugarcane, barley and maize; and
- contain magnesium, which promotes photosynthesis and is also used by plants in the metabolism of carbohydrates, cell membrane stabilisation and the regulated uptake of other nutrients.

Organic Fertilisers

Organic fertilisers are fertilisers that are ecologically friendly for use in the environment. The Group produces organic fertilisers using the pile fermentation method on industrial wastes from cattle farms.

While these organic fertilisers contain fewer nutrients compared to other fertilisers, they appeal to environmentally conscious end users and consumers, have low risk of over-fertilisation and also improve soils by aeration and absorption of water.

In particular, the long-term use of chemical fertilisers in the PRC has led to calls by the PRC central government for “scientific fertilisation” (for instance, through the use of fertilisers with formulas targeting deficiencies in particular types of soil), in the face of environmental problems and concerns such as soil acidification, deteriorating soil conditions and the possibility of water contamination.

There has also been increased demand for organic or green food which will continue to boost organic fertiliser consumption.

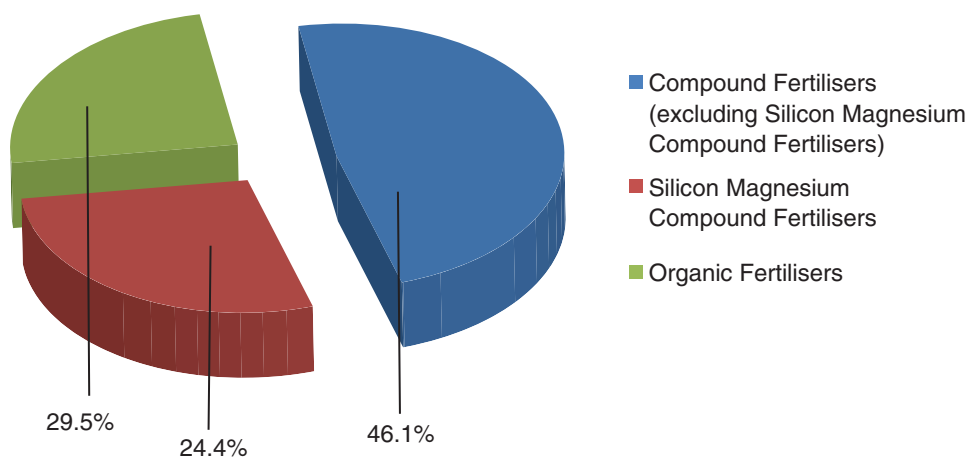
Production and Sales Results for Fertilisers

The Group is targeting for an increase in production capacity of 196 per cent. from FY2015 to FY2017. Annual capacity in FY2015 was recorded as 750,000 tonnes with actual sales volume at 661,748 tonnes. Thereafter, the Group’s annual capacity increased to 850,000 tonnes in FY2016, with an actual sales volume of 692,197 tonnes, with the technical upgrade of the Group’s production plant in Jiangsu which increased its capacity by 100,000 tonnes. With the acquisition of Shandong Hongri as well as the completion of the first phase of the new fertiliser production line at Ruichang City, Jiangxi Province, the Group expects that the annual capacity of its production facilities for its fertilisers business to reach 2,220,000 tonnes by the end of FY2017. In the longer term, the Group aims to raise annual capacity to 2,550,000 tonnes and 3,250,000 tonnes by the end of FY2018 and FY2019 respectively.

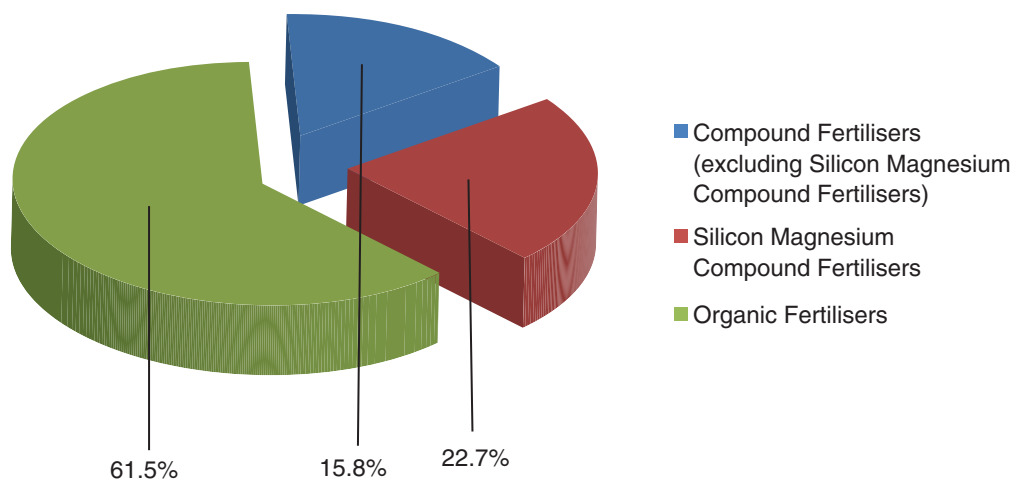
More details on the Group’s production facilities and utilisation rates for its fertilisers business are set out in the section “Production Facilities and Utilisation – Fertilisers Business”.

The following diagrams set out the split in production between compound fertilisers (other than silicon magnesium compound fertilisers), silicon magnesium compound fertilisers and organic fertilisers in FY2016, and the targeted split in production in FY2017:

Actual Production in FY2016



Targeted Production in FY2017



The table below shows the sales volumes and average realised selling prices of the Group's fertiliser products for the periods indicated.

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Sales Volumes (tonnes):			
Compound fertilisers (excluding Si-Mg fertilisers)	244,729	305,708	321,551
Si-Mg fertilisers	136,483	155,622	167,651
Organic fertilisers	163,144	200,418	202,995
Total	<u>544,356</u>	<u>661,748</u>	<u>692,197</u>
Average Realised Selling Prices (HKD per tonne):			
Compound fertilisers (excluding Si-Mg fertilisers)	2,601	2,380	1,937
Si-Mg fertilisers	2,153	2,508	2,353
Organic fertilisers	2,115	2,018	1,880
Average Selling Price (HKD per tonne): . .	2,343	2,301	2,021
Average Realised Selling Prices (RMB per tonne):			
Compound fertilisers (excluding Si-Mg fertilisers)	2,062	1,915	1,657
Si-Mg fertilisers	1,707	2,017	2,013
Organic fertilisers	1,677	1,624	1,609
Average Selling Price (RMB per tonne): . .	1,858	1,851	1,729

The Group's Key Assets in the Fertilisers Business

The Group's Serpentine Mine in Donghai County in Jiangsu Province

The Group's production of its silicon magnesium compound fertilisers benefits from the Group's acquisition of a serpentine mine situated in Donghai County in Jiangsu province in the PRC.

This mine has serpentine reserves of 55.0 million tonnes as of September 2010, when the Group acquired the rights to the serpentine mine, based on a reserve report from the Joint Ore Reserves Committee, which is a body that develops the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, or the JORC Code. The Group continues to monitor the serpentine extracted for its businesses. For FY2016, the Group completed a serpentine output of 488,644 tonnes (compared to an output of 574,303 tonnes in FY2015 and 539,823 tonnes in FY2014). During this period, the Group did not carry out exploration activities but engaged in mining production activities and certain development activities, including the construction of roads, drainage systems, and the installation of equipment, for the mine. There was no material change in the ore reserve of the mine between FY2014 and FY2016.

The Group's subsidiary, Jiangsu Longteng, first acquired the mining rights to the serpentine mine from the Jiangsu Land and Resources Department in September 2007. The mining rights are to expire in October 2020. The license is presently renewable on the basis that there remain reserves at the time of its expiry.

Serpentine is a source of magnesium, and is thus critical to the Group's production of its silicon magnesium compound fertilisers. It is also used in the Group's metallurgical flux business.

The Group's Land in Ruichang City in Jiangxi Province for a New Fertiliser Production Line

In July 2015, the Group acquired land covering an area of 800 mu within an industrial park in Ruichang City, Jiangxi Province, on which the Group intends to build a new fertiliser production line. The new fertiliser production line is expected to have an annual capacity of 1.4 million tonnes to expand its silicon magnesium compound fertilisers business, and will also have a self-owned cargo-handling terminal, along with other auxiliary facilities. The first phase of the new fertiliser production line with an annual capacity of 550,000 tonnes is scheduled for completion in late 2017, and the second phase with an annual capacity of 850,000 tonnes is scheduled to be completed in 2019.

Other Assets and Advantages

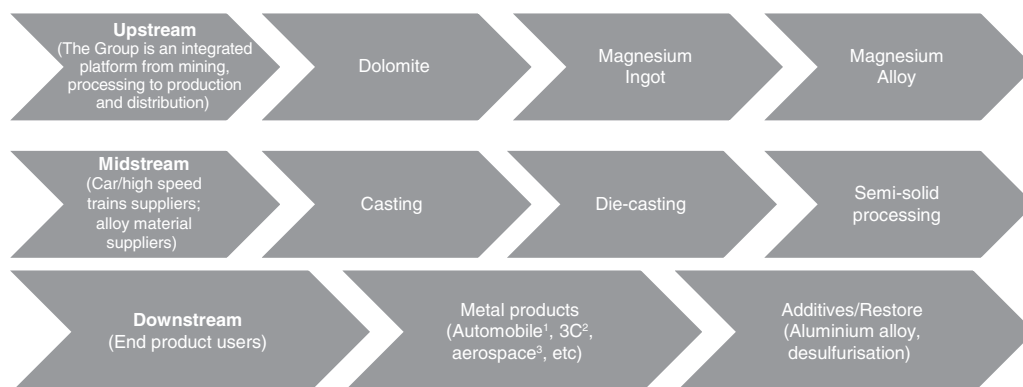
The Group holds 8 patented technologies in its production of its fertilisers, and has registered 5 trademarks for its fertilisers business. The details of the trademarks are set out in the section titled "Intellectual Property".

The Group also invests heavily in research and development. Details of its research and development efforts in respect of its fertilisers business are set out at the section titled "Research and Development".

(a) Magnesium Products Business

The Group's magnesium products business includes mining, research and development, processing, production and distribution and sales of basic magnesium products and rare earth magnesium alloys, such that it has business activities in the upstream of the value chain of the magnesium business industry, as illustrated in the diagram below:

The Value Chain of the Magnesium Business Industry



Notes:

- (1) Magnesium products produced for the automobile industry include gearboxes, steering columns, the housing for drivers' air bags, steering wheels, seat frames and fuel tank covers.
- (2) Magnesium products produced for the computers, consumer electronics and communications ("3C") industry include cameras, cell phones, laptops, portable media device housings and arms of hard drives.
- (3) Magnesium products are used in the aerospace industry in thrust reversers, engines, aircraft and helicopter transmission casings and intercontinental ballistic missiles.

Source: ITIS, International Magnesium Association

The Group is one of the few integrated enterprises in the PRC's magnesium industry.

The table below sets out certain information relating to the Group's magnesium products business for the periods indicated.

	FY2014	%	FY2015	%	FY2016	%
Revenue (HKD in millions, except for percentages):						
Rare earth magnesium alloys . . .	451	64.7	525	69.1	507	55.7
Basic magnesium products	217	31.2	215	28.3	375	41.2
Others	29	4.1	20	2.6	28	3.1
Total magnesium products revenue	697	100	760	100	910	100
Magnesium products revenue as a percentage of total revenue . . .	N/A	33.6	N/A	30.2	N/A	35.2
Gross Profit Margin:						
Rare earth magnesium alloys . . .	N/A	39.6	N/A	41.8	N/A	41.7
Basic magnesium products	N/A	16.6	N/A	15.8	N/A	11.8
Magnesium products business . . .	N/A	32.1	N/A	34.2	N/A	29.0

Uses of Magnesium Products and Opportunities for Growth

The Group's two main business products are basic magnesium products and rare earth magnesium alloys.

Basic magnesium products include general magnesium alloys and magnesium ingots.

Magnesium alloys are mixtures of magnesium with other metals, which can include aluminium, zinc, manganese, silicon, copper and zirconium.

Magnesium alloys are the lightest structural metal to be developed, being a third lighter than aluminium and only a quarter of the weight of steel. Their other properties include:

- high vibration and impact resistance;
- anti-radiation properties;
- resistance to creep;
- recyclable;
- high strength to weight ratios;
- high thermal stability, which means that, even when exposed to high temperatures in production processes, magnesium alloys remain stable materials;
- excellent machinability, which means that, as a material, magnesium alloys require little power to cut, can be cut quickly and can easily obtain a good finish;
- relative low cost on a per piece basis; and
- high resistance to corrosion.

These properties cause magnesium alloys to be in demand by industries such as the automotive, 3C, aerospace, aviation, defense, biomedical, chemical and packaging industries, as elaborated upon in the following paragraphs. As an illustration of major users of magnesium globally, these include companies in the aerospace industry such as Airbus, Bombardier, Embraer, the European Aeronautic Defence and Space Company N.V., Korean Aerospace Industries, Boeing, Dassault Aviation, SpaceX and Lockheed Martin, companies in the automotive industry such as Audi, General Motors, BMW, PSA Peugeot Citroën, Daimler, Mercedes-Benz, Benteler, Porsche and Valeo, and companies in the packaging industry such as Rexam, Ardagh Group, Crown, Can-Pack S.A., Amcor and Ball.¹

Magnesium alloys are commonly utilised in engineering design particularly due to their light weight, which results in improved fuel efficiency, and aids in reducing carbon dioxide emissions. This has led to their being an attractive replacement to aluminium alloys in the aerospace, automobile and train industries.

In light of the above, magnesium products enjoy a promising global market:

- The European Union has mandated that the average carbon dioxide emission rate of new cars be reduced from 130.0 grams per kilometre in 2015² to 95.0 grams of carbon dioxide per kilometre in 2021. The usage of car parts and components made out of magnesium alloy can help achieve this goal, given that is a 6.0 to 8.0 per cent. improvement in fuel economy for every 330 pounds reduction in weight of a car.

1 Source: Constellium

2 Source: Magnesium Investing News

- By 2020, global vehicle consumption is expected to reach 107.0 million.¹ The United States Automotive Materials Partnership (“USAMP”) has stated the 2020 strategic goal to substitute 340 pounds of magnesium components for 630 pounds of current ferrous and aluminium parts, bring the total average vehicle magnesium content to 350 pounds. The current usage is 10 to 12 pounds for an average United States automaker. According to the USAMP’s strategic goal, magnesium demand is expected to reach 17.0 million tonnes.²

In the PRC where the Group operates, due to the eco-friendly nature of magnesium alloys, the demand for magnesium alloys is also fuelled by the promotion of energy savings and emission reduction measures and the promulgation of policies supporting the development of related industries:

- According to projections in the PRC government’s “Thirteenth Five-Year Plan of the Nonferrous Metals Industry”, the industry targets for magnesium output is expected to reach 1,500,000 tonnes by 2020, growing at a compound annual growth rate of 7.1 per cent., ranking the first in annual growth rate among nonferrous metals.³
- “Development for Energy Saving and New Energy for Auto Sector (2012-2020)” indicates average fuel consumption of cars to be reduced from 6.9 litres per 100 kilometres to 5.0 litres per 100 kilometres by 2020. This will be aligned with the international level of weight reduction of between 16.5 to 22.0 per cent.⁴

Rare earth magnesium alloys are mixtures of certain rare earth metals such as cerium, lanthanum and ytterbium to magnesium. Rare earth metals are a group of 17 elements with close chemical characteristics, but with significant differences between them when added to magnesium. Such rare earth magnesium alloys result in an even higher strength material with a lower density than general magnesium alloys.

Rare earth magnesium alloys are thus important structural materials and are employed particularly where low weight of construction is critical such as in the construction of aircraft and space apparatus.

While the Group produces both basic magnesium products and rare earth magnesium products, it has begun focusing on the development of the latter, principally because the latter, relative to the former, are categorised as high-end products with higher technological barriers to entry; rare earth magnesium products face less competition than traditional magnesium ingots and yield a higher profit margin. The Group has invested in research and development in order to compete in the magnesium products business, and owns, has registered or is registering 12 patents in respect of its magnesium products business.

Additionally, technological advances have resulted in the constant creation of new materials and products. As one of the PRC’s seven emerging industries with strategic importance and one of 10 prioritised industries set out in an initiative to comprehensively upgrade Chinese industry (called “Made in China 2025”), new

1 Source: Wardsauto

2 Source: USAMP

3 Source: PRC Government’s Thirteenth Five-Year Plan

4 Source: The PRC government’s “Twelfth Five-Year Plan of the New Material Industry”, Qianzhan Research Institute (en.qianzhan.com), National Magnesium Industry Conference 2014

materials serve as the foundation for the entire manufacturing transformation and upgrading process. To this end, being a top-rated new material, magnesium alloys have huge development potential.

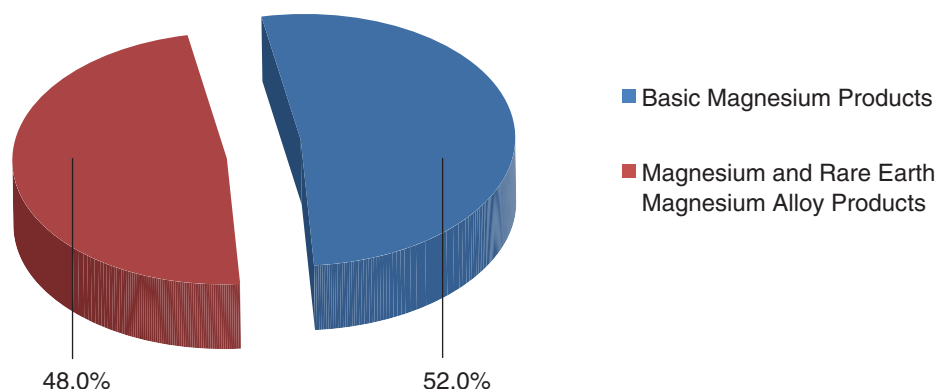
Production and Sales Results for Magnesium Products

The Group is targeting for an increase in production capacity of 280 per cent. from FY2015 to the financial year ended 31 December 2017 (“FY2017”). The Group’s actual sales volume of magnesium products was 36,201 tonnes in FY2016 with an annual capacity of 40,000 tonnes. With the completion of the Group’s phase 2 expansion plan, it expects that the annual capacity of its production facilities for its magnesium products to be 95,000 tonnes by FY2017. In the longer term, the Group aims to raise annual capacity to 115,000 tonnes and 120,000 tonnes by the end of FY2018 and FY2019 respectively.

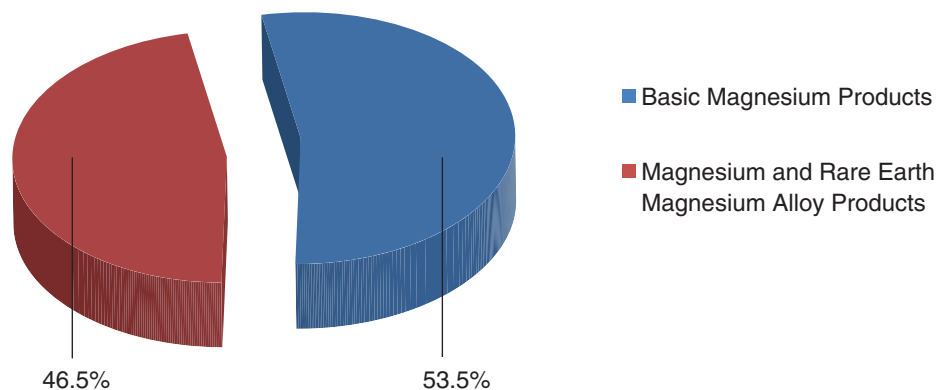
More details on the Group’s production facilities and utilisation rates for its magnesium products business are set out in the section “Production Facilities and Utilisation – Magnesium Products Business”.

The following diagrams set out the split in production between basic magnesium products and magnesium and rare earth magnesium alloy products in FY2016, and the targeted split in production in FY2017:

Actual Production in FY2016



Targeted Production in FY2017



The table below shows the sales volumes and average realised selling prices of the Group's magnesium products for the periods indicated.

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Sales Volumes (tonnes):			
Rare earth magnesium alloys	11,442	12,407	13,171
Basic magnesium products	11,341	11,623	23,030
Total	<u>22,783</u>	<u>24,030</u>	<u>36,201</u>
Average Realised Selling Prices (HKD per tonne):			
Rare earth magnesium alloys	39,411	42,320	38,559
Basic magnesium products	19,143	18,516	16,284
Average Selling Price (HKD per tonne):	29,323	30,806	24,389
Average Realised Selling Prices (RMB per tonne):			
Rare earth magnesium alloys	31,249	34,041	32,988
Basic magnesium products	15,179	14,894	13,939
Average Selling Price (RMB per tonne):	23,250	24,780	20,870

Major end users of the Group's magnesium products include clients in the automobile, consumer electronics, military, aviation, medical and other industries.

The Group's Key Assets in the Magnesium Products Business

Mining and Exploration Rights to Dolomite Mine in Baishan City, Jilin Province

In December 2009, the Group acquired the exploration rights to a dolomite mine in Baishan City, Jilin province in the PRC. It later acquired the mining rights to the mine in November 2010.

Dolomite is an anhydrous carbonate mineral composed of calcium magnesium carbonate, and is used in the production of magnesium. The Group's access to this mine enables it to secure high quality raw materials for its magnesium products.

The Issuer expects the mine's reserves to support the Group's production activities for a further 30 years; this takes into account that in order to produce one tonne of magnesium, the Group requires 10.5 to 11 tonnes of dolomite. The Group's mining license is for a valid period of nearly 13 more years and is set to expire in November 2030. The license is presently renewable on the basis that there remain reserves at the time of its expiry.

The dolomite mine has a dolomite reserve of 23.0 million tonnes as of November 2010, when the Group acquired the mining rights to the mine, based on a reserve report from China Ore Resources Committee (中国资源储量分类), a PRC government body. The Group is currently using 120 acres of land (phase 1) and produces one million tonnes of ore per annum. It is one of the few open pit dolomite mines in the PRC. The Group continues to monitor the dolomite extracted for its magnesium products business. For FY2016, the Group completed a dolomite output of 448,449 tonnes, compared to 380,227 tonnes in FY2015 and 414,722 tonnes in FY2014. During this period, the

Group did not carry out exploration activities but engaged only in development and mining production activities for the mine. There was no material change in the ore reserve of the dolomite mine between FY2014 and FY2016.

Magnesium Plant within Close Proximity of Dolomite Mine

The Group's dolomite mine also has the benefit of proximity to its magnesium production premises. Thus, the Group's cost of operation is lowered by operating an integrated platform that carries out smelting, ingot manufacturing, alloy processing and distribution of the magnesium alloys, from its Baishan City Tianan Resources magnesium plant in the China Magnesium Industrial Park in the Hunjiang District of Baishan City, Jilin province. The Group has maintained an interest in Baishan City Tianan Resources since December 2008. As at the Latest Practicable Date, the Group had increased its effective shareholding in Baishan City Tianan Resources to 90.95 per cent.

Magnesium Product Manufacturing Facility in Xinjiang Province

In August 2015, the Group (via Group Sense) acquired a magnesium product manufacturer located in Xinjiang Province, with an approved scale of annual production capacity of 1.2 million tonnes of semi-coke, 100,000 tonnes of magnesium alloy and 100,000 tonnes of ferroalloy, as approved by the PRC's supervisory authorities. Two established production lines consist of annual production capacity of 15,000 tonnes magnesium ingot and 600,000 tonnes semi-coke respectively.

Please see the sections titled "Production Processes involved in the Group's Magnesium Products Business" and "Production Facilities and Utilisation – Magnesium Products Business" below.

Other Assets and Advantages

As at the Latest Practicable Date, the Group owns 12 patented technologies in its magnesium production. Details on the Group's intellectual property rights are set out at the section titled "Intellectual Property".

The Group also invests heavily in research and development. Details of its research and development efforts in respect of its magnesium products business are set out at the section titled "Research and Development".

(b) Metallurgical Flux Business

The Group has a secondary metallurgical flux business. As abovementioned, this business is supported by the Group's abundant supply of serpentine which is an indispensable source of auxiliary material for iron and steel smelting.

Serpentine can act as flux, which are used in the smelting process in order to purge metal of chemical impurities such as phosphorus by forming a liquid slag, which allows metal to be easily separated from the impurities.

The Group's metallurgical flux business is a secure and stable source of income. Revenue from this business amounted to HKD98,333,000 (approximately S\$17,654,000), HKD72,913,000 (approximately S\$13,090,000) and HKD47,494,000 (approximately S\$8,527,000), representing 4.7 per cent., 2.9 per cent. and 1.8 per cent.

of the Group's total revenue, in FY2014, FY2015 and FY2016 respectively. This also represented a year-on-year decrease of 25.9 per cent. in FY2015 as compared to FY2014 and 34.9 per cent. in FY2015 as compared to FY2016.

(c) The Group's Equity Investments

As a residual investment from its financial services business activities and through its subsidiaries Forth Well Investments Limited and Feijun Investments Limited, the Group holds 14,744,000 shares in the Australia-listed TTG Fintech Limited ("TTG Fintech"). TTG Fintech is the developer of the world's first open platform for financial network, which connects the closed financial network to the Internet. It provides various industries with cross-domain financial electronic authentication (or FEA) solutions, handles the identification and authentication of users, transfers information across different networks and clears and settles funds for different parties involved in the trade process.

In the field of financial electronic authentication (or FEA) solutions, TTG Fintech owns the intellectual property rights of many leading global inventions and offers its partners (such as, China UMS, China UnionPay, ICBC, CGB, SPDB, PSBC, Alipay, Tencent, Sina, Careland, China Unicom, China Telecom, China Mobile and Tourism Administration of Guangdong Province) with R&D for their respective commercial operations.

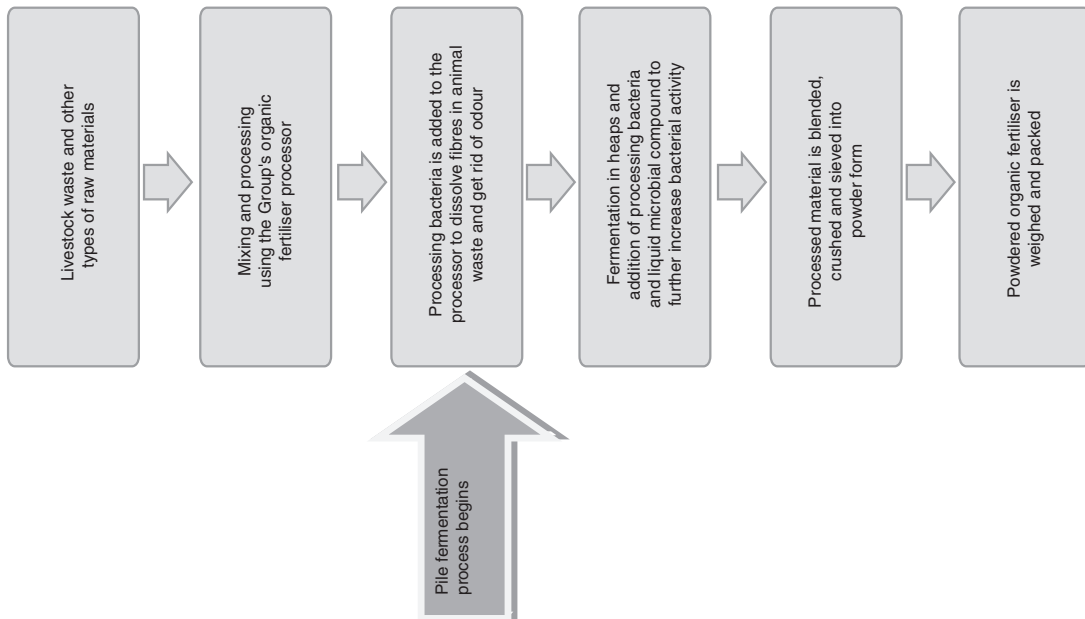
As at 31 December 2016, the fair value of the equity investments was approximately HKD5.6 million.

7. PRODUCTION PROCESSES INVOLVED IN THE GROUP'S FERTILISERS BUSINESS

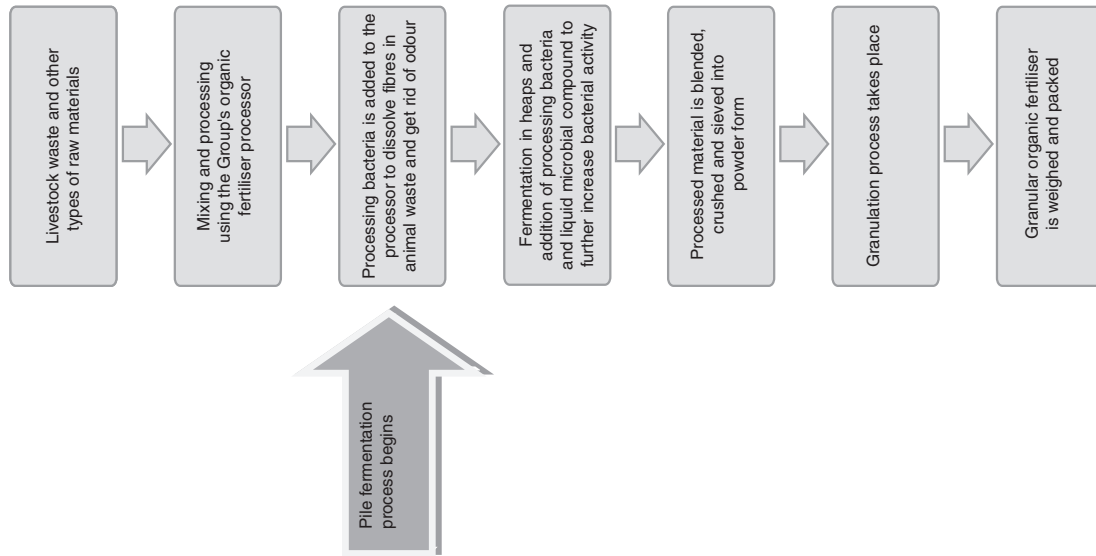
(a) Organic Fertilisers

The production processes for the Group's powdered and granular organic fertilisers and organic-inorganic compound fertilisers are set out in the following diagrams:

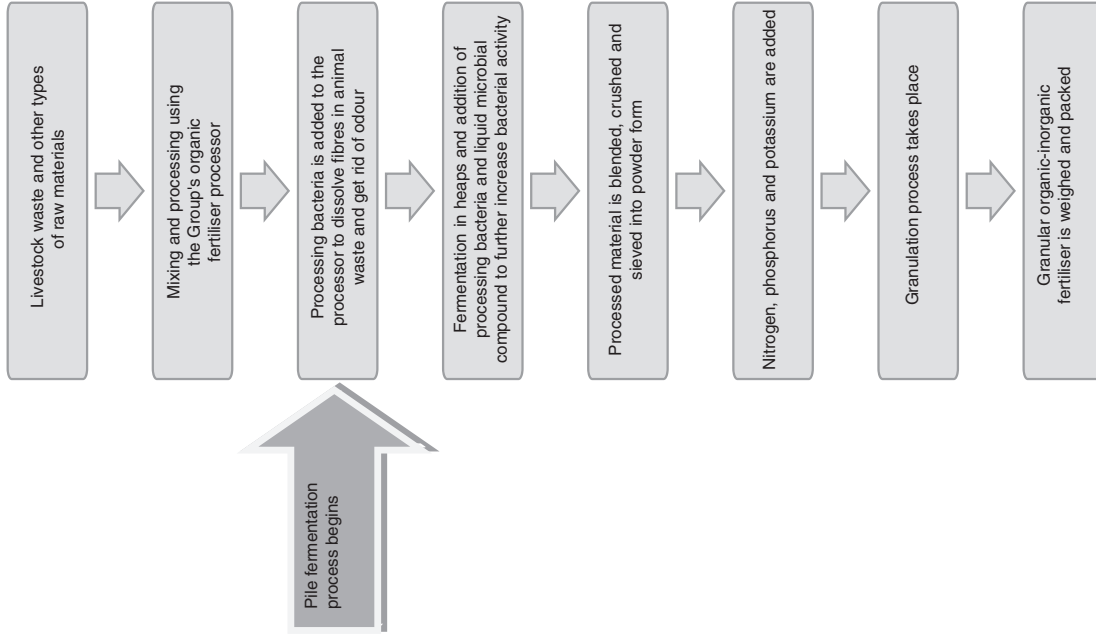
Powdered Organic Fertiliser



Granular Organic Fertiliser



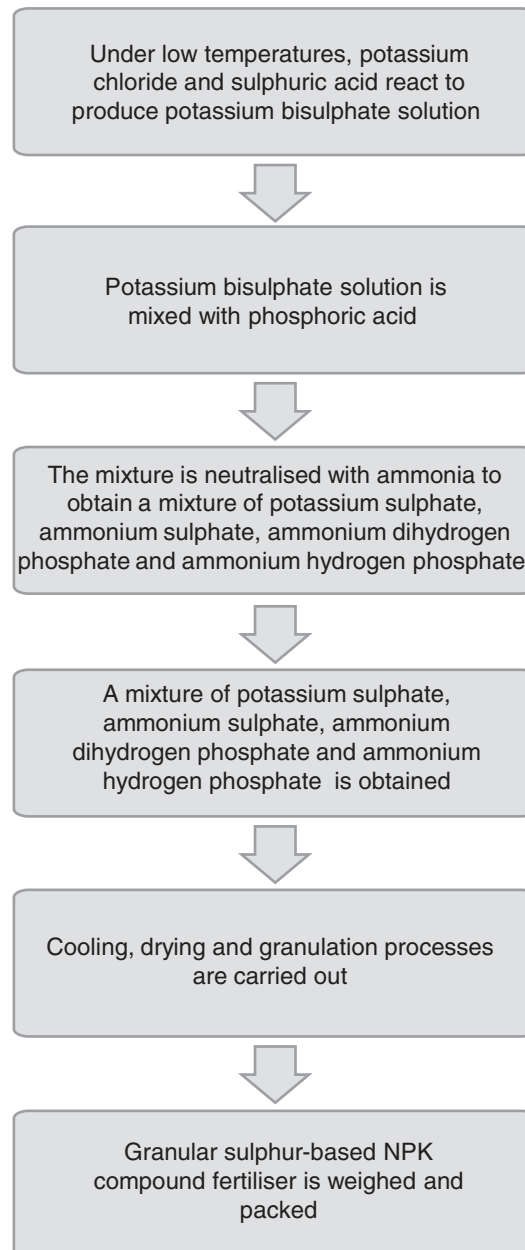
Organic-Inorganic Compound Fertiliser



The above processes generally rely on a simple biochemical reaction (vide the pile fermentation process) and involves organic materials such as industrial waste which can be obtained at low procurement costs.

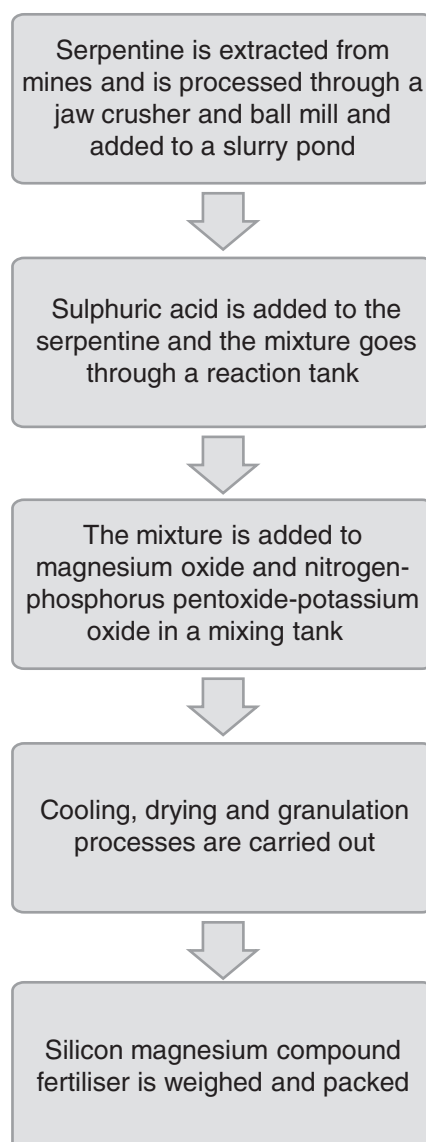
(b) NPK Compound Fertilisers

The production process for the Group's sulphur-based NPK fertilisers can be set out as follows:



(c) Silicon Magnesium Compound Fertilisers

The production process for the Group's silicon magnesium compound fertilisers can be set out as follows:



The above process relies on a simple chemical reaction and involves serpentine usage which the Group can obtain from its own serpentine mine.

(d) Testing of New Fertiliser Products

Alongside the Group's regular production processes, the Group also conducts testing of new products on live agricultural plots. The Group approaches farmers and local governments in the PRC to lease plots of their arable land for such testing to be carried out. Due to the competitive nature of the fertiliser manufacturing industry in the PRC, the Group consistently engages in such arrangements in order to develop new products quickly.

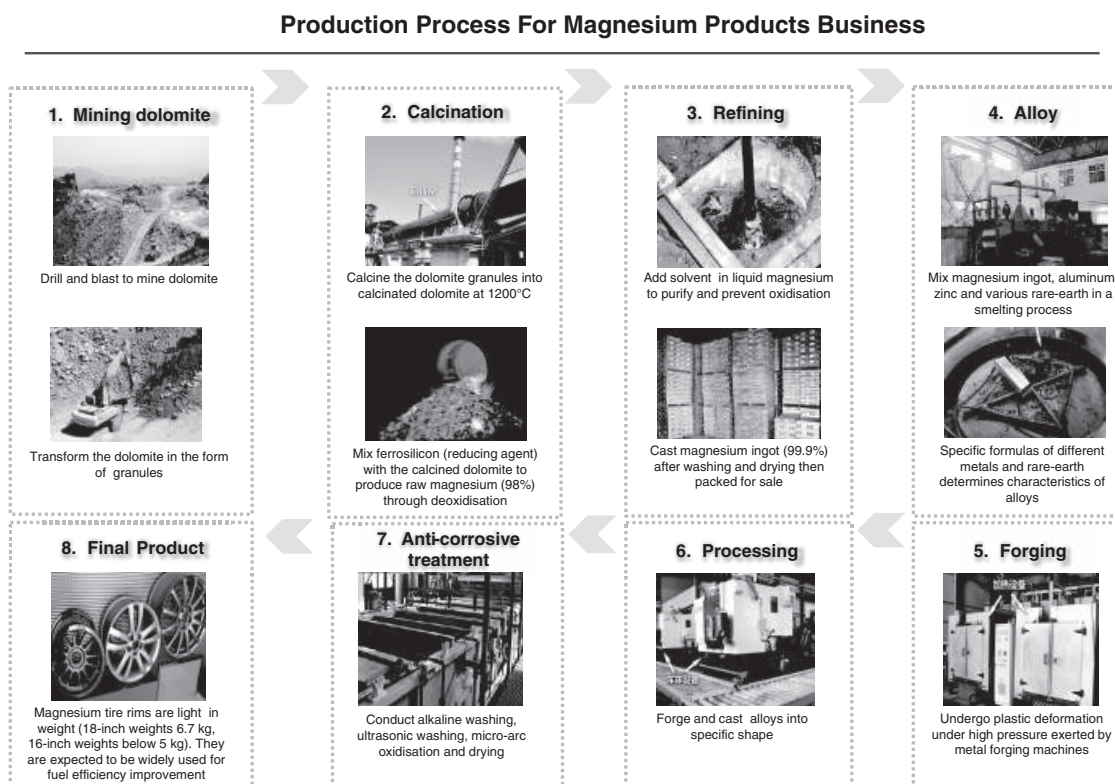
The use of various plots of arable land to test new products allows the Group to check harvests which were grown with these new products against neighbouring plots of land acting as controls. The Group also enters into arrangements with farmers who produce specialty products and/or are in regions producing specialty products; for instance, the Group would approach a farmer of a particular kind of tea in order to test its specialty fertiliser which aids tea plant growth.

8. PRODUCTION PROCESSES INVOLVED IN THE GROUP'S MAGNESIUM PRODUCTS BUSINESS

The Group's production process for its magnesium products can be generally set out in the following seven stages:

- (1) Mining process – the Group engages in mining activities in its dolomite mine; this includes the process of drilling and blasting to mine dolomite, and thereafter processing the mined dolomite into granular form.
- (2) Calcination – the dolomite, in granular form, is calcined into calcinated dolomite at 1,200 degrees Celsius. The calcined dolomite is then mixed with a reducing agent, ferrosilicon, to produce raw magnesium through the process of deoxidisation.
- (3) Refining – a solvent is added to the raw liquid magnesium to purify and prevent oxidisation. Thereafter, the liquid magnesium is cast into ingots, which with washing and drying can be packed for sale.
- (4) Production of alloys – magnesium ingot is mixed with aluminium, zinc and various rare earths in a smelting process. Specific formulas of different metals and rare earth determine the characteristics of the resulting alloys.
- (5) Forging – thereafter, the alloys undergo plastic deformation under high pressure exerted by metal forging machines.
- (6) Processing – alloys are forged and cast into specific shapes.
- (7) Anti-corrosive treatment – alloys then undergo alkaline washing, ultrasonic washing, micro-arc oxidisation and drying. The final products are then ready for sale.

The production process can also be seen in the following diagram:



9. PRODUCTION FACILITIES AND UTILISATION

The Group has obtained the relevant land use rights in respect of the land on which its production facilities are built and maintained for both its fertiliser businesses and magnesium products business. As at the Latest Practicable Date, these land use rights are for terms of approximately 40 years.

(a) Fertilisers Business

The Group's production base in Jiangsu province, consolidated as at late 2012, has the following features:

- production plant, warehouse, employee accommodation, ancillary facilities with a gross floor area of over 1,000 mu (approximately 666,700 square metres);
- five production lines;
- production capacity of 850,000 tonnes of organic and compound fertilisers as at 31 December 2016; and
- close proximity to the Group's serpentine mine for efficient and lower cost production of silicon magnesium compound fertilisers.

The Group's new fertiliser production line in Ruichang City, Jiangxi Province, has its construction split into two phases, with the first phase scheduled for completion in late 2017 and the second phase in 2019. This new fertiliser production line is expected to have the following features:

- an annual capacity of 1.4 million tonnes;

- a self-owned cargo-handling terminal with other auxillary facilities; and
- close proximity to three coastal economic areas (namely, the Yangtze River Delta, the Pearl River Delta and the Southeastern part of Fujian) for efficient and lower cost production and transportation.

Following the Group's recent acquisition of Shandong Hongri, the Group has plant and production facilities in Linyi City, Shandong Province, with an aggregate annual capacity of approximately 820,000 tonnes.

The Group's annual production capacity, annual production volume and average annual utilisation rate for its facilities for FY2014 to FY2016, and its targeted annual production capacity, annual production volume and average annual utilisation rate for its facilities in FY2017 are as set out in the following table:

Fertiliser Production	FY2014	FY2015	FY2016	FY2017 (targeted)
Production Capacity ('000 tonnes)	750.0	750.0	850.0	2,220.0
Production Volume ('000 tonnes)	572.8	662.3	688.5	1,455.0
Utilisation Rates (%)	76.4	88.3	81.0	65.5

(b) Magnesium Products Business

Through its subsidiary Baishan City Tianan Magnesium Resources, the Group operates an integrated platform magnesium plant in the Hunjiang District of Baishan City, Jilin province in the PRC. Its production facilities include a production plant, warehouse, employee accommodation and ancillary facilities.

The acquisition of Xinjiang Tengxiang (via the Group's indirect wholly-owned subsidiary, Hong Kong New Materials) now means that the Group has additional production premises (which include administration, research and development and housing facilities) located at the Xinjiang Uygur Autonomous Region, the PRC, with a total area of approximately 679,121m².

As many heavy industries are based in the northeastern region of the PRC, the location of the Group's production premises is within 400 to 500 km of its customers (such as the First Automobile Works Group and Jinbei). The lower transportation costs translate into lower costs per tonne.

The Group currently has one of the biggest rare earth magnesium alloy production line in the PRC in terms of production capacity, with a utilisation rate of 91.3 per cent., 98.0 per cent., and 71.5 per cent. in 2014, 2015 and 2016 respectively.

The Group's estimated average annual maximum production capacity and the estimated average annual utilisation rate for its facilities for FY2014 to FY2016, and its targeted annual production capacity, annual production volume and average annual utilisation rate for its facilities in the financial years ended 31 December 2016 ("FY2016") and FY2017 are as set out in the following table:

Magnesium Production	FY2014	FY2015	FY2016	FY2017 (targeted)
Production Capacity ('000 tonnes)	25.0	25.0	40.0	95.0
Production Volume ('000 tonnes)	22.8	24.5	28.6	50.0
Utilisation Rates (%)	91.3	98.0	71.5	52.6

10. RESEARCH AND DEVELOPMENT

For both of its two main business segments (i.e. its magnesium products business and its fertilisers business), the Group has an established track record for producing innovative and commercially viable products. As of the Latest Practicable Date, the Group has 20 patents, 8 of which are for the fertilisers business and 12 of which are for the magnesium products business.

In order to secure higher success rates in its research and development efforts, the Group's sales and marketing teams for each of its business segments work closely with its distributors and end users. The teams identify trends in market demand based on feedback from these distributors and end users, react to specific requests from the Group's products' end users, analyse results of market surveys conducted and reports in industry publications, and also continuously seek to develop new products in order to maintain the Group's competitive edge.

(a) Fertilisers Business

As at the Latest Practicable Date, the Group has a team of 85 personnel engaged in the research and development of new fertiliser products as well as processing technologies.

The Group's research and development team also has the support of the Chinese Academy of Agricultural Sciences; the team will consult the Chinese Academy of Agricultural Sciences in the course of its development work.

The research and development of new fertiliser products for a particular crop includes generally five stages:

- (1) The relevant crop is analysed and examined in order to identify its nutritional needs for growth.
- (2) The soil type and climate of the area where the crop will be grown are analysed.
- (3) Based on the information gathered on the crop, soil type and climate conditions, the Group identifies appropriate raw material mix and production process of the new fertiliser product.
- (4) Prototype samples of the new fertiliser product are tested by applying them on different types of soil in the area where the crop will be grown, together with monitoring the different crop samples during their respective growth cycle.

- (5) Crops grown under the different conditions will be analysed and compared to identify the most effective composition of the new fertiliser product and its associated production process. The Group engages farmers and lease plots of their arable land in order to conduct testing of the fertiliser products.

Due to differing crop types, soil and climate conditions, the entire process of developing a new fertiliser product and the associated production process can take from a few months to up to a year.

In compliance with the relevant PRC rules, after completion of testing on live agricultural plots and before new products are allowed for distribution, the Group registers its new fertilisers products with the PRC's Ministry of Agriculture such as the provincial-level agricultural commissions, as soon as they are developed, for certificates to be issued to the Group for the production and distribution of such new products.

In addition to research and development into new products and production processes, the Group's research and development teams also provide after-sales support and training to its distributors and end users. For the Group's major customers, in addition to providing them with training on appropriate fertiliser application techniques, the Group also examines their crops and provides specific technical advice and support during the crops' growth cycle. These services help to build and strengthen relationships with customers, and also allow the Group to receive feedback on its products for continuous development and improvement. This enables the Group to ensure that it continuously improves the quality of its products.

(b) Magnesium Products Business

In July 2013, the Group introduced the CIAC, one of the PRC's most authoritative national research institutes dealing with magnesium alloys, as a strategic shareholder of the Issuer. In doing so, the Group drew upon the institute's research on new materials and rare earth magnesium alloys. For instance, the Group employs researchers with the institute, Dr. Zhang Hongjie and Mr. Meng Jian, as its senior technology consultant and senior rare earth magnesium alloys consultant respectively. Both these consultants have extensive technical background and expertise in magnesium alloy smelting and research and development in new materials:

- Dr. Zhang is an academician of the Chinese Academy of Sciences, Deputy Chief Scientist of the National Rare Earth Research Project, an officer at both the Rare Earth Resources Laboratory and the Rare Earth Professional Committee, and a researcher at the CIAC.
- Mr. Meng is a professor and deputy office of the Rare Earth Resources Utilisation of CIAC and the director of both the Chinese Nonferrous Metal Society and Jilin Metal Institution. He is an industry expert at the China Magnesium Association, having contributed substantially to the development and application of magnesium alloys.






The Group is also a member of the "Strategic Alliance on Technology and Innovation" of the Jilin magnesium industry, allowing it access to firsthand information on research and development and market development in the PRC.

As at the Latest Practicable Date, the Group has a team of over 10 personnel engaged in the research and development of new and/or improved magnesium products as well as processing technologies.

The Group's policy is to register its new products and technologies with relevant end users, such as the First Automobile Works Group, as soon as they are developed.

11. INTELLECTUAL PROPERTY

As at the Latest Practicable Date, the Group has registered the following five trademarks for its fertilisers business:

S/N	Trademark	Country of Registration	Category
1.		PRC	Supporting brand for all product categories
2.		PRC	Compound Fertilisers
3.		PRC	Silicon Magnesium Organic Fertilisers
4.		PRC	Supporting brand for all product categories
5.		PRC	Supporting brand for all product categories

There are no registered trademarks for its magnesium products business.

As at the Latest Practicable Date, the Group has 20 patents, 8 of which are for the fertilisers business, and 12 of which are for the magnesium products business.

S/N	Patent	Country of Registration	Registration No.	Date of Application	Status	Valid Until
1.	联产蒸汽热风炉	The PRC	ZL 2012 2 0615679.1	20 November 2012	Valid	20 November 2022
2.	无填料冷却塔	The PRC	ZL 2012 2 0739343.6	31 December 2012	Valid	31 December 2022
3.	一种用于水溶肥的重金属去除剂	The PRC	ZL 2003 1 0427641.0	30 October 2012	Valid	30 October 2032
4.	一种低碳喷浆微晶态水溶肥的生产方法	The PRC	ZL 2012 1 0423694.0	30 October 2012	Valid	30 October 2032
5.	一种氨酸喷浆复合肥及其制备方法	The PRC	ZL 2013 1 0026585.X	24 January 2013	Valid	24 January 2033

S/N	Patent	Country of Registration	Registration No.	Date of Application	Status	Valid Until
6.	一种生产硫酸氢钾的新型反应器	The PRC	ZL 2014 2 0302858.9	9 June 2014	Valid	9 June 2024
7.	一种生产硫酸氢钾的新工艺及其在硫基复合肥中的应用	The PRC	ZL 2014 1 0251853.2	9 June 2014	Valid	9 June 2034
8.	一种保水固氮的复合肥微生物肥料及其制备方法	The PRC	ZL 2014 1 0251834.X	9 June 2014	Valid	9 June 2034
9.	低温下沉液态阴极电解制备镁稀土中间合金的方法	The PRC	ZL 2005 1 0017229.7	28 October 2005	Valid	28 October 2025
10.	含铈镧高强耐蚀压铸镁合金	The PRC	ZL 2007 1 0306657.0	29 December 2007	Valid	29 December 2027
11.	富钇稀土高强耐热抗蠕变压铸镁合金	The PRC	ZL 2007 1 0306663.6	29 December 2007	Valid	29 December 2027
12.	一种含富钇稀土高强耐蚀Mg-Al-Mn压铸镁合金	The PRC	ZL 2008 1 0050481.1	21 May 2008	Valid	21 May 2028
13.	一种含铈铈混合稀土的高强高韧Mg-Al-Mn压铸镁合金的制法	The PRC	ZL 2008 1 0050482.6	21 May 2008	Valid	21 May 2028
14.	High-strength, High-toughness, Weldable and Deformable Rare Earth Magnesium Alloy	The US	US 7,708,937 B2	17 April 2008	Valid	17 April 2028
15.	Method for Producing a Magnesium-Lanthanum Praseodymium Cerium Intermediate Alloy	The US	US 7,744,814 B2	23 December 2008	Valid	23 December 2028
16.	含铈、镧的AE系耐热压铸镁合金	The PRC	ZL 2007 1 0056279.5	6 November 2007	Valid	6 November 2027
17.	用高含水料电解制备钇-镁中间合金的方法	The PRC	ZL 2005 1 0119121.9	28 December 2005	Valid	28 December 2025
18.	一种铁薄膜的制备方法	The PRC	ZL 2010 1 0225691.7	14 July 2010	Valid	14 July 2030
19.	一种高强镁合金	The PRC	ZL 2006 1 0017200.3	22 September 2006	Valid	22 September 2026
20.	超细晶稀土镁合金的制备方法	The PRC	ZL 2013 1 0201733.7	27 May 2013	Valid	27 May 2033

12. COMPETITIVE STRENGTHS

(a) Strong Brand Recognition and Awareness of the Group's products

Fertilisers Business

The Group's fertilisers business includes the "Lu Di", "Feng Shou", "Le He He" and "Zhan Lan" fertiliser brands, which are specialty products that are well-received and recognised in the domestic PRC market. The Group has leveraged on cutting edge technology and quality control to ensure that these fertilisers have established an excellent reputation.

As at the Latest Practicable Date, the Group's fertilisers business is supported by a sales and distribution network of over 29 provinces in the PRC.

Magnesium Products Business

The Group has been recognised for its magnesium products business segment; it was honoured by the Baishan Municipal Committee of People's Government of Jilin Municipality as one of the top 10 enterprises in Science and Technology in February 2012.

(b) Strategic Partnerships and Investors

The Group has fostered strategic partnerships and has sought strategic investors in the course of expanding its businesses, including with the CIAC and the IFC.

In July 2013, the Group introduced the CIAC, is a leading, multidisciplinary chemistry institute established in 1948 in Changchun, Jilin, as a strategic shareholder of the Issuer. The CIAC's strategic goal is to become a first-class comprehensive chemical institute and an innovation centre in the fields of polymer and rare earth materials, and it is one of the PRC's most authoritative national research institutes dealing with magnesium alloys and specialising in rare earth magnesium alloy development.

In doing so, the Group drew upon the institute's research on new materials and rare earth magnesium alloys.

The Group has also steadily maintained a relationship with its investor, the IFC. In November 2006, the IFC first extended a seven-year loan to the Group, and in 2014, the Issuer and IFC entered into a Share Subscription Agreement pursuant to which the IFC subscribed for an aggregate of 155,077,000 fully paid new shares in the Issuer, and the IFC further extended one of the Issuer's principal operating PRC subsidiaries, Baishan City Tianan Magnesium Resources, a loan for the principal amount of US\$25.0 million for seven years. The loan was extended to assist the Group in carrying out its expansion plans for 2016, such as increasing production capacity of its fertiliser manufacturing facility from 300,000 tonnes to 750,000 tonnes and increasing the production capacity of its magnesium manufacturing facility from 16,000 tonnes to 75,000 tonnes.

The Group considers the IFC as a key strategic investor in the Issuer. The IFC is an international organisation established by Articles of Agreement among its member countries, and a member of the World Bank Group, which is in turn one of the world's largest sources of funding and knowledge for developing countries and comprises of five closely associated institutions: the International Bank of Reconstruction and

Development and the International Development Association, which together form the World Bank, the IFC, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.

(c) Environmentally Friendly Products Cater to Increased Demand for Eco-Friendly Products

The Group's organic fertiliser products do not contain any synthetic chemical additives which are the main components of inorganic fertilisers. Prolonged application of such synthetic chemical additives would lead to deterioration of soil conditions and water pollution. Unlike inorganic fertilisers, organic fertilisers, including the Group's products, may facilitate the preservation of soil fertility and the prevention of some plant diseases.

The Group's silicon magnesium compound fertiliser products address specific deficiencies of silicon and magnesium in domestic soil found in the PRC and are thus in line with the PRC government's call to apply "scientific fertilisation" to reduce the negative impacts of over-fertilisation using chemical fertilisers.

The Group's magnesium products are in line with domestic and international efforts to reduce carbon emissions into the environment, given that its magnesium products are light weight and thus enable the reduction of fuel consumption in vehicles. Weight reduction is a cost-effective means to reduce fuel consumption and greenhouse gas emissions from the transportation sector; the USAMP estimates that for every 10.0 per cent. of weight eliminated from a vehicle's total weight, fuel economy improves by seven per cent.

(d) Control and Ready Supply of High Quality Raw Materials

The Group has mining rights over high quality upstream dolomite reserves which are necessary for the production of its magnesium products. The Group also has mining rights over high quality upstream serpentine reserves which are essential in the production of its silicon magnesium compound fertiliser. Thus, the Group is less dependent on other suppliers for these raw materials and can lower production costs.

(e) Competitive Cost Structure

The Group's new fertiliser production line at Ruichang City, Jiangxi Province will have a self-owned cargo-handling terminal, and is adjacent to three coastal economic areas (namely, the Yangtze River Delta, the Pearl River Delta and the southeastern part of Fujian). This also results in lower transportation and production costs.

More importantly, the Group has ensured that it has a competitive cost structure by refining its differentiation strategy for its products. For instance, the Group's organic fertilisers catered to the brisk demand for organic fertilisers in tea plantations in Fujian province. The Group then developed new types of compound fertiliser products to avoid homogeneously competing against traditional large-scale fertiliser companies. This allowed the Group to perform competitively against its peers in the last two years, despite the entire fertiliser industry in the PRC facing a downturn due to overcapacity and homogenous competition.

Similarly, the Group is able to benefit from lower transportation costs as a result of its production facilities' proximity to the Group's sources of raw materials (i.e. its dolomite mine in Jilin province and its serpentine mine in Jiangsu province in the PRC).

Further, the Group has positioned its production facilities within the vicinity of relevant end users. For instance, its production facilities in Baishan City in Jilin province is close to heavy industries in the northeastern region of the PRC that use its magnesium products. This results in a lower cost per tonne as transportation costs are reduced.

(f) Experienced and Established Management Team

The Group's key management team, which is led by Mr. Chi Wen Fu, its founder, Mr. Shum Sai Chit, an Executive Director, and Ms. Chi Bi Fen, also an Executive Director, is also familiar with the PRC business environment and magnesium and fertiliser industries and is able to grasp market opportunities and focus on providing customised products. Mr. Chi, Mr. Shum and Ms. Chi's business and working experience are set out in detail at the section "The Group – Board of Directors and Key Executives".

(g) Emphasis on and Investment in Research and Development

The Group focuses on the research and development of new high-margin specialty products to minimise homogenous competition in the sale of commoditised, lower margin products. This is particularly important in the Group's fertilisers business, where traditional fertiliser products already saturate the PRC market. The advanced technology the Group employs creates a substantial barrier to entry to any newcomers to the market and is a hurdle for market players in replicating the Group's niche areas.

The Group also focuses on research and development to improve its production processes with an aim to increase profit margins.

The Group's emphasis and investment in research and development has also led to it being recognised for its employment of leading technological methods in production:

Fertilisers Business

In respect of its fertilisers business, the Group has been using its patented fertiliser processor in the production of its organic fertilisers and silicon magnesium compound fertilisers. This allows the Group to produce high quality fertiliser products in a more efficient way compared to other producers in the PRC. For instance, by using the Group's organic fertiliser processor, raw materials such as industrial waste and grain bran are treated and processed together with different types of processing bacteria. With the effect of bacterial action and by the squeezing and grinding movement stimulated by the processor, moisture can be taken out from the processing material within three to five minutes. As a result, the overall production time is reduced and hence, production efficiency is improved.

Magnesium Products Business

The Group has been recognised by the PRC government for its employment of leading technological methods in production. In 2010, the Group's production base at Magnesium Industrial Park in Baishan was designated as a "Demonstration Base for China Magnesium Production" by the China Mining Association. The Group was the first to receive such an honour in the magnesium industry.

In October 2011, the Group's magnesium alloy enterprise was accredited as one of the 40 comprehensive demonstration bases for applications of mining resources by the PRC Ministry of Land and Resources and Ministry of Finance.

There is a high technological barrier to entry for rare earth magnesium alloys production, and thus there are few producers of these alloys. The Group has capitalised on this to become one of the largest producers in the PRC of such alloys.

Together with its lower cost and ready access to the abundant and premium supply of dolomite reserves, the Group's leading position in production technologies in the magnesium production industry distinguishes it from its peers in the fiercely competitive market.

(h) Responsiveness to Specific Needs of Consumers

The Group prides itself in its responsiveness to specific needs of consumers and its emphasis on product differentiation. As estimated by the Chinese Academy of Agricultural Sciences, over 50.0 per cent. and around 19.0 per cent. of rice fields in the PRC are deficient in silicon and magnesium respectively. The Group thus launched its series of silicon magnesium compound fertilisers in March 2012, which facilitated growth of the Group's fertilisers business. In FY2016, sale of silicon magnesium compound fertilisers accounted for 28.2 per cent. of the fertilisers business segment revenue, with a gross margin of 35.9 per cent.

The Group's responsiveness enables it to take advantage of the demand for specialised fertilisers in the rapidly growing agricultural industry. For instance, according to the National Bureau of Statistics of the PRC, the total usage of compound fertilisers in PRC has increased by 85.0 per cent. in the past 10 years, with the potential market size of silicon magnesium compound fertilisers being up to 40 million tonnes.

The Group continues to focus on product and technological advancement by developing new ecological fertilisers which cater for different nutritional needs of soil in various regions in the PRC with an aim to further increase its market share.

This allows the Group to market its silicon magnesium compound fertiliser as a niche product in the Chinese fertiliser industry which is, according to the National Bureau of Statistics of the PRC, quite fragmented with over 3,000 chemical fertiliser manufacturers and 1,000 organic fertiliser manufacturers, and nearly 80.0 per cent. of market participants which are small local enterprises.

13. BUSINESS STRATEGY

(a) Expansion through Increase in Production Capacity

Fertilisers Business

The annual production capacity of the Group's fertiliser production reached 850,000 tonnes as at 31 December 2016. In 2015, the Group (via its subsidiary, Blue Atlantic International Limited) acquired the land use rights to a land parcel with a site area of approximately 800 mu located at Chemical Industrial Park, Matou Town, Ruichang City, to be used for the establishment of fertiliser production facilities with a capacity of 1,400,000 tonnes. Following the Group's recent acquisition of Shandong Hongri, the Group has plant and production facilities in Linyi City, Shandong Province, with an aggregate annual capacity of approximately 820,000 tonnes.

More details on the Group's plans to increase its production capacity and actual output for its magnesium products business is set out at the section "Business Activities – Fertilisers Business – Production and Sales results for Fertilisers Business".

Magnesium Products Business

Taking advantage of the high global demand for eco-friendly magnesium products, the Group has sought to expand its magnesium products business by expanding its magnesium production capacity. The Group carried out technical enhancements to its production plants in late 2012, whereby its magnesium production increased from 16,000 tonnes in 2013 to 25,000 tonnes in 2014. Further expansion plans have increased its magnesium production from 25,000 tonnes to 75,000 tonnes in 2016. The acquisition of Xinjiang Tengxiang (via the Group's indirect wholly-owned subsidiary, Hong Kong New Materials) in 2016 now also means that the Group has additional production premises (which include administration, research and development and housing facilities) located at the Xinjiang Uygur Autonomous Region, the PRC, with a total area of approximately 679,121m².

More details on the Group's plans to increase its production capacity and actual output for its magnesium products business is set out at the section "Business Activities – Magnesium Products Business – Production and Sales results for Magnesium Products Business".

(b) Expansion through Acquisitions, Joint Ventures and Strategic Alliances

The Group intends to expand its business segments through acquisitions, joint ventures and strategic alliances. Such acquisitions, joint ventures and strategic alliances in or with complementary entities will provide the Group access to new markets, prospective clients and greater economies of scale.

For instance, on 6 January 2015, the Issuer announced that Ming Xin, the Group's indirectly wholly-owned company, had entered into a Sale and Purchase Agreement and Subscription Agreement with Group Sense, another company listed on the HKSE, and its controlling shareholders, respectively. Group Sense's subsidiaries are principally engaged in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, and the provision of electronic manufacturing services. The Group completed the acquisition of a total of 51.88 per cent. of the share capital in Group Sense on 26 March 2015. The Group's intention is to use Group Sense as a separate listed platform through which it can focus and expand on the magnesium products business. To implement this plan, on 18 April 2017, the Issuer and Group Sense jointly announced the Possible Transaction. See "Business – Recent Key Developments" for further details.

On 12 August 2015, Hong Kong New Materials (an indirect wholly-owned subsidiary of Group Sense) entered into a Share Transfer Agreement with Gansu Tengda West Iron Resources Holding Group Co., Ltd. and Wang Jian Min pursuant to which Hong Kong New Materials conditionally agreed to acquire the entire equity interest of Xinjiang Tengxiang. Xinjiang Tengxiang is principally engaged in the production and sale of magnesium ingot and semi-coke, and has existing production premises in the Xinjiang Uygur Autonomous Region, the PRC.

On 3 August 2016, Long Xiang (a direct wholly-owned subsidiary of the Group) entered into an Acquisition Agreement with Prosperous Rich Holdings Limited pursuant to which Long Xiang conditionally agreed to buy the entire equity interest in Acronagrotrans Ltd. This acquisition was completed in April 2017 and resulted in the Group acquiring an indirect 50.5 per cent. equity interest in Shandong Hongri and its subsidiaries. Shandong Hongri is a well-established and leading compound fertiliser producer in the PRC and has plant and production facilities with annual production capacity of approximately 820,000 tonnes.

(c) Expansion of Sales Coverage and Increased Market Penetration

The Group also intends to increase its sales coverage and market penetration by continued business development activities in the PRC market, appointing additional distributors, enhancing relationships with existing distributors and intensifying its marketing efforts in the PRC.

Internally, the Group has recruited additional sales and marketing staff as necessary in order to cope with the Group's anticipated business expansion.

(d) Adoption of Marketing Strategy Emphasising Product Differentiation and the Optimisation of Products Mix

The Issuer believes that the Group's marketing strategy emphasising product differentiation has been effective. The Group's specialised products from each of its two main business segments, namely, organic fertilisers, silicon magnesium compound fertilisers and rare earth magnesium alloys, have helped the Group secure market shares in higher-end markets and improve its overall profitability.

The Group's differentiation strategy has meant that it minimises homogenous competition against traditional large-scale magnesium products and fertilisers companies. For instance, for its fertilisers business, the Group has outperformed its peers in the last two years, despite the PRC fertiliser industry experiencing a downturn due to overcapacity and homogenous competition.

Further, the Group continually assesses market demand for its existing products to determine an optimal product mix for its magnesium products and fertilisers business segments. The Group has begun reaping the benefits of an improved product mix with greater Group gross profit margin achieved.

Lastly, the Group continues to strengthen its research and development capabilities by investing in advanced technology and recruiting additional professionals with relevant skills and expertise to its research and development teams to facilitate the development of new technologies and products.

(e) Increased Emphasis on Products with High Profit Margins

The Group's development of rare earth magnesium alloys allows it to reap higher profit margins compared to the production and sale of basic magnesium products, given the former's advanced technological requirements and better performance on applications.

Further, the Group's production of rare earth magnesium alloys has buffered it against downturns in the commodities markets. For instance, in 2013, due to the downturn in the global commodities market, basic magnesium products generally experienced fluctuations in both prices and gross profit margins. However, rare earth magnesium alloys maintained relatively stable gross profit margins.

Moving forward, the Group's rare earth magnesium alloys business also bodes well with the PRC's strategic emphasis on new materials as an emerging industry, which is one of 10 prioritised industries set out in an initiative to comprehensively upgrade the Chinese industry (called "Made in China 2025").

14. SALES AND MARKETING

As at the Latest Practicable Date, the Group's sales and marketing team consists of over 100 personnel for its fertilisers business and over 350 personnel for its magnesium products business.

The Group sells its products directly and through its distributors, who on-sell the Group's products to their customers, which include private enterprises, retailers and farmers (for its fertilisers business). For the Group's magnesium products business segment, as at the Latest Practicable Date, its distribution network covers mainly three north-eastern provinces in the PRC, being Liaoning, Jilin and Heilongjiang, where major automakers are based. In respect of the Group's fertilisers business, its distribution network covers 29 provinces in the PRC as at the Latest Practicable Date.

The Group's distributors are selected based on their market coverage, reputation, creditworthiness, committed purchase volumes and pricing and payment terms.

The Group believes that, by selling its products directly to end users either through its sales teams or appointed exclusive distributors, it is able to obtain information on the identity and needs of its end users. This enables the Group to establish ongoing and direct business relationships with such end users by providing technical training and after-sales services. Technical training includes the provision of training on appropriate fertiliser application techniques, examination of end users' crops and the provision of technical advice and support during such crops' growth cycles.

The Group also engages in direct marketing efforts such as advertising and organising special promotions, and conducting promotions and marketing at industry events and conferences.

15. EMPLOYEES

As at the Latest Practicable Date, the Group employs approximately 2,610 employees.

The Group's employees are not unionised. As at the Latest Practicable Date, there has not been any labour disputes or significant change in the number of employees affecting the normal operations of the Group.

16. QUALITY CONTROL

(a) Quality Control over the Group's Products

The Group places great emphasis on the quality of its products and has in place quality assurance teams and quality control systems for each of its business segments. These teams oversee the implementation of stringent quality control procedures at each stage of the various production processes. Each production process is also checked by designated employees to ensure that production procedures are strictly adhered to.

As at the Latest Practicable Date, the Group has yet to experience any material sales returns by its customers and also has not experienced any product liability or other legal claims due to issues with the quality of its products.

(b) Quality Control at a Centralised Verification Centre for all Incoming Raw Material

To ensure the consistency and quality of incoming raw materials for production, the Group only purchases raw materials from its qualified suppliers. The Group's manufacturing and procurement teams for each of its business segments identify such suppliers based on criteria such as quality, price, delivery schedules and availability and quality of after-sales services. These teams also review the qualifications of the Group's suppliers on an annual basis.

Thereafter, the Group's manufacturing teams inspect incoming raw materials to ensure that they are in accordance with the Group's standards. Inspections are carried out on a sampling basis. Where there is any defective raw material found, such materials will be returned to the supplier for replacement.

17. GOVERNMENT GRANTS AND SUBSIDIES TO THE GROUP

The local Jilin government has supported the development of the magnesium industry and, in 2012, the Group's Baishan City Tianan Magnesium Resources was provided financial assistance by the Ministry of Finance and the Ministry of Land and Resources in the form of a RMB\$131.2 million grant to improve production technology and capacity. Baishan City Tianan Magnesium Resources will receive amounts under the grant on a reimbursable basis, based on the funds it has disbursed. Baishan City Tianan Magnesium Resources has, as at 31 December 2016, received approximately HKD68.3 million in aggregate from the local government under the grant.

18. AWARDS AND ACCREDITATIONS

The Group has received the following key awards from 2012 up to the Latest Practicable Date:

Award	Awarding Organisation	Year of Issue
东海县农业生产资料推广应用协会-规范企业	东海县农业生产资料推广应用协会	2012
2012年度连云港市质量监督管理协会优秀会员单位及先进个人	连云港市质量监督管理协会	2012
2012年度连云港市质量管理先进单位	连云港市经济和信息化委员会	2012
2012年度全县质量强县工作先进单位	东海县人民政府	2012
2013年度诚信企业	东海县农业生产资料推广应用协会	2013
2013年度连云港市质量监督管理协会优秀会员单位	连云港市质量监督管理协会	2013
2014年度十佳诚信单位	东海县消费者协会	2014
连云港市厂务公开民主管理示范单位	连云港市厂务公开协调小组	2015
2015年度连云港市质量监督管理协会优秀会员单位	连云港市质量监督协会	2016
先进基层党组织	中共东海县委	2016
第二届连云港市百名诚信之星	连云港市经济和信息化委员会	2016
2016农民信赖的肥料品牌五十强	中国磷复肥工业协会 CCTV-7农业频道	2016

Shangdong Hongri has received the following key awards from 2012 up to the Latest Practicable Date:

Award	Awarding Organisation	Year of Issue
全国质量诚信承诺优秀示范企业	中国质量检验协会	2012
2013中国化工企业500强	中国化工企业管理协会 中国化工情报信息协会	2013
2003-2012年中国化工企业500强常青树	中国化工企业管理协会 中国化工情报信息协会	2013
山东名牌	山东省质量强省及名牌战略推进工作领导小组	2014
2016农民信赖的肥料品牌五十强	中国磷复肥工业协会 CCTV-7农业频道	2016

19. COMPETITION

(a) Fertilisers Business

In general, the fertiliser industry in the PRC is highly fragmented with many players. In respect of organic fertilisers, the Group enjoys the important advantages of:

- competitive production costs due to low transportation costs and proximity to its market and customers; and
- an established and reliable sales and distribution network.

On the other hand, in respect of compound fertilisers, there are higher barriers to entry such as significant capital investment requirements for establishing and maintaining large scale production facilities. In particular, for its silicon magnesium compound fertilisers, the Group has created a niche product which:

- capitalises on the proximity of its serpentine reserves to its fertiliser production facilities to lower production and transportation costs; and
- involves the use of patented technology.

At the same time, the Group continues to rely on its established sales and distribution network to promote this relatively new niche product, and also continues to invest in technology innovation and industrial waste recycling process improvements to further lower its production costs for compound fertilisers generally.

Importantly, the Group has invested in resource capabilities by acquiring its serpentine mine and collaborating with the Chinese Academy of Agricultural Sciences.

The Group considers the following producers to be its main competitors for its compound fertilisers:

- China XLX Fertiliser Ltd;
- Stanley Fertiliser Co., Ltd.;
- China BlueChemical Ltd.;

- Sinofert Holdings Limited;
- Shenzhen Baitian Ecotypic Engineering Co., Ltd.;
- Anhui Sierte Fertilizer Industry Ltd;
- Jiangsu Jiujiujiu Technology Co., Ltd.; and
- Shindoo Chem-Industry Co., Ltd.

(b) Magnesium Products Business

The PRC market for basic magnesium products is characterised by low barriers to entry and high fragmentation. In this context, the main factor influencing competitiveness would be production costs, and the Group has:

- capitalised on the ideal locations of both its dolomite mine and magnesium production facilities to lower transportation costs;
- capitalised on its ownership of mining rights for dolomite to lower production costs; and
- invested time and effort to achieve improved production efficiency and lower production costs in order to gain an advantage over its competitors.

On the other hand, due to the high technological barriers to entry, there are few producers of rare earth magnesium alloys.

The Group has invested in resource capabilities by acquiring its dolomite mine and collaborating with the CIAC.

The Group considers the following producers to be major local players in the magnesium industry:

- Nanjing Yunhai Special Metals Co., Ltd.;
- Shenmu Dongfeng Magnesium Co., Ltd.;
- Ding He Mining Holdings Ltd. (formerly known as CVM Minerals Limited); and
- Yinguang Magnesium Industry Group Co. Ltd.

The following are major international players in the magnesium industry:

- CD International Enterprises, Inc., which is based in the United States;
- Magontec Limited, which is based in Australia;
- Nevada Clean Magnesium Inc., which is based in the United States; and
- Magnesium Elektron Ltd, which is based in the United Kingdom.

20. HEALTH, SAFETY, ENVIRONMENT AND QUALITY

The Group is committed to fulfilling its responsibilities towards the Group's shareholders and employees, the community at large and the environment by conducting its business affairs in a manner to achieve the highest quality of operation and service, with a strong focus on safe working practices and care and awareness to avoid any harm to the Group's employees, contractors, customers and the environment.

The Group works with environmental specialists to help the Group understand and duly comply with environmental norms and rules promulgated by the PRC government from time to time. The Group implements training program for its employees to familiarise them with the Group's operations, particularly on new laws and regulations affecting the Group's environment protection measures. The Group has implemented a monitoring system to monitor the status of waste discharge, which is subject to audits on a regular basis. The accountability system has been enhanced by the Group by ensuring that general managers are held accountable to the Group in respect of any such safety and environment concerns.

Other policies promulgated by the Group include:

- The Group strives to reduce emissions and discharges of waste which are known to negatively affect the environment. It has put in place measures and procedures to ensure that operations comply with relevant environmental regulations; and
- The Group implements safety-related programs and conducts safety-related training and audits regularly. The Group has dedicated officers responsible for health and safety and its personnel is provided with appropriate medical insurance cover.

21. INSURANCE

The Group has insurance coverage in respect of the following:

- (a) General insurance on plant, machinery and inventory against all property risks, natural calamities (including fire), theft and public liability claims;
- (b) Insurance against product liability claims in respect of the Group's magnesium products business; and
- (c) Relevant PRC social security contributions, personal accident and medical insurance for employees.

BOARD OF DIRECTORS AND KEY EXECUTIVES

DIRECTORS

The Directors are entrusted with the responsibility for the overall management of the Group. The particulars of the Directors are listed below:

Name	Principal Occupation
CHI Wen Fu ¹	Chairman/Executive Director
SHUM Sai Chit	Executive Director
CHI Bi Fen ¹	Executive Director
GUO Mengyong ²	Non-executive Director
KWONG Ping Man	Independent Non-executive Director
SHENG Hong	Independent Non-executive Director
LAU Chi Kit	Independent Non-executive Director

Notes:

- (1) Ms. Chi Bi Fen is the sister of Mr. Chi Wen Fu.
- (2) Mr. Guo Mengyong is the brother-in-law of Mr. Chi Wen Fu.

The business and working experience of the Directors is summarised below:

Mr. CHI Wen Fu is the Chairman of the Group who is responsible for overall strategic planning and key operating decisions. Mr. Chi started his law firm in Fuzhou in 1995, in which he was the Managing Partner. Prior to that, Mr. Chi joined Fuzhou Justice Bureau Commerce Law Office after qualifying as a lawyer in the PRC in 1989. In early 1998, Mr. Chi originated an initial research on organic agricultural production and funded an R&D project on microbial compound fertilisers. Mr. Chi is a graduate of Chemical Analysis and Law. Mr. Chi established the Group in 2000.

Mr. SHUM Sai Chit is the Chief Executive Officer of the Group who is responsible for business operations. Prior to joining the Group, Mr. Shum was the Managing Director of Go Modern Limited which was principally engaged in manufacturing of textile products and trading activities. In 1984, Mr. Shum joined Fujian Textiles Import and Export Corporation as a Manager to oversee importing and exporting of textile products. Mr. Shum is a graduate of Consumer Product Pricing and Statistics. Mr. Shum joined the Group since January 2002. Mr. Shum is currently an executive director of Group Sense.

Ms. CHI Bi Fen is the Vice-President of the Group. Prior to joining the Group, Ms. Chi was the Deputy General Manager of an electronics equipment company for over 17 years. She has extensive experience in accounting, taxation and finance in the PRC for more than 15 years. She is a graduate of Accounting and Finance. Ms. Chi joined the Group since March 2000. Ms. Chi is currently an executive director of Group Sense.

Mr. GUO Mengyong is a Non-executive Director of the Issuer. He is the Deputy General Manager of Fujian Changsheng Wireless Technology Development Company Limited and is responsible for electronic engineering technical management. Fujian Changsheng Wireless Technology Development Company Limited is principally engaged in production of electronic products and communication devices. Mr. Guo joined Fuzhou Capacitors Factory as a Technician in 1976. From 1993 onwards, Mr. Guo worked at Fuzhou Meters Group Company as an Engineer and was later promoted to the Deputy Factory Manager in 1996, in charge of technical quality control. In 2000,

Mr. Guo joined Fujian Wireless Group Company as Deputy General Manager and was responsible for quality management. He is a graduate of Industrial Enterprise Management. Mr. Guo joined the Group since February 2011.

Mr. KWONG Ping Man has been an Independent Non-executive Director of the Issuer since September 2004. He is a Director of O'Park Corporate Services Limited which provides corporate advisory services. Prior to joining the Group, Mr. Kwong served as the Chief Financial Officer of various companies for almost 7 years. Mr. Kwong has over 15 years of experience in accounting, finance and administration. He obtained a Master's Degree in Professional Accounting from Hong Kong Polytechnic University. He is a member of CPA Australia, fellow member of Hong Kong Institute of Certified Public Accountants, and associate member of Hong Kong Institute of Company Secretaries. Mr. Kwong is currently an Independent Non-executive Director of Tang Palace (China) Holdings Limited, Elegance Optical International Holdings Ltd., Royal Deluxe Holdings Limited and Group Sense.

Mr. SHENG Hong has been an Independent Non-executive Director of the Issuer since September 2010. He is a Director of Hadrian Manufacturing (Asia) Limited and Director of Operations and General Manager of Hadrian (Shanghai) Trading Limited. The Hadrian Group is principally engaged in production and sales of metal partitions and lockers. Mr. Sheng has over 20 years of experience in management of corporation and investment. He was employed by China Resources (Holdings) Company Limited from 1986 to 1996. Mr. Sheng holds a Bachelor's Degree in Engineering Mechanics from Tongji University, Shanghai.

Mr. LAU Chi Kit has been an Independent Non-executive Director of the Issuer since April 2014. Mr. Lau is also an executive director of Chinlink International Holdings Limited. He retired from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in December 2000 after more than 35 years of service. Among the major positions held in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of Strategic Implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers ("Institute"). He was the chairman of the Institute's Executive Committee (from January 1999 to December 2000). He is currently the honorary advisor of the Institute's Executive Committee. He served as a member on a number of committees appointed by the Government of Hong Kong Special Administrative Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Subcommittee (from February 1990 to March 2006). He also served as chairman of the Business Environment Council Limited (from September 1998 to December 2001). Currently, he is an executive director of Chinlink International Holdings Limited and is also an independent non-executive director of Highlight China IoT International Limited (formerly known as Ford Glory Group Holdings Limited), Royale Furniture Holdings Limited, Leoch International (Holdings) Limited and Janco Holdings Limited.

THE MANAGEMENT

The day-to-day operations are entrusted to the Executive Officers. An experienced and qualified team of Executive Officers are responsible for the different functions of the Group. The particulars of the Executive Officers are set out below:-

Name	Principal Occupation
NGAN Sau Fung Joseph	Managing Director
HU Jie	Head of Fertilisers Business
ZHOU Jianhui	Head of Fertilisers Business
WANG Yongxiang	Senior Engineer
LUK Sai Wai, Simon	Chief Financial Officer and Company Secretary
ZHANG Ren Sheng	Group Director of Corporation Management
CHI Jing Chao ¹	Chief Corporate Affairs Officer
LEE Man Ching	Assistant to the Chairman

Note:

(1) Mr. Chi Jing Chao is the nephew of Mr. Chi Wen Fu.

The business and working experience of the Executive Officers is set out below:

Mr. NGAN Sau Fund Joseph is the Managing Director of the Group. He is responsible for corporate finance and investor relations management, and also participates in risk management and strategic planning of the Group. Mr. Ngan has over 30 years of experience in the financial industry, which includes working at The Hong Kong and Shanghai Banking Corporation Limited, the Allied Banking Corporation and DBS Bank (Hong Kong) Limited, in the foreign exchange and treasury businesses, corporate and retail banking, payment and cash management, as well as credit and risk management. Prior to joining the Group, Mr. Ngan was the Managing Director of DBS Bank (Hong Kong) Limited, and was in charge of its enterprise banking business. Mr. Ngan join the Group since March 2017.

Mr. HU Jie is responsible for the agriculture fertiliser business of the Group. Mr. Hu studied Mechatronics and has over 20 years of experience in the fertiliser and mechatronics industries. He was the Head of Mechatronics in a factory owned by Jiangsu Longteng Petrochemical Company Limited and the Head of Fertiliser in a factory owned by Century Sunshine Jiangsu Co., Ltd. Mr. Hu was also the General Manager of the Production Technology Department, the General Manager of the Purchasing and Branding Department and the Head of the main chemical factory owned by Century Sunshine Jiangsu Co., Ltd. Mr. Hu joined the Group since 2007.

Mr. ZHOU Jianhui is responsible for the safety environment management of the Group. Mr. Zhou majored in Agriculture with over 20 years of experience in the mining and agricultural fertilisers industries. Prior to joining the Group, he was the Technician at Donghai serpentine mine in Jiangsu Province, the Deputy Manager of Jiangsu Le He He Fertiliser Company Limited, and the Head of Fertiliser factory of Jiangsu Longteng Petrochemical Company Limited. Mr. Zhou joined the Group in 2007.

Mr. WANG Yongxiang is a Senior Engineer of the Group. Mr. Wang majored in Planning and Surveying of Mining Industry with over 20 years of experience in planning and mining. Prior to joining the Group, he was the Production Technician and Engineer at Donghai serpentine mine in Jiangsu Province, and the Head of Sulfuric Acid factory of Jiangsu Longteng Petrochemical Company Limited. Mr. Wang joined the Group in 2007.

Mr. LUK Sai Wai, Simon is the Chief Financial Officer and Company Secretary of the Group. Mr. Luk is responsible for the financial, management accounting and secretarial affairs of the Group. Prior to joining the Group, Mr. Luk was appointed as financial controller for several listed companies in Hong Kong. He has over 20 years of experience in finance and management. Mr. Luk holds a Bachelor's Degree in Business Administration from Hong Kong Baptist University and a Master's Degree in Business Administration from the University of Strathclyde. He is an associate member of The Institute of Chartered Accountants in England and Wales, an associate member of the Hong Kong Institute of Certified Public Accountants, and a member of the Society of Registered Financial Planners, Hong Kong. Mr. Luk joined the Group in May 2010.

Mr. ZHANG Ren Sheng is the Director of Corporation Management of the Group and is responsible for corporate management and planning. Mr. Zhang has over 10 years of experience in corporate management and business planning. He holds a Master's Degree in Business Administration from the School of Business of Wuhan University. Mr. Zhang joined the Group in July 2008.

Mr. CHI Jing Chao is the Chief Corporate Affairs Officer of the Group and is responsible for its overall corporate activities. Mr. Chi worked in various subsidiaries of the Group and has 10 years of experience in corporate affairs. Mr. Chi is a graduate of Administrative Management from the College of Adult Education, Xiamen University. Mr. Chi joined the Group in August 2004.

Ms. LEE Man Ching is the Assistant to the Chairman of the Group. Ms. Lee has over 10 years of experience in human resources and administrative management. Ms. Lee holds a Bachelor's Degree in Accountancy and a Master's Degree in Corporate Governance from the Hong Kong Polytechnic University. She is a fellow member of Association of Chartered Certified Accountants, and an associate member of Hong Kong Institute of Company Secretaries. Ms. Lee joined the Group in August 2004.

PRINCIPAL SHAREHOLDERS

As of the Latest Practicable Date, the Issuer's authorised share capital was HKD100,000,000, consisting of 5,000,000,000 ordinary shares of par value HKD0.02 each, of which HKD9,959,536.86, consisting of 4,597,976,843 ordinary shares, were issued and outstanding.

The following table sets forth the shareholding interests of the directors of the Issuer as of the Latest Practicable Date.

Director	Personal Interests	Spouse Interests	Corporate Interests	Total No. of Issued Shares	Other Interests (options held)	Percentage of Total Issued Shares
1. Mr. Chi Wen Fu	222,240,548	0	1,341,871,364	1,564,111,912	25,556,580	34.58
2. Mr. Shum Sai Chit	14,666,305	0	0	14,666,305	11,500,461	0.57
3. Ms. Chi Bi Fen	12,352,499	0	0	12,352,499	19,167,435	0.69
4. Mr. Guo Mengyong	2,625,000	0	0	2,625,000	3,833,487	0.14
5. Mr. Kwong Ping Man	0	0	0	0	6,389,145	0.14
6. Mr. Sheng Hong	1,775,000	0	0	1,775,000	3,611,316	0.12
7. Mr. Lau Chi Kit	0	0	0	0	6,389,145	0.14

Note:

- (1) These shares are held by Alpha Sino International Limited ("Alpha Sino") and are deemed corporate interests by virtue of Mr. Chi's holding of 83.74 per cent. of the issued share capital of Alpha Sino which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Alpha Sino.

The following table shows the substantial shareholders (other than directors) of the Issuer owning, in aggregate, five per cent. or more of the outstanding ordinary shares and shares that can be converted from convertible bonds of the Issuer as of the Latest Practicable Date.

Name of Shareholder	Nature	Number of Shares	Percentage of issued share capital of the Issuer as at the Latest Practicable Date
Alpha Sino International Limited	Long position	1,341,871,364 (Note 1(b))	29.11%
International Finance Corporation	Long position	793,526,275 (Note 1)	17.22%
Yang Yuchuan	Interest of controlled corporation and spouse interest	346,844,434 (Note 2)	7.52
Zou Li ("Ms. Zou")	Interest of controlled corporation	309,914,999 (Note 3)	6.72%
Best Equity Holdings Limited	Beneficial owner	309,914,999 (Note 3)	6.72%

Notes:

- (1) The IFC has an interest in an aggregate of 793,526,275 shares of which (a) 244,246,275 shares are beneficially owned by it and registered in its name; and (b) pursuant to a share mortgage dated 10 July 2014, Alpha Sino, being the substantial shareholder of the Issuer, had mortgaged 549,280,000 shares (representing approximately 12.0 per cent. of the then issued share capital of the Issuer as at 30 June 2015) to IFC to secure repayment of a loan extended by the IFC under a loan agreement dated 30 May 2014 entered into between IFC and Baishan City Tianan Magnesium Resources (a subsidiary of the Issuer).

- (2) Mr. Yang Yuchuan has interest in an aggregate of 346,844,434 shares of which (a) 36,929,435 shares are beneficially owned by his spouse, Ms. Lao Min, and registered in her name, and (b) 309,914,999 shares are deemed corporate interests by virtue of his holding of 47.17% of the issued share capital of Best Equity, which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Best Equity.
- (3) These shares are held by Best Equity and are deemed corporate interests by virtue of Ms. Zou's holding of 52.83 per cent. of the issued share capital of Best Equity which entitled her to exercise or control the exercise of one-third or more of the voting power at general meeting of Best Equity.

CLEARANCE AND SETTLEMENT

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“Depository System”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (“Depositors”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“Depository Agents”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) because CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Euroclear and Clearstream, Luxembourg

Each of Euroclear and Clearstream, Luxembourg holds securities for their account holders and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective account holders to settle trades with each other.

Account holders in Euroclear and Clearstream, Luxembourg are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg account holders in accordance with the relevant system's rules and procedures.

CMU

In respect of Notes which are accepted for clearance by CMU in Hong Kong, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities maintained by HKMA as operator of the CMU. Since the CMU operator can act only on behalf of the CMU participants, who in turn may act on behalf of persons who hold interests through them, or indirect participants, the ability of persons having interests in the Global Certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of definitive bond certificates.

While the Global Note or Global Certificate representing the Notes is held by or on behalf of the CMU operator, payments of interest or principal will be made to the persons for whose account a relevant interest in such Global Note or Global Certificate is credited as being held by the CMU operator at the relevant time, as notified to the CMU Lodging and Paying Agent by the CMU operator in a relevant CMU Instrument Position Report or in any other relevant notification by the CMU operator (which notification, in either case, shall be conclusive evidence of the record of the CMU as to the identity of any account holder and the principal amount of any Note credited to the account, save in the case of manifest error). Such payment will discharge the Issuer's obligations in respect of that payment. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Payments, transfers, exchanges and other matters relating to interests in the Global Note or Global Certificate may be subject to various policies and procedures adopted by the CMU operator from time to time. None of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents or any of their agents will have any responsibility or liability for

any aspect of the CMU operator's records relating to, or for payments made on account of, interests in the Global Note or Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

For so long as all of the Notes are represented by the Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of the CMU operator, notices to holders of the Notes may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU operator on the business day preceding the date of despatch of such notice as holding interests in the Global Note or the Global Certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day on which such notice is delivered to the persons shown in the relevant CMU Instrument Position Report.

Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note or Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants. The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents nor any of their agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods, payments for services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong Macau and the ASEAN region. On June 17, 2010, PBOC, MOFCOM, the Ministry of Finance, the General Administration of Customs, the State Administration of Tax, and China Banking Regulatory Commission (“CBRC”) jointly promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (the “Renminbi Settlement Circular”), pursuant to which (i) Renminbi settlement of imports and exports of goods and services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover twenty provinces, and (iii) the restriction on designated offshore districts was lifted. Accordingly, any approved pilot enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. The pilot scheme was further extended in August 2011 to cover all provinces and cities in the PRC. While the pilot scheme allows enterprises to settle the import trade in goods, cross border service trade and other current account activities in Renminbi, only limited number of enterprises could settle their export trade in goods in Renminbi under the pilot scheme. On February 3, 2012, PBOC, MOFCOM, the Ministry of Finance, the General Administration of Customs, the State Administration of Tax, and CBRC jointly issued the Circular on Issues Concerning Administration over Enterprises Engaging in Renminbi Settlement of Export Trade in Goods, extending the Renminbi settlement to cover all duly qualified export enterprises trading in goods.

On 5 July 2013, PBOC promulgated the “Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures” (中国人民银行关于简化跨境人民币业务流程和完善有关政策的通知) (the “2013 Circular”), which sought to improve the efficiency of the cross-border Renminbi settlement process. For example, where automatic fund remittance occurs, the bank can debit the amount into the relevant account first and subsequently verify the relevant transaction. As a new regulation, the Renminbi Settlement Circular and the 2013 Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Renminbi Settlement Circular and impose conditions for settlement of Renminbi current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant authorities in the PRC. Before 2011 foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Before 2011, foreign invested enterprises or any other relevant PRC

parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On June 3, 2011, the PBOC promulgated the “Circular on Clarifying Issues concerning Cross-border Renminbi Settlement” (the “PBOC Circular”). The PBOC Circular provides instructions to local PBOC authorities and relevant PRC banks on procedures for the approval of Renminbi settlement activities for non-financial foreign direct investment into the PRC. The PBOC Circular applies to all non-financial foreign direct investment into the PRC with Renminbi, which includes investment by way of establishing a new enterprise, acquiring an onshore enterprise (excluding round-trip investment), transferring the shares, increasing the registered capital of an existing enterprise, or providing shareholder loan facilities in Renminbi. The domestic settlement banks of foreign investors or foreign invested enterprises in the PRC are required to submit written applications (which include, *inter alia*, requisite approval letters issued by the relevant MOC authorities) to the relevant local PBOC authorities at sub-provincial level or above for approval. The PBOC will determine whether to grant such approval on a case by case basis. In addition, according to the PBOC Circular, application for direct investment with Renminbi in the projects which are restricted or specially controlled by the state will not be accepted at present as foreign direct investment with Renminbi is still at a trial stage. On 13 October 2011, PBOC issued the PBOC FDI Measures, setting out procedures for PRC banking institutions to handle Renminbi settlement relating to Renminbi foreign direct investment and borrowing by foreign invested enterprises of offshore Renminbi loans. According to the PBOC RMB FDI Measures, special approval for Renminbi FDI and shareholder loans from the PBOC which was previously required is no longer mandatory.

On 3 December 2013, MOFCOM promulgated the MOFCOM Circular, which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the above rules and regulations are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The statements below are general in nature, are based on certain aspects of current tax laws in Singapore, the Cayman Islands, the British Virgin Islands and Hong Kong, and administrative guidelines and circulars issued by the MAS and relevant Cayman Islands, British Virgin Islands and Hong Kong authorities in force as of the date of this Information Memorandum. These laws, administrative guidelines or circulars, or the interpretation of these laws, guidelines or circulars, may change at any time, and such change could be retroactive to the date of issue of the Notes. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations and consequences that may be relevant to a decision to subscribe for, purchase, own, sell or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as tax advice. Each prospective investor is advised to consult its own professional tax advisers as to the Singapore, Cayman Islands, British Virgin Islands, Hong Kong or other tax consequences of the acquisition, ownership, sale or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. None of the Issuer, the Guarantors, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Singapore

Interest and other payments

Interest, discount income, “prepayment fee”, “redemption premium” and “break cost” (references in this tax disclosure to the terms in quotation marks as defined in the Income Tax Act, Chapter 134 of Singapore (the “ITA”)) derived by a holder of the Notes who is not resident in Singapore and who does not have any permanent establishment in Singapore is not subject to tax, as assuming that the Issuer is issuing the Notes outside Singapore and not through a branch or otherwise in Singapore, such income is likely to be regarded as arising from a source outside Singapore. If, however, such income should be regarded as being sourced in Singapore, they can nonetheless be exempt from tax, including withholding of tax, if the Notes qualify as “qualifying debt securities” for the purposes of the ITA as discussed below.

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final

withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 22 per cent. with effect from Year of Assessment 2017.

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 percent may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after January 1, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

- (a) “break cost” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (b) “prepayment fee” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (c) “redemption premium” means, in relation to debt securities, qualifying debt securities or qualifying project debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

As the Programme as a whole was arranged by OCBC, which was a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Bond Market) Company (each as defined in the ITA) at such time, any tranche of the Notes (the “**Relevant Notes**”) issued as debt securities under the Programme on or prior to 31 December 2018 would be, pursuant to the ITA and MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Notes within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Specified Income”) from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Notes within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS), Specified Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10 per cent.; and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the relevant authorities may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to fewer than four (4) persons and 50 per cent. or more of the issue of the Relevant Notes is held beneficially or funded, directly or indirectly, by a related party or related parties of the Issuer, the Relevant Notes would not qualify as “qualifying debt securities”; and
- (b) even though the Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of the Relevant Notes, 50 per cent. or more of the issue of the Relevant Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from the Relevant Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person who acquires the Relevant Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the relevant authorities may direct, of a return on debt securities in respect of the qualifying debt securities in the prescribed format within such period as the relevant authorities may specify to the MAS, and such other particulars in connection with the qualifying debt securities as the relevant authorities may require), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) either –
 - (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
 - (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In addition, the tax exemption on Specified Income from qualifying debt securities under the QDS Plus Scheme will not apply to any Specified Income derived from qualifying debt securities issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those qualifying debt securities is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations.

The MAS has also released MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” dated 28 June 2013, providing details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10th year), the income tax exemption granted to qualifying income accrued prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the “qualifying debt securities” scheme if the other conditions for “qualifying debt securities” continue to be met. Debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond’s pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme from the onset. The refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

However, even though the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of the Relevant Notes, 50 per cent. or more of the issue of the Relevant Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from the Relevant Notes held by:

- (i) any related party of the Issuer; or
- (ii) any other person who acquires the Relevant Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Relevant Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Relevant Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Relevant Notes who apply or are required to apply Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Relevant Notes, irrespective of disposal. Please see the section below on “*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*”.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”) (last revised on March 16, 2015). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

Holders of the Relevant Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Notes.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The IRAS has issued a consultation paper “Proposed Income Tax Treatment Arising from the Adoption of FRS 109 – Financial Instruments” on 1 July 2016 and the closing date for submission of comments was 1 August 2016. Holders and prospective holders of the Relevant Notes should consult their own accounting and tax advisers on the proposed tax treatment to understand the implications and consequences that may be applicable to them.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

Cayman Islands

Tax

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

Pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Issuer has obtained an undertaking from the Governor-in-Council: (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Issuer or its operations; and (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the Issuer.

The undertaking is for a period of twenty years from 4 February 2003.

The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

Stamp Duty

Certain stamp duties may be applicable, from time to time, on certain instruments executed in or brought into the Cayman Islands. No stamp duty is payable in respect of the issue or transfer of the Notes although duty may be payable if the Notes are executed in or brought into the Cayman Islands.

British Virgin Islands

As a company incorporated under the BVI Business Companies Act, the company is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the British Virgin Islands).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the company.

Hong Kong

The following summary of certain Hong Kong tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, decisions and practice now in effect, all of which are subject to prospective change and possibly retroactive change. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong;
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong,

and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note (for so long as the register of Noteholders is maintained outside Hong Kong).

Estate Duty

Hong Kong estate duty has been abolished with respect to all deaths occurring on or after 11 February 2006.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in the Programme Agreement between the Issuer and the Arranger, the Notes will be offered from time to time for sale through the Relevant Dealer(s). The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Relevant Dealer. The Programme Agreement also provides for Notes to be issued in syndicated series that are underwritten by two or more Dealers. The Programme Agreement further provides for the resignation of existing Dealers and the appointment of additional Dealers.

The Issuer will pay each Relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Relevant Dealer(s) for certain of their activities in connection with the Programme.

The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Issuer has agreed to indemnify the Arranger and the Dealers in connection with the offer and sale of such Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

Application will be made to the SGX-ST for permission to deal in and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. In connection with the offer and sale of each series of Notes, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes will be listed. No assurances can be given that the Programme will qualify for listing on a stock exchange. In addition, there is no assurance that if the Programme qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such series of Notes will be listed on a stock exchange, that such Notes will trade from their date of issuance until maturity (or early redemption).

In connection with the issue of any series of Notes, one or more Dealers named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes.

Certain Matters Relating to the Dealers

Some of the Dealers and their affiliates may have, directly or indirectly, performed investment and/or commercial banking or financial advisory or trustee services for the Issuer or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they may also receive customary fees and commissions.

The Dealers or certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. The Dealers or their affiliates may purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries, affiliates or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of any Notes issued pursuant to the terms of the Programme (notwithstanding that such selected counterparties may also be purchasers of the Notes).

Following an issuance of the Notes, a Dealer may make a market in such Notes. However, such Dealer is not obligated to do so, and any market-making activities by such Dealer with respect to such Notes may be discontinued at any time without notice.

Selling Restrictions

General

The selling restrictions below may be modified or supplemented from time to time by the agreement of the Issuer and the Relevant Dealer(s). Any such modification or supplement will be set out in a Pricing Supplement or in a supplement to this Information Memorandum. The Programme Agreement provides that the restrictions relating to any specific jurisdiction (set out below) shall be deemed to be modified to the extent (if at all) of any change(s) in, or change(s) in official interpretation of, applicable laws and regulations governing any of such restrictions relating to any specific jurisdiction.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum, any other document relating to the Notes or the Programme or any Pricing Supplement.

Singapore

This Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Sections 274 or 275 of the SFA, the Notes shall not be sold within the period of six months from the date of the initial acquisition of the Notes, except to any of the following persons:

- an institutional investor (as defined in Section 4A of the SFA);
- a relevant person (as defined in Section 275(2) of the SFA); or
- any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

British Virgin Islands

Each Dealer has represented and agreed that no invitation or offer has been or will be made on behalf of the Issuer, directly or indirectly, to any person resident in the British Virgin Islands to subscribe for any of the Notes.

Cayman Islands

Each Dealer has represented and agreed that Notes has not been or will not be offered or sold to the public or to any member of the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- if the relevant Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the relevant Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- at any time to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in the second, third and fourth bullet points above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

People’s Republic of China

Each Dealer has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

United Kingdom

Each Dealer represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice substantially to the following effect:

“The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the completion of the distribution of the Notes, except in either case in accordance with Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.”

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

In respect to Bearer Notes, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to United States persons, except in certain transactions permitted by U.S. tax regulations. Accordingly, Bearer Notes having a maturity of more than one year will be issued in accordance with the provisions of U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor regulation for purposes of Section 4701 of the United States Internal Revenue Code), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provisions of U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor regulation for purposes of Section 4701 of the United States Internal Revenue Code). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

GENERAL INFORMATION

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 8 May 2017. Each Guarantee has also been authorised by resolution of the Board of Directors of each relevant Guarantor.

Information on Directors

Save as disclosed in this Information Memorandum under the section “Business – Board of Directors and Key Executives”, the directors of the Issuer are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

Save as disclosed below, no director of the Issuer is or was involved in any of the following events:

- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
- (b) a conviction of any offence, other than a traffic offence, or judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgement, or so far as such person is aware, any criminal investigation pending against him; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

On 6 October 2014, one Mr. Miao Xi Zhu lodged a claim in the High Court of Hong Kong against Mr. Shum Sai Chit (an executive director of the Issuer), Mr. Chi Wen Fu (the Chairman and an executive director of the Issuer), Capital Idea Investments Limited (a wholly-owned subsidiary of the Issuer) and Win Union Limited, regarding the acquisition of China Rare Earth Magnesium Technology Holdings from Mr. Miao in January 2013. The Group had acquired shares in China Rare Earth Magnesium Technology Holdings from Mr. Miao at a consideration of HKD32,089,382 (the “Sale Transaction”); Mr. Miao considered that he had been misled to enter into the Sale Transaction at an undervalue. His claim against Mr. Shum, Mr. Chi, Capital Idea Investments Limited and Win Union Limited was for losses arising from selling shares at an undervalue.

To the best knowledge of the Issuer, Mr. Miao’s allegations are unmerited. Prior to the completion of the Sale Transaction, Mr. Miao was the second largest shareholder and director of China Rare Earth Magnesium Technology Holdings, with full knowledge of its overall operation and development plans. The consideration for the Sale Transaction was determined after over a month’s negotiation between the parties based on China Rare Earth Magnesium Technology Holdings’ assets, liabilities and performance. Thus, to the best knowledge of the Issuer, Mr. Miao was not misled into entering into the Sale Transaction at an undervalue.

Writs of summons were served on Mr. Chi and Mr. Shum on 16 October 2014 and 15 October 2014 respectively. To the best knowledge of the Issuer, Mr. Chi and Mr. Shum have engaged and consulted solicitors, filed their respective defences to Mr. Miao’s claims in the High Court of Hong Kong and will vigorously defend against Mr. Miao’s claims.

As at the Latest Practicable Date, to the best knowledge of the Issuer, the writ of summons for the litigation has not yet been served on Capital Idea Investments Limited. When Capital Idea Investments Limited is served with the writ of summons, to the best knowledge of the Issuer, it will also seek legal advice in relation to the claim and the necessary actions to be taken in this respect and will vigorously defend against Mr. Miao's claims.

Borrowings

Save as disclosed in the section "*Index to Financial Statements*", the Group had as at 31 December 2016 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Working Capital

The directors of the Issuer are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for its present requirements.

Material Adverse Change

There has been no material adverse change in the financial position or prospects of the Issuer and the Group since 31 December 2016.

Litigation

Save as disclosed below, neither the Issuer nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer or of the Group.

During the year ended 31 March 2008, IWOW Communications Pte Ltd ("IWOW") issued a legal proceeding in Hong Kong against Group Sense PDA Limited ("GS PDA"), a non-wholly owned subsidiary of the Issuer, for a sum of US\$627,571 (approximately HKD\$4,895,000, which is approximately S\$839,000). IWOW alleged that GS PDA was in breach of a service agreement dated 3 December 2004 and failed to make payments in accordance with the service agreement. In this connection, GS PDA also filed a claim against IWOW and alleged that IWOW was in breach of the service agreement in failing to design and develop products in substantial conformance to the functional specification as defined in the service agreement. Accordingly, GS PDA made a counterclaim against IWOW for liquidated damages in the sum of US\$100,000 and other damages to be assessed together with interest and costs.

As at the Latest Practicable Date, there has been no further progress noted in the claim and counterclaim.

Documents on Display

For so long as any of the Notes is outstanding, copies of the following documents may be inspected at the specified offices of each of the Paying Agents during normal business hours:

- the constitutional documents of the Issuer;

- the annual report and consolidated financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016 including, in each case, the audit report relating to such accounts;
- the Trust Deed;
- the Agency Agreement;
- the Deed of Covenant; and
- this Information Memorandum and any supplements thereto.

Auditors

The consolidated financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016, extracts of which are contained in this Information Memorandum, have been audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants as stated in their reports. The accountants' report on the consolidated financial statements of Shandong Hongri and its subsidiaries for the year ended 31 December 2013, 2014 and 2015 and for the period ended 30 June 2016, extracts of which are contained in this Information Memorandum, has been audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants as stated in the reports. HLB Hodgson Impey Cheng Limited has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

Certificates

Any certificate of the Auditors (as defined in the Trust Deed) or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts set out therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

Trustee

The functions, rights and obligations of the Trustee are set out in the Trust Deed.

FORM OF PRICING SUPPLEMENT



世纪阳光

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

S\$300,000,000

Multicurrency Medium Term Note Programme

Series No.: [●]

Tranche No.: [●]

[Brief Description and Amount of Notes]

Issue Price: [●] per cent.

Dealer[s]

[Insert Marketing Name of Dealer[s]]

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated [DATE] (as supplemented, amended or replaced from time to time, the “Information Memorandum”) issued in relation to the S\$300,000,000 Multicurrency Medium Term Note Programme of Century Sunshine Group Holdings Limited (the “Issuer”). The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information with respect to the Issuer, the Guarantors, the Group and the Notes that is material in the context of the issue and offering of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may only be offered and sold outside the United States to persons who are not U.S. persons in offshore transactions in reliance on Regulation S. In addition, subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”)).

Signed: _____

Authorised Signatory

1. Terms and Conditions

The following items are the particular terms which relate to the Tranche of Notes the subject of this Pricing Supplement. *[Include whichever of the following apply]*

- | | |
|---|--|
| 1. Series No.: | [Number] |
| 2. Tranche No.: | [Number] |
| 3. Specified Currency: | [Currency] |
| 4. Aggregate Principal Amount: | [Amount] |
| 5. Issue Price: | [Price] per cent. |
| 6. Issue Date: | [Date] |
| 7. Maturity Date: | [Date] |
| 8. Form (Condition 1(a)): | [Bearer Note/Registered Note] |
| 9. Specified Denomination(s) (Condition 1(a)): | [Currency and Amount(s)] |
| 10. Redemption Amount: | [Currency and Amount(s)]/[100% of Specified Denomination] |
| 11. Interest Basis/Payment Basis (Condition 1(a)): | [Fixed Rate/Floating Rate/Variable Rate/Hybrid Rate/Zero Coupon] |
| 12. Fixed Rate Note: | |
| (a) Calculation Amount (Condition 5(a)(i)): | [Currency and Amount] |
| (b) Rate of Interest (Condition 5(a)(i)): | [●] per cent. per annum |
| (c) Interest Commencement Date (Condition 5(a)(i)): | [Date] |
| (d) Specified Interest Payment Dates (Condition 5(a)(i)): | [Date(s)] |
| (e) Fixed Interest Period (Condition 5(a)(ii)): | [Number of months] |
| (f) Fixed Coupon Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (g) Initial Broken Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (h) Final Broken Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (i) Day Count Fraction (Condition 5(a)(iii)): | [Actual/365 (Fixed)]/[other basis] |
| 13. Floating Rate Notes/Variable Rate Notes: | |
| (a) Redemption Month (Condition 6(a)): | [Month and Year] |
| (b) Calculation Amount (Condition 5(b)(i)): | [Currency and Amount] |
| (c) Interest Commencement Date (Condition 5(b)(i)): | [Date] |
| (d) Specified Interest Payment Dates (Condition 5(b)(i)): | [Date(s)] |
| (e) Interest Period (Condition 5(b)(i)): | [Number of months or other period] |

- | | |
|---|--|
| (f) Business Day Convention (Condition 5(b)(i)): | [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[specify any other convention – include details] |
| (g) Interest Determination Date (Condition 5(b)(ii)): | [●] Business Days prior to the first day of each Interest Period |
| (h) Benchmark (Condition 5(b)(ii)): | [SIBOR]/[Swap Rate]/[LIBOR]/[EURIBOR]/[Specify other benchmark] |
| (i) Primary Source (Condition 5(b)(ii)): | [ISDA Determination]/[Screen Rate Determination]/[Reference Banks] |
| (j) Relevant Screen Page (Condition 5(b)(ii)): | [Specify screen page] |
| (k) Reference Banks (Condition 5(m)): | [Name four for LIBOR/EURIBOR and name three for SIBOR/Swap Offer Rate] |
| (l) Relevant Time (Condition 5(m)): | [Specify time] |
| (m) Day Count Fraction (Condition 5(g)): | [Actual/Actual (ICMA)]/[Actual/Actual]/[Actual/Actual (ISDA)]/[Actual/365]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Other basis] |
| (n) Relevant Financial Centre (Condition 5(m)): | [Specify if not Singapore] |
| (o) Reference Rate (Condition 5(m)): | [●] per cent. per annum |
| (p) Margin (Condition 5(b)(ii)): | [+/-] [●] per cent. per annum |
| (q) Minimum Rate of Interest (Condition 5(b)(v)): | [●] per cent. |
| (r) Maximum Rate of Interest (Condition 5(b)(v)): | [●] per cent. |
| (s) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest, if different from those set out in the Conditions: | [●] |

14. Hybrid Notes:

- | | |
|---|-------------------------|
| (a) Fixed Rate Period (Condition 5(c)(ii)(A)): | [●] |
| (b) Floating Rate Period (Condition 5(c)(iii)(A)): | [●] |
| (c) Redemption Month (Condition 6(a)): | [Month and Year] |
| (d) Calculation Amount (Condition 5(c)(i)): | [Currency and Amount] |
| (e) Rate of Interest (for Fixed Rate Period) (Condition 5(c)(ii)(A)): | [●] per cent. per annum |

(f) Specified Interest Payment Dates (for Fixed Rate Period) (Condition 5(c)(ii)(A)):	[Date(s)]
(g) Initial Broken Amount (Condition 5(c)(ii)(B)):	[Currency and Amount per Specified Denomination]
(h) Final Broken Amount (Condition 5(c)(ii)(B)):	[Currency and Amount per Specified Denomination]
(i) Interest Determination Date (for Floating Rate Period) (Condition 5(b)(ii)):	[●] Business Days prior to the first day of each Interest Period
(j) Interest Period (for Floating Rate Period) (Condition 5(c)(iii)(A)):	[Number of months or other period]
(k) Specified Interest Payment Dates (for Floating Rate Period) (Condition 5(c)(iii)(A)):	[Date(s)]
(l) Business Day Convention (Condition 5(c)(iii)(A)):	[Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[specify any other convention – include details]
(m) Benchmark (Condition 5(b)(ii)):	[SIBOR]/[Swap Rate]/ [LIBOR]/[EURIBOR]/ [Specify other benchmark]
(n) Primary Source (Condition 5(b)(ii)):	[ISDA Determination]/[Screen Rate Determination]/[Reference Banks]
(o) Relevant Screen Page (Condition 5(b)(ii)):	[Specify screen page]
(p) Reference Banks (Condition 5(m)):	[Named three]
(q) Relevant Time (Condition 5(m)):	[Specify time]
(r) Day Count Fraction (Condition 5(c)(ii)(C) and Condition 5(g)):	[Specify for Fixed Rate Period and for Floating Rate Period, as applicable, one or more of the following.] [Actual/Actual (ICMA)]/ [Actual/Actual]/[Actual/Actual (ISDA)]/ [Actual/365]/[Actual/365 (Fixed)]/ [Actual/360]/[30/360]/[360/360]/ [Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Other basis]
(s) Relevant Financial Centre (Condition 5(m)):	[Specify if not Singapore]
(t) Reference Rate (Condition 5(m)):	[●] per cent. per annum
(u) Margin (Condition 5(b)(ii)):	[+/-] [●] per cent. per annum

- (v) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Hybrid Notes during Floating Rate Period, if different from those set out in the Conditions: [●]
15. **Zero Coupon Notes:**
- (a) Amortisation Yield (Condition 5(d) and Condition 6(h)(ii)): [Yield]
- (b) Any other Formula/Basis of Determining Amount Payable: [●]
- (c) Day Count Fraction (Condition 6(h)): [State basis]
- (d) Default Interest (Condition 5(j)): [Specify]
16. Early Redemption Amount (Condition 6(i) or Condition 6(j)): [Specify]
17. Redemption at the Option of the Issuer (Condition 6(e)): [Yes/No]
- (a) Redemption Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Redemption Date(s): [Specify dates]/[Date to be specified in notice to Noteholders]
- (c) Optional Redemption Amount: [Amount]
- (d) Minimum Redemption Amount: [Amount]
- (e) Maximum Redemption Amount: [Amount]
18. Redemption at the Option of the Noteholders (Condition 6(f)): [Yes/No]
- (a) Redemption Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Redemption Date(s): [Specify dates]/[Date to be specified in Put Notice]
- (c) Optional Redemption Amount: [Amount]
19. Purchase of Variable Rate Note at the Option of the Noteholder (Condition 6(g)): [Yes/No]
- (a) VRN Purchase Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Purchase Amount: [Amount]

20. Talons (Condition 7(a)(iii)):
- (a) Talons for future Coupons to be attached to Definitive Bearer Notes: [Yes/No]
- (b) Reference Date(s) or Interest Payment Date(s) on which the Talons mature: [Date(s)]
21. Additional Provisions Relating to the Notes: [Give details]

2. Other Relevant Terms

1. Listing: [Yes – [Stock Exchange]/No]
2. Clearing System(s): [Not applicable]/[Euroclear]/[Clearstream, Luxembourg]/[CDP/CMU]/[Other clearing system]
3. Depository/Custodian: [Common depository for Euroclear and Clearstream, Luxembourg]/[CDP/CMU]/[Other]
4. ISIN No.: [Number]
5. Common Code: [Number]
6. CMU Instrument Number: [Number]
7. TEFRA Rules Applicable: [[Yes – [C Rules]/[D Rules]]/No]
8. Provisions for Bearer Notes:
- (a) Exchange Date: [None/Date]
- (b) Permanent Global Note: [Yes/No]
- (c) Definitive Bearer Notes: [Yes/No]
9. Provisions for Registered Notes:
- (a) Definitive Note Certificates Available on Issue Date: [Yes/No]
10. Use of Proceeds: [Specify if different from use disclosed in Information Memorandum.]
11. Syndicated: [Yes/No]
12. If Syndicated:
- (a) Lead Manager(s): [Name]
- (b) Stabilising Manager: [Name]
13. Commissions and Concessions: [Specify]
14. Private Bank Rebate: [Specify]
15. Dealer(s) Subscribing for Notes: [Legal Name(s) of Dealers]
16. Paying Agent(s) and Transfer Agent(s): [Names]
17. Calculation Agent: [Name]
18. Date of Calculation Agent Agreement: [Date]
19. Details of Any Variations to Programme Agreement: [Specify]
20. Details of Any Additional Selling Restrictions: [Specify]
21. [Additional Information:]: [Set out]

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The financial statements referenced above in this section titled "Index to Financial Statements" have been reproduced from the annual reports of Century Sunshine Group Holdings Limited for the financial years ended 31 December 2015 and 31 December 2016 respectively and have not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

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The financial statements of Hongri Acron Group referenced above in this section titled "Index to Financial Statements" have been reproduced from the shareholders' circular dated 27 September 2016 on "Major and Connected Transaction in respect of the Proposed Acquisition of 50.5% Equity Interest in Shandong Hongri Acron Chemical Joint Stock Company, Ltd and Provision of Financial Assistance" and have not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

Unaudited Consolidated Financial Statements of Shandong Hongri Chemical Joint Stock Company, Ltd. for the Year Ended 31 December 2016

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獨立核數師報告 Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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中環
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置地廣場
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Central
Hong Kong

致世紀陽光集團控股有限公司股東

(於開曼群島註冊成立的有限公司)

**TO THE SHAREHOLDERS OF CENTURY SUNSHINE
GROUP HOLDINGS LIMITED**

(Incorporated in Cayman Islands with limited liability)

意見

本核數師(以下簡稱「我們」)已審計列載於第82至226頁的世紀陽光集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於2016年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表之附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則真實而中肯地反映了貴集團於2016年12月31日的綜合財務狀況以及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

我們根據香港會計師公會頒佈的香港審計準則進行審計。我們在該等準則下承擔的責任已在本報告內「核數師就審核綜合財務報表承擔的責任」部份中作進一步闡述。根據香港會計師公會的專業會計師道德守則(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Opinion

We have audited the consolidated financial statements of Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 82 to 226, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 Accountant ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

獨立核數師報告 Independent Auditors' Report

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期的綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

關鍵審計事項

Key audit matters

應收貿易賬款減值

Impairment of trade receivables

請參閱綜合財務報表附註4及附註27

Refer to notes 4 and 27 to the consolidated financial statements

於2016年12月31日，貴集團有應收貿易賬款總額約448,255,000港元及減值撥備約547,000港元。釐定貿易應收賬款是否屬可收回涉及高水平的管理層判斷。管理層考慮的具體因素包括結餘賬齡、客戶所在地、是否存在紛爭、近期歷史付款模式及與對手方信譽有關的任何其他可獲得資料。管理層運用此類資料釐定是否需要就個別交易或一位客戶的整體結餘作出減值撥備。

As of 31 December 2016, the Group had trade receivables with gross amount of approximately HK\$448,255,000 and provision for impairment of approximately HK\$547,000. The determination as to whether a trade receivable is collectable involved high level of management's judgement. Specific factors management considered include the age of the balances, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management used these information to determine whether a provision for impairment is required either for a specific transaction or for a customer's balance overall.

Key Audit Matters

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

我們在審計中處理關鍵審計事項的方法

How our audit addressed the key audit matters

我們有關管理層對貿易應收款項的減值評估程序包括：

Our procedures in relation to management's impairment assessment on trade receivables included:

- 評估管理層的減值評估，包括以抽樣方式對管理層用以評估貿易應收賬款可收回性的基礎數據（如賬齡較長的貿易應收款項分析、客戶付款等）進行測試；

Evaluating management's impairment assessment included testing, on a sample basis, the underlying data used by management to assess the collectability of trade receivables, such as an aged trade receivable analysis, payments from customers;

關鍵審計事項

Key audit matters

應收貿易賬款減值(續)

Impairment of trade receivables (continued)

我們在審計中處理關鍵審計事項的方法

How our audit addressed the key audit matters

- 對並無確認任何撥備而賬齡較長的關鍵結餘進行測試，以檢查是否存在任何客觀減值跡象。這包括於年度結算日之後所收取付款的樣本檢查及審查歷史付款模式；

Testing the key aged balances where no provision was recognised to check if there were any objective evidences of impairment. This included sample checking of payments received subsequent to the year end date and reviewing historical payment patterns;

- 選擇確認減值撥備的重大貿易應收款項樣本，並理解管理層判斷背後的原因。為評估該等判斷，我們檢查該等結餘的賬齡，客戶的歷史付款模式及任何年終後付款；及

Selecting a sample of the significant trade receivable balances where a provision for impairment was recognised and understood the rationale behind management's judgement. In order to evaluate these judgements, we checked the age of these balances, the customers' historical payment patterns and any post year-end payments; and

- 於評估總體減值撥備過程中，我們亦考慮到管理層就確認撥備應用的政策與過往年度應用者一致。

Assessing the overall provision for impairment, we also considered the consistency of management's application of policy for recognising provisions with the prior years.

我們認為，管理層的結論與可取得資料一致。

We consider the management conclusion to be consistent with the available information.

獨立核數師報告 Independent Auditors' Report

關鍵審計事項

Key audit matters

物業、廠房及設備減值

Impairment of property, plant and equipment

請參閱綜合財務報表附註4及附註17

Refer to notes 4 and 17 to the consolidated financial statements

於2016年12月31日，貴集團有物業、廠房及設備約2,093,569,000港元，主要包括在建工程約1,074,664,000港元，租賃土地及樓宇約423,608,000港元及廠房及機器約582,532,000港元。貴集團近期之歷史虧損記錄是物業、廠房及設備減值的指標，因此，減值評估是需要的。我們集中於此範圍，原因是物業、廠房及設備之結餘龐大，而評估過程是複雜及高度主觀，過程是基於選取恰當的比較數據及假設，例如貼現率、未來收入等。貴集團已聘請外聘估值師進行租賃土地及樓宇、廠房及機器的可收回金額之估值工作。

As of 31 December 2016, the Group had property, plant and equipment of approximately HK\$2,093,569,000, which mainly comprised construction in progress of approximately HK\$1,074,664,000, leasehold land and building of approximately HK\$423,608,000 and plant and machinery of approximately HK\$582,532,000. A recent history of losses of the subsidiaries of the Group is an indicator of impairment for property, plant and equipment and hence an impairment assessment is required. We focused on this area because the balance of property, plant and equipment was significant and these assessment process is complex and highly subjective which based on the selection of appropriate comparables and assumptions such as discount rate, future revenue. The Group engaged an external valuer to perform the valuation for the recoverable amount of the leasehold land and building and plant and machinery.

我們在審計中處理關鍵審計事項的方法

How our audit addressed the key audit matters

我們有關管理層對減值評估程序包括：

Our procedures in relation to management's impairment assessment included:

- 評估獨立估值師的資格、能力及客觀性；
- Evaluating the independent valuer's competence, capabilities and objectivity;
- 根據我們對相關行業的瞭解及運用估值知識，評估所運用的方法及關鍵假設的適當程度；
- Assessing the methodologies used and the appropriateness of the key assumption based on our knowledge of the relevant industry and using our valuation experts;
- 根據我們對業務及行業的瞭解，質詢關鍵假設是否合理；及
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- 以抽樣方式檢查會計方法及所使用的輸入數據的相關程度。
- Checking, on a sampling basis, the accounting and relevance of the input data used.

我們發現假設得到現有憑證支持。

We found that the assumptions were supported by the available evidence.

關鍵審計事項**Key audit matters****存貨賬面值****Carrying value of inventories**

請參閱綜合財務報表附註4及附註26

Refer to notes 4 and 26 to the consolidated financial statements

於2016年12月31日，貴集團有存貨(扣除撥備)約227,387,000港元，包括農業化肥產品及金屬鎂產品，煉鋼熔劑產品及電子業務產品。電子產品一般週期短，而其他產品一般週期較長。存貨消耗受制於客戶需求變化及市場趨勢，此等因素亦提高了涉及估計存貨撥備之判斷水平。判斷是需要作出的，以評估為可能因客戶需求下降而最終變成陳舊或以低於成本出售之項目計提撥備之恰當水平。有關判斷包括管理層對未來銷量之期望及清理存貨計劃。

As of 31 December 2016, the Group had inventories net of provision of approximately HK\$227,387,000, which comprised of fertiliser products, magnesium products, metallurgical flux products and electronics products. The electronic products are usually with short life cycles, while other products are usually with longer life span. The consumption of inventories are subject to changing consumers' demands and market trends which increased the level of judgement involved in estimating inventory provisions. Judgement was required to assess the appropriate level of provisioning for items which may be ultimately obsoleted or sold below cost as a result of a reduction in customers' demand. Such judgements included management's expectations for future sales and inventory liquidation plans.

我們在審計中處理關鍵審計事項的方法**How our audit addressed the key audit matters**

我們有關管理層確定存貨賬面值的程序包括：

Our procedures in relation to management's determination of the carrying value of inventories included:

- 評估用於確定滯銷、過剩或過時項目撥備的程序、方法及假設。這包括將管理層的計算與過往年度運用者進行比較，檢測兩者是否一致，並通過參考過往運用者或銷售歷史以評估管理層採用的撥備政策；

Assessing the process, methods and assumptions used to determine the provision for slow-moving, excess or obsolete items. This included comparing management's calculations for consistency against those used in the prior years and assessing the provision policy adopted by management by reference to past usage or sales history;

- 以抽樣方式檢查庫存賬齡分析及隨後的銷售訂單及使用情況，測試管理層所運用基礎數據的可靠程度，以計算庫存過時撥備；

Testing the reliability of the underlying data used by management to calculate the inventory obsolescence provisions by sample checking of an inventory ageing analysis and the subsequent sales orders and usage;

獨立核數師報告
Independent Auditors' Report**關鍵審計事項****Key audit matters**

存貨賬面值(續)

Carrying value of inventories (continued)

我們在審計中處理關鍵審計事項的方法

**How our audit addressed
the key audit matters**

- 透過評估計算標準並根據該等標準重新計算庫存撥備，測試計算結果的準確程度；及

Testing the accuracy of the resultant calculation by assessing the calculation criteria and recalculating the provision for the inventories based on those criteria; and

- 就獲確定為滯銷、過剩或過時的項目而言，我們透過檢查最新或隨後的售價評估管理層的可變現淨值計算。

For those items which were identified as slow-moving, excess or obsolete, we assessing management's calculation of net realisable value by checking to the latest or subsequent selling prices.

我們發現存貨賬面值得到現有憑證支持。

We found the carrying values of the inventories was supported by the available evidence.

關鍵審計事項

Key audit matters

可轉換債券及衍生金融負債賬面值

Carrying amounts of exchangeable bonds and derivative financial liabilities

請參閱綜合財務報表附註34及附註35

Refer to notes 34 and 35 to the consolidated financial statements

於2016年12月31日，貴集團有可轉換債券約208,504,000港元及衍生金融負債約32,600,000港元，與年內發行的可換股債券的轉換選擇權有關。貴集團已獲得獨立的外部估值，以支持管理層的估計。估值依賴需要管理層重大判斷的若干關鍵假設，包括無風險利率及攤薄效應。

As of 31 December 2016, the Group has exchangeable bonds of approximately HK\$208,504,000 and derivative financial liabilities of approximately HK\$32,600,000 relating to the conversion option of the exchangeable bonds issued during the year. Independent external valuations were obtained in order to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement, including risk-free rates and dilution effect.

我們在審計中處理關鍵審計事項的方法

How our audit addressed the key audit matters

我們有關管理層對可轉換債券轉換選擇權估值的程序包括：

Our procedures in relation to management's valuation of conversion option of the exchangeable bonds included:

- 評估獨立評估師的資格、能力及客觀性；
- Evaluation of the independent valuer's competence, capabilities and objectivity;
- 根據我們對可轉換債券的瞭解及運用估值知識，評估所運用的方法及關鍵假設的適當程度；及
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the exchangeable bonds and using our valuation experts; and
- 以抽樣方式檢查所使用的輸入數據的準確及相關程度。
- Checking, on a sample basis, the accuracy and relevance of the input data used.

我們發現關鍵假設得到現有憑證所支持。

We found the key assumptions were supported by the available evidence.

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其他信息

貴公司董事須對其他信息負責。其他信息包括年報內所有信息，但不包括綜合財務報表及我們的核數師報告（「其他信息」）。

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

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

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會須負責監督 貴集團的財務報告過程。

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 auditors' report thereon ("Other Information").

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

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

Responsibilities of the Directors and the Audit Committee for the Consolidated Financial Statements

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

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

核數師就審核綜合財務報表須承擔的責任

我們的目標，是對綜合財務報表整體是否不存在於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告，除此之外報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期他們單獨或匯總起來可能影響綜合財務報表使用者，依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

獨立核數師報告 Independent Auditors' Report

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當修改意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易及事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督及執行。我們為審計意見承擔全部責任。
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審核發現等，包括我們在審計中識別出內部控制的何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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

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

獨立核數師報告
Independent Auditors' Report

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

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

出具本獨立核數師報告的審計項目董事為黃思瑋。

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

國衛會計師事務所有限公司
香港執業會計師

黃思瑋
執業證書編號：P05806

香港，2017年3月29日

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 29 March 2017

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至2016年12月31日止年度
For the year ended 31 December 2016

		附註 Notes	2016 千港元 HK\$'000	2015 千港元 HK\$'000
				(經重列) (Restated)
收入	Revenue	7	2,589,221	2,515,602
銷售成本	Cost of sales		(1,829,360)	(1,729,567)
毛利	Gross profit		759,861	786,035
議價收購收益	Gain on bargain purchase		-	28,746
其他收益或虧損淨額	Other gains or losses, net	9	57,399	35,381
銷售及市場推廣費用	Selling and marketing costs		(93,911)	(113,406)
行政開支	Administrative expenses		(159,379)	(139,742)
持作買賣投資的已變現及 未變現收益淨額	Net realised and unrealised gain on investments held for trading		8,791	6,875
應佔合資公司溢利及虧損	Share of profits and losses of joint ventures		1,695	1,760
於一間合資公司之投資減值	Impairment of investment in a joint venture		-	(180)
應佔一間聯營公司虧損	Share of loss of an associate		(1)	(4)
財務費用	Finance costs	10	(117,564)	(87,390)
除所得稅前溢利	Profit before income tax		456,891	518,075
所得稅開支	Income tax expense	11	(143,839)	(155,006)
年內溢利	Profit for the year	12	313,052	363,069
其他全面開支，扣除 所得稅：	Other comprehensive expenses, net of income tax:			
其後可能重新分類至 損益之項目：	Items that may be reclassified subsequently to profit or loss:			
年內重估可供出售投資 產生之虧損淨額	Net loss arising on revaluation of available-for-sale investments during the year		(3,138)	(22,012)
年內出售可供出售投資之 重新分類調整	Reclassification adjustments relating to disposal of available-for-sale investments during the year		(2,419)	-
換算海外業務所產生之 匯兌差額	Exchange differences arising from translation of foreign operations		(279,303)	(141,958)
年內其他全面開支，扣除 所得稅	Other comprehensive expenses for the year, net of income tax		(284,860)	(163,970)
年內全面收入總額	Total comprehensive income for the year		28,192	199,099

綜合損益及其他全面收益表
Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至2016年12月31日止年度
 For the year ended 31 December 2016

	附註 Notes	2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
下列人士應佔年內溢利：	Profit for the year attributable to:		
本公司擁有人	Owners of the Company	302,334	314,479
非控股權益	Non-controlling interests	10,718	48,590
		313,052	363,069
下列人士應佔年內全面 收入／(開支)總額：	Total comprehensive income/(expenses) for the year attributable to:		
本公司擁有人	Owners of the Company	44,908	173,586
非控股權益	Non-controlling interests	(16,716)	25,513
		28,192	199,099
			(經重列) (Restated)
每股盈利：	Earnings per share:		
— 基本(港仙)	— basic (HK cents)	15(a) 6.57 仙 cents	7.45 仙 cents
— 攤薄(港仙)	— diluted (HK cents)	15(b) 6.57 仙 cents	7.33 仙 cents

隨附附註屬本綜合財務報表的一部份。

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

綜合財務狀況表

Consolidated Statement of Financial Position

於2016年12月31日
As at 31 December 2016

	附註 Notes	2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
非流動資產	Non-current assets		
土地使用權	Land use rights	16	206,746
物業、廠房及設備	Property, plant and equipment	17	2,093,569
投資物業	Investment properties	18	114,001
商譽	Goodwill	19	197,368
無形資產	Intangible assets	20	717
採礦權	Mining rights	21	466,741
支付購買專利款項	Payment for acquisition of patents		50,049
購買物業、廠房及設備的按金	Deposits for acquisition of property, plant and equipment		372
於合資公司之投資	Investments in joint ventures	23	5,362
於一間聯營公司之投資	Investment in an associate	24	17
可供出售投資	Available-for-sale investments	25	6,840
已抵押銀行存款	Pledged bank deposits		31,587
			3,173,369
			3,057,194
流動資產	Current assets		
可供出售投資	Available-for-sale investments	25	70,632
存貨	Inventories	26	227,387
土地使用權	Land use rights	16	4,723
貿易及其他應收款項、預付款項及按金	Trade and other receivables, prepayments and deposits	27	856,906
可退回所得稅	Income tax recoverable		1,706
持作買賣投資	Investments held for trading	28	10,415
衍生金融資產	Derivative financial assets	29	-
應收一間合資公司款項	Amount due from a joint venture	23	133
銀行及現金結餘	Bank and cash balances	30	901,198
			2,073,100
			2,364,498
減：流動負債	Less: Current liabilities		
貿易及其他應付款項	Trade and other payables	31	294,447
應付所得稅	Income tax payable		31,075
借貸	Borrowings	32	320,665
衍生金融負債	Derivative financial liabilities	34	32,600
可換股債券	Convertible bonds	33	-
			678,787
			718,223
流動資產淨值	Net current assets		1,394,313
			1,646,275
資產總值減流動負債	Total assets less current liabilities		4,567,682
			4,703,469

綜合財務狀況表
Consolidated Statement of Financial Position

於2016年12月31日
As at 31 December 2016

	附註 Notes	2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
減：非流動負債	Less: Non-current liabilities		
遞延收入	Deferred revenue 36	66,176	69,552
其他應付款項	Other payable 31	121,000	110,000
可轉換債券	Exchangeable bonds 35	208,504	–
借貸	Borrowings 32	1,011,457	1,043,062
遞延稅項負債	Deferred tax liabilities 37	106,079	116,333
		1,513,216	1,338,947
資產淨值	Net assets	3,054,466	3,364,522
本公司擁有人應佔股本及儲備	Capital and reserves attributable to owners of the Company		
股本	Share capital 38	101,756	101,986
儲備	Reserves	2,610,945	2,856,310
		2,712,701	2,958,296
非控股權益	Non-controlling interests	341,765	406,226
權益總額	Total equity	3,054,466	3,364,522

董事會於2017年3月29日批准及授權刊發載於第82至226頁之綜合財務報表，並由下列董事代表簽署：

The consolidated financial statements on pages 82 to 226 were approved and authorised for issue by the board of directors on 29 March 2017 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

隨附附註屬本綜合財務報表的一部份。

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

綜合權益變動表

Consolidated Statement of Changes in Equity

截至2016年12月31日止年度
For the year ended 31 December 2016

		本公司擁有人應佔													非控股權益		總計
		Attributable to Owners of the Company													Non-controlling interests		Total
股本	股份溢價	資本贖回儲備 (附註(i))		資本儲備 (附註(ii))	法定儲備 (附註(iii))	購股權儲備	外幣換算儲備	可換取債券權益儲備	其他儲備	保留盈利	小計	非控股權益	總計				
		Share capital	Share premium											Capital redemption reserve (note (i))	Revaluation reserve (note (ii))	Capital reserve (note (iii))	Statutory reserve (note (iii))
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於2015年1月1日	As at 1 January 2015	67,910	887,189	3,499	22,771	13,666	106,999	5,652	98,021	16,779	(49,027)	1,037,314	2,210,773	155,868	2,366,641		
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	-	314,479	314,479	48,590	363,069		
年內其他全面開支 (扣除所得稅)：	Other comprehensive expenses for the year, net of income tax:																
年內重估可供出售投資產生之虧損淨額	Net loss arising on revaluation of available-for-sale investments during the year	-	-	-	(17,124)	-	-	-	-	-	-	-	(17,124)	(4,888)	(22,012)		
換算淨外業務所產生之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(123,769)	-	-	-	-	(123,769)	(18,189)	(141,958)		
年內全面(開支)/收入總額	Total comprehensive (expenses)/income for the year	-	-	-	(17,124)	-	-	(123,769)	-	-	-	314,479	173,586	25,513	199,099		
根據公開發售發行普通股	Issue of ordinary shares under open offer	29,062	545,015	-	-	-	-	-	-	-	-	-	574,077	-	574,077		
根據紅股發行普通股	Issue of ordinary shares under bonus issue	4,359	(4,409)	-	-	-	-	-	-	-	-	-	(50)	-	(50)		
收購附屬公司	Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	96,536	96,536		
已付末期股息	Final dividend paid	-	(21,797)	-	-	-	-	-	-	-	-	-	(21,797)	-	(21,797)		
贖回可換取債券	Redemption of convertible bonds	-	-	-	-	-	-	(4,336)	-	-	-	4,336	-	-	-		
已失效購股權	Share option lapsed	-	-	-	-	-	(2,128)	-	-	-	-	2,128	-	-	-		
轉撥至儲備	Transfer to reserve	-	-	-	-	46,142	-	-	-	-	-	(46,142)	-	-	-		
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	1,115	23,471	-	-	-	(1,199)	-	-	-	-	-	23,387	-	23,387		
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	2,528	-	-	-	-	-	2,528	-	2,528		
一間附屬公司進行公開發售	Open offer of a subsidiary	-	-	-	-	-	-	-	-	-	-	(931)	(931)	136,889	135,958		
附屬公司擁有權權益之變動	Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	5,797	-	5,797	(8,580)	(2,783)		
註銷股份	Share cancellation	(460)	(8,614)	460	-	-	-	-	-	-	-	(460)	(8,074)	-	(9,074)		
於2015年12月31日及2016年1月1日	As at 31 December 2015 and 1 January 2016	101,986	1,420,855	3,959	5,647	13,666	153,141	4,853	(25,748)	12,443	(44,161)	1,311,655	2,958,296	406,226	3,364,522		
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	-	302,334	302,334	10,718	313,052		
年內其他全面開支 (扣除所得稅)：	Other comprehensive expenses for the year, net of income tax:																
年內重估可供出售投資產生之虧損淨額	Net loss arising on revaluation of available-for-sale investments during the year	-	-	-	(1,821)	-	-	-	-	-	-	-	(1,821)	(1,317)	(3,138)		
年內出售可供出售投資之重新分類調整	Reclassification adjustments relating to disposal of available-for-sale investments during the year	-	-	-	(2,419)	-	-	-	-	-	-	-	(2,419)	-	(2,419)		
換算淨外業務所產生之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(253,186)	-	-	-	-	(253,186)	(26,117)	(279,303)		
年內全面(開支)/收入總額	Total comprehensive (expenses)/income for the year	-	-	-	(4,240)	-	-	(253,186)	-	-	-	302,334	44,908	(16,716)	28,192		
已付末期股息	Final dividend paid	-	(59,774)	-	-	-	-	-	-	-	-	-	(59,774)	-	(59,774)		
贖回可換取債券	Redemption of convertible bonds	-	-	-	-	-	-	(12,443)	-	-	-	12,443	-	-	-		
已失效購股權	Share option lapsed	-	-	-	-	-	(1,714)	-	-	-	-	1,714	-	-	-		
轉撥至儲備	Transfer to reserve	-	-	-	-	35,645	-	-	-	-	-	(35,645)	-	-	-		
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	1,075	-	-	-	-	-	1,075	-	1,075		
附屬公司擁有權權益之變動	Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	(227,593)	-	(227,593)	(47,745)	(275,338)		
註銷股份	Share cancellation	(230)	(3,981)	230	-	-	-	-	-	-	-	(230)	(4,211)	-	(4,211)		
於2016年12月31日	As at 31 December 2016	101,756	1,357,100	4,189	1,407	13,666	188,786	4,214	(278,934)	-	(271,754)	1,592,271	2,712,701	341,765	3,054,466		

綜合權益變動表

Consolidated Statement of Changes in Equity

截至2016年12月31日止年度
For the year ended 31 December 2016

附註：

- (i) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥之本公司股份之面值。
- (ii) 資本儲備指根據集團重組已收購及資本化之附屬公司股份面值，與用作交換有關股份而發行之本公司股份的面值，兩者間之差額。
- (iii) 法定儲備主要為附屬公司按其中華人民共和國（「中國」）法定財務報表所列純利的10%及為若干安全生產活動提撥的資金。

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

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

notes:

- (i) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.
- (ii) Capital reserve represents the difference between the nominal value of the shares of the subsidiaries that have been acquired and capitalised pursuant to a group reorganisation over the nominal value of the Company's Shares issued in exchange therefore.
- (iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities.

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

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

隨附附註屬本綜合財務報表的一部份。

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

綜合現金流量表

Consolidated Statement of Cash Flows

截至2016年12月31日止年度
For the year ended 31 December 2016

	附註 Note	2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
經營活動	Operating activities		
除所得稅前溢利	Profit before income tax	456,891	518,075
就下列項目作出調整：	Adjustments for:		
折舊及攤銷	Depreciation and amortisation	129,378	96,397
財務費用	Finance costs	117,564	87,390
出售物業、廠房及設備的 收益淨額	Net gain on disposal of property, plant and equipment	(257)	(290)
持作買賣投資的已變現及 未變現收益	Realised and unrealised gain on investments held for trading	(8,790)	(6,875)
股息收入	Dividend income	(769)	(200)
利息收入	Interest income	(23,970)	(12,094)
股權結算股份付款之交易	Equity settled share-based payments	1,075	2,528
金融衍生工具公允價值變動	Fair value change on financial derivatives	487	236
應佔聯營公司虧損	Share of loss of an associate	1	4
撥回應收貿易款項減值及撇賬	Reversal of impairment and written off of trade receivables	(279)	(229)
存貨撥備	Provision of inventories	7,058	2,374
應收貿易款項減值	Impairment of trade receivables	784	206
可供出售投資減值	Impairment of an available-for-sale investment	460	-
無形資產減值	Impairment of intangible assets	359	599
出售一間附屬公司的收益	Gain on disposal of subsidiaries	-	(179)
出售可供出售投資收益	Gain on disposal of available-for-sale investment	(2,848)	-
長齡應計款項撥回	Write back of long-aged accounts	(3,059)	-
撥回其他應收款項撇賬	Reversal of written off of other receivables	(5,495)	-
議價收購收益	Gain on bargain purchase	-	(28,746)
應佔合資公司溢利	Share of profits of joint ventures	(1,695)	(1,760)
於一間合資公司投資減值	Impairment of an investment in a joint venture	-	180
營運資金變動前的經營 現金流量	Operating cash flows before movements in working capital	666,895	657,616
出售持作買賣投資的 所得款項	Proceeds from disposal of investments held for trading	39,750	45,075
應收一間合資公司款項 減少/(增加)	Decrease/(increase) in amount due from a joint venture	1,375	(855)
購買持作買賣投資 存貨減少/(增加)	Purchase of investments held for trading Decrease/(increase) in inventories	(3,429)	(67,585)
貿易及其他應收款項、 預付款項及按金增加	Increase in trade and other receivables, prepayments and deposits	(65,304)	(205,616)
貿易及其他應付款項增加/(減少)	Increase/(decrease) in trade and other payables	26,296	(95,786)
經營業務所產生的現金 所得稅退款	Cash generated from operations Income tax refund	668,203	300,901
已付所得稅	Income tax paid	1,102	-
		(146,664)	(158,677)
經營活動所產生的 現金淨額	Net cash generated from operating activities	522,641	142,224
投資活動	Investing activities		
銀行存款減少/(增加)	Decrease/(increase) in deposits with banks	56,867	(176,910)
已抵押銀行存款增加	Increase in pledged bank deposits	(33,197)	-
購置物業、廠房及設備	Purchase of property, plant and equipment	(479,013)	(217,301)
購置物業、廠房及設備 的按金減少/(增加)	Decrease/(increase) in deposits for acquisition of property, plant and equipment	10,316	(10,688)
有關出售一間附屬公司 的現金流入淨額	Net cash inflow in respect of the disposal of a subsidiary	-	4
已收利息	Interest received	26,464	7,733
已收股息	Dividend received	769	200
出售物業、廠房及設備的 所得款項	Proceeds from disposal of property, plant and equipment	1,278	376
發展添置成本	Additions to development costs	-	(361)

綜合現金流量表
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			(經重列) (Restated)
收購附屬公司之現金流出淨額	44	(63,212)	(200,786)
購買土地使用權添置		(53,059)	-
出售可供出售投資所得款項		68,864	-
支付購買可供出售投資款項		(22,245)	(111,582)
向一間其後購入成為附屬公司之公司墊付貸款		(233,780)	(45,116)
投資活動所用的現金淨額	Net cash used in investing activities	(719,948)	(754,431)
融資活動	Financing activities		
新造借款的所得款項	Proceeds from new borrowings	379,016	182,287
償還借貸	Repayment of borrowings	(201,318)	(318,321)
發行可轉換債券所得款項淨額	Net proceeds from issue of exchangeable bonds	229,504	-
已付利息	Interest paid	(93,993)	(57,886)
已付末期股息	Final dividend paid	(59,774)	(21,797)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	-	23,387
於附屬公司之權益擁有權變動之現金流出淨額	Net cash outflow in respect of changes in ownership interest of subsidiaries	(275,338)	(64,840)
遞延收入增加	Increase in deferred revenue	1,426	2,486
來自附屬公司之一名非控股股東的貸款的所得款項	Proceeds from loan from a non-controlling shareholder of a subsidiary	11,000	82,000
應付一間附屬公司一名非控股股東款項增加/(減少)	Increase/(decrease) in an amount due to a non-controlling shareholder of a subsidiary	216	(2,002)
發行上市後債票據的所得款項	Proceeds from issue of listed subordinated note	-	699,314
支付贖回可換股債券款項	Payment for redemption of convertible bonds	(207,748)	(123,625)
根據公開發售發行普通股的所得款項	Proceeds from issue of ordinary shares under open offer	-	574,077
根據公開發售發行一間附屬公司的普通股的所得款項	Proceeds from issue of ordinary shares of a subsidiary under open offer	-	135,958
根據紅股發行發行普通股的成本	Issue cost of ordinary shares under bonus issue	-	(50)
就購回股份支付款項	Payment for share repurchases	(4,211)	(9,074)
融資活動(所用)/所產生的現金淨額	Net cash (used in)/generated from financing activities	(221,220)	1,101,914
現金及等同現金項目(減少)/增加淨額	Net (decrease)/increase in cash and cash equivalents	(418,527)	489,707
年初的現金及等同現金項目	Cash and cash equivalents at the beginning of the year	1,189,255	742,431
外幣匯率變動的影響	Effect of foreign exchange rate changes	(61,418)	(42,883)
年末的現金及等同現金項目	Cash and cash equivalents at the end of the year	709,310	1,189,255
現金及等同現金項目分析	Analysis of balances of cash and cash equivalents		
綜合財務狀況表所列之銀行及現金結餘	Bank and cash balances as stated in the consolidated statement of financial position	901,198	1,452,515
抵押為貸款擔保之已抵押銀行存款	Pledged deposits with banks pledged as security for borrowings	(25,116)	(24,580)
獲收購時原到期日超過三個月之無抵押銀行存款	Non-pledged deposits with bank with original maturity of more than three months when acquired	(166,772)	(238,680)
綜合現金流量表所列之現金及等同現金項目	Cash and cash equivalents as stated in the consolidated statement of cash flows	709,310	1,189,255

隨附附註屬本綜合財務報表的一部份。

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

財務報表附註

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1. 一般資料

世紀陽光集團控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事農業肥料業務、金屬鎂產品業務、煉鋼熔劑業務和電子產品業務。

本公司乃於2003年1月21日根據開曼群島公司法第22章(1961年法律3，經綜合及修訂)在開曼群島註冊成立的獲豁免有限公司。本公司的股份於2004年2月17日於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市，並於2008年7月31日撤銷其於創業板的上市地位。自2008年8月1日起，本公司的股份已於聯交所主板上市。董事認為，本公司之最終控股公司為冠華國際有限公司，該公司為於英屬處女群島註冊成立之公司。

綜合財務報表均以港元(「港元」)為單位，與本公司的功能貨幣相同。除非另有說明，否則所有金額均以近千位(千港元)計值。

1. General Information

Century Sunshine Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in fertiliser business, magnesium product business, metallurgical flux business and electronic product business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company’s shares were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company’s shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

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

財務報表附註
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2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度，本集團首次應用以下由香港會計師公會頒佈並於2016年1月1日或之後開始的本集團財政年度生效的新訂及經修訂準則、修訂及詮釋(「新訂及經修訂香港財務報告準則」)。

香港財務報告準則(修訂本)	香港財務報告準則2012年至2014年週期之年度改進
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)	投資實體：應用綜合入賬之例外情況
香港財務報告準則第11號(修訂本)	收購於合資業務之權益之會計法
香港財務報告準則第14號	監管遞延賬戶
香港會計準則第1號(修訂本)	披露措施
香港會計準則第16號及香港會計準則第38號(修訂本)	澄清折舊及攤銷之可接受方法
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物
香港會計準則第27號(修訂本)	獨立財務報表之權益法

香港財務報告準則2012年至2014年週期之年度改進

香港財務報告準則2012年至2014年週期之年度改進包括對不同香港財務報告準則的多項修訂，概述如下。

香港財務報告準則第5號(修訂本)於香港財務報告準則第5號引入特定指引，處理實體將資產(或出售組別)由持作出售重新分類至持作分派予擁有人(或反之亦然)的時間，或終止持作分派會計處理的時間。該等修訂按未來適用法應用。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on or after 1 January 2016.

HKFRSs (Amendments)	Annual Improvement to HKFRSs 2012–2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

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香港財務報告準則第7號(修訂本)披露一抵銷金融資產與金融負債提供額外指引，澄清就有關已轉讓資產的披露規定而言，一項有效合約是否持續參與一項已轉讓資產，並澄清並非明文規定須就所有中期期間作出抵銷披露(於2011年12月頒佈並於2013年1月1日或之後開始的期間生效的香港財務報告準則第7號(修訂本)中引入)。然而，簡明中期財務報表可能須載有相關披露，以符合香港會計準則第34號中期財務報告。

香港會計準則第19號(修訂本)澄清，估計離職福利貼現率所採用優質企業債券，應以與支付福利相同的貨幣發行。該等修訂將導致從貨幣層面評估優質企業債券的市場深度。該等修訂由首次應用該等修訂的財務報表所呈列的最早比較期間開始應用。所產生的任何初始調整應於所呈列的最早比較期間的期初保留盈利中確認。

香港會計準則第34號(修訂本)澄清關於香港會計準則第34號規定於中期財務報告內其他部分呈列的資料的規定。該等修訂規定，有關資料應以與中期財務報表相互參照形式，按與中期財務報表相同的用語，載入使用者與中期財務報表同時取得的中期財務報告其他部分。

應用上述香港財務報告準則的修訂並無對本集團的綜合財務報表構成重大影響。

The amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for postemployment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The application of the said amendments to HKFRSs has had no material impact on the Group's consolidated financial statements.

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香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)投資實體：應用綜合入賬之例外情況

香港財務報告準則第10號綜合財務報表、香港財務報告準則第12號披露於其他實體的權益及香港會計準則第28號於聯營公司及合營企業的投資(修訂本)澄清，投資實體之附屬公司編製可供母公司實體閱覽之綜合財務報表的例外情況，即使投資實體根據香港財務報告準則第10號按公允值計量其所有附屬公司。有關修訂亦澄清，投資實體須將附屬公司(其主要業務乃為提供與投資實體母公司的投資活動有關的服務及活動)綜合入賬之規定僅以於其本身並非投資實體之附屬公司為限。

應用香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)不會對本集團之綜合財務報表造成重大影響，原因為本集團並非投資實體，亦無持有任何作為投資實體之附屬公司、聯營公司或合資公司。

香港財務報告準則第11號(修訂本)收購於合資業務之權益之會計法

香港財務報告準則第11號(修訂本)就構成香港財務報告準則第3號業務合併之合資業務收購之入賬方法提供指引。具體而言，該等修訂指出應採用香港財務報告準則第3號及其他準則(例如香港會計準則第36號有關收購合資業務分派商譽之現金產生單位(「現金產生單位」)之減值測試)中有關業務合併會計處理方法的相關原則。只有在參與合資其中一方將一項現有業務注入合資業務時，組建合資業務方會應用相同的規定。

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10 Consolidated Financial Statements, HKFRS 12 Disclosure of Interests in Other Entities and HKAS 28 Investments in Associates and Joint Ventures clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 has had no material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 regarding impairment testing of a cash-generating unit ("CGU") to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

財務報表附註 Notes to the Financial Statements

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合資方亦須披露香港財務報告準則第3號及其他業務合併準則所規定的相關資料。

香港財務報告準則第11號(修訂本)於2016年1月1日或之後開始的年度期間追溯應用。應用此等香港財務報告準則第11號(修訂本)並無對本集團的綜合財務報表構成重大影響。

香港會計準則第1號(修訂本)披露措施

香港會計準則第1號(修訂本)旨在進一步鼓勵公司應用專業判斷，以釐定於其財務報表中所披露的資料。例如，有關修訂明確指出重要資料適用於整份財務報表，而包含非重要資料會抑制財務披露的效用。此外，有關修訂澄清公司須運用專業判斷，以釐定資料須在財務披露中呈列環節及次序。

應用此等香港會計準則第1號(修訂本)並無對本集團之綜合財務報表構成重大影響。

香港會計準則第16號及香港會計準則第38號(修訂本)澄清折舊及攤銷之可接受方法

香港會計準則第16號(修訂本)禁止就物業、廠房及設備項目使用以收益為基礎之折舊法。香港會計準則第38號之修訂引入一項可推翻之假設，即收益並非無形資產攤銷之合適基準。此項假設僅可於以下兩種有限情況下遭推翻：

- 當無形資產是以收益來衡量；或
- 當可證明收益與無形資產經濟利益之消耗存在高度關聯。

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The application of these amendments to HKFRS 11 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

The application of these amendments to HKAS 1 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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有關修訂於2016年1月1日或之後開始的年度期間追溯應用。目前，本集團就廠房及設備之折舊使用直線法。本公司董事相信，直線法為反映有關資產之固有經濟利益消耗之最適合方法，因此，應用香港會計準則第16號及香港會計準則第38號(修訂本)不會對本集團之綜合財務報表造成重大影響。

香港會計準則第27號(修訂本)獨立財務報表之權益法

有關修訂允許實體按以下方式將於附屬公司、合營企業及聯營公司的投資在其獨立財務報表入賬：

- 按成本；
- 根據香港財務報告準則第9號金融工具(或就尚未採納香港財務報告準則第9號的實體而言，香港會計準則第39號)；或
- 按香港會計準則第28號於聯營公司及合營企業的投資所述運用權益法。

會計選項必須按投資類別應用。

有關修訂亦澄清當母公司不再為投資實體，或成為投資實體時，須由地位改變當日起將相關變動入賬。

除香港會計準則第27號之修訂外，香港會計準則第28號亦有後續修訂，避免與香港財務報告準則第10號綜合財務報表及香港財務報告準則第1號首次採納香港財務報告準則出現潛在衝突。

本公司董事預期應用此等香港會計準則第27號(修訂本)不會對本集團之綜合財務報表構成重大影響。

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the application of these amendments to HKAS 16 and HKAS 38 has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with HKFRS 9 Financial Instruments (or HKAS 39 for entities that have not yet adopted HKFRS 9); or
- using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

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於本年度應用其他新訂及經修訂香港財務報告準則不會對本集團於本年度及過往年度的財務表現及狀況以及此等綜合財務報表所載披露構成重大影響。

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則 (修訂本)	香港財務報告準則2014年 至2016年週期之年度改進 ⁵
香港財務報告準則 第2號(修訂本)	股份支付交易的分類及計量 ²
香港財務報告準則 第4號(修訂本)	保險合約 ²
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10號及 香港會計準則 第28號(修訂本)	投資者與其聯營公司或 合營企業之間的資產出售 或注資 ⁴
香港財務報告準則 第15號	來自客戶合約之收入 ²
香港財務報告準則 第15號(修訂本)	澄清香港財務報告準則 第15號來自客戶合約之 收入 ²
香港財務報告準則 第16號	租賃 ³
香港會計準則第7號 (修訂本)	披露措施 ¹
香港會計準則第12號 (修訂本)	就未變現虧損確認遞延稅項 資產 ¹

- 1 於2017年1月1日或之後開始的年度期間生效，允許提早應用。
- 2 於2018年1月1日或之後開始的年度期間生效，允許提早應用。
- 3 於2019年1月1日或之後開始的年度期間生效，允許提早應用。
- 4 於待定日期或之後開始的年度期間生效。
- 5 於2017年1月1日或2018年1月1日(視適用情況而定)或之後開始的年度期間生效。

The application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵
HKFRS 2 (Amendments)	Clarification and Measurement of Share-based Payment Transaction ²
HKFRS 4 (Amendments)	Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹

- 1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- 2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- 3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
- 4 Effective for annual periods beginning on or after a date to be determined.
- 5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018 (as appropriate).

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香港財務報告準則第9號金融工具

於2009年頒佈之香港財務報告準則第9號引入金融資產分類及計量之新規定。其後於2010年修訂之香港財務報告準則第9號包括對金融負債之分類及計量以及終止確認之規定，並於2013年修訂，以載入一般對沖會計的新規定。於2014年頒佈之香港財務報告準則第9號另一個經修訂版本主要加入a)有關金融資產之減值規定；及b)藉為若干簡單債務工具引入「透過其他全面收入按公允值列賬」計量類別，對分類及計量規定作出有限修訂。

與本集團相關的香港財務報告準則第9號之主要規定概述如下：

- 納入香港會計準則第39號範圍內之所有已確認金融資產，其後均須按攤銷成本或公允值計量。特別是，旨在以收取合約現金流量之業務模式內所持有，且合約現金流量僅為支付本金及未償本金之利息為業務模式而持有之債項投資，一般於其後報告期間結束時按攤銷成本計量。所有其他債項投資及股權投資均於其後會計期間結束時按公允值計量。此外，根據香港財務報告準則第9號，實體可以不可撤回地選擇於其他全面收益呈列股權投資（並非持作買賣用途）之其後公允值變動，而一般僅於損益賬確認股息收入。

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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- 香港財務報告準則第9號規定，就按公允值計入損益之金融負債之計量而言，因金融負債信貸風險有變而導致其公允值變動之金額乃於其他全面收益內呈列，除非於其他全面收益確認該負債信貸風險變動之影響會產生或增加損益之會計錯配則作別論。因金融負債信貸風險有變而導致金融負債公允值變動其後不會重新分類至損益賬。根據香港會計準則第39號，指定為按公允值計入損益之金融負債之全部公允值變動金額均於損益賬中呈列。
- 就金融資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。
- 新訂一般對沖會計規定保留三種對沖會計處理類別。然而，已為合資格作對沖會計處理的各類交易提供更大的靈活性，特別是增加合資格作為對沖工具的工具類別以及合資格作對沖會計處理的非金融風險成分類別。此外，成效測試已廢除，並由「經濟關係」原則取代。同時亦毋須追溯評估對沖成效。新規定同時引入增加披露有關實體風險管理活動的規定。
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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本公司董事預計，日後應用香港財務報告準則第9號可能對本集團於綜合財務報表所報告及披露的金額構成影響。然而，於詳細審閱完成前提供有關影響的合理估計乃不切實際。

The directors of the Company anticipate that the application of HKFRS 9 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

香港財務報告準則第10號及香港會計準則第28號(修訂本)投資者與其聯營公司或合營企業之間的資產出售或注資
香港財務報告準則第10號(修訂本)：

- 香港財務報告準則第10號已引入一般要求全數確認收益或虧損的例外情況，以處理與聯營公司或合營企業(以權益法列賬者)進行交易而失去附屬公司控制權(不包含業務)的情況。
- 所引入的新指引規定，交易產生的收益或虧損於母公司損益確認，以無關聯投資者於該聯營公司或合營企業的權益為限。同樣，按公允值重新計量於已成為聯營公司或合營企業(以權益法列賬者)的任何前附屬公司的保留投資所產生的收益及虧損，於前母公司損益確認，以無關聯投資者於新聯營公司或合營企業的權益為限。

**Amendments to HKFRS 10 and HKAS 28
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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香港會計準則第28號(修訂本)：

- 有關實體與其聯營公司或合營企業進行交易所產生的收益及虧損的規定已修訂為僅涉及不構成一項業務的資產。
- 引入一項新規定，即倘實體與其聯營公司或合營企業進行的順流交易所涉及的資產構成一項業務，則所產生的收益或虧損須於投資者的財務報表全面確認。
- 新增一項規定，即實體需考慮於獨立交易中出售或注入的資產是否構成一項業務，以及應否入賬列為一項單一交易。

本公司董事預期應用此等香港財務報告準則第10號及香港會計準則第28號(修訂本)不會對本集團之綜合財務報表構成重大影響。

香港財務報告準則第15號來自客戶合約之收入

於2014年7月，香港財務報告準則第15號已獲頒佈，其制定一項單一全面模式供實體用作將來自客戶合約所產生的收入入賬。於香港財務報告準則第15號生效後，將取代現時載於香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋的收益確認指引。

香港財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益的五個步驟：

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, 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, the standard introduces a 5-step approach to revenue recognition:

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- 第一步：識別與客戶訂立的合約
 - 第二步：識別合約中的履約責任
 - 第三步：釐定交易價
 - 第四步：將交易價分配至合約中的履約責任
 - 第五步：於實體完成履約責任時(或就此)確認收益
- 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

根據香港財務報告準則第15號，實體於完成履約責任時(或就此)確認收益，即於特定履約責任相關的商品或服務的「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況的處理方法加入更明確的指引。此外，香港財務報告準則第15號要求更詳盡的披露。

本公司董事預期，日後應用香港財務報告準則第15號可能會對本集團之綜合財務報表中所呈報金額及所作披露造成重大影響。然而，於本集團進行詳盡檢討前，就香港財務報告準則第15號之影響作合理估計乃不切實際。

本集團現正評估初始應用其他新訂及經修訂香港財務報告準則的潛在影響，惟尚未能確定其他新訂及經修訂香港財務報告準則會否對本集團的財務表現及狀況構成重大影響。

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.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Group is in the process of assessing the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether the other new and revised HKFRSs, will have a significant impact on the Group's financial performance and position.

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3. 主要會計政策概要

於編製此等綜合財務報表時應用之主要會計政策載列如下。除非另有說明，此等政策已一致應用於所有呈列年度。

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例（「公司條例」）所規定之適用披露資料。

新香港公司條例（第622章）有關賬目及董事會報告呈列及審計之條文於截至2016年12月31日止財政年度適用於本公司。此外，上市規則所載有關年度賬目之披露規定已參考新公司條例作出修訂，使之精簡與香港財務報告準則一致。因此，截至2016年12月31日止財政年度綜合財務報表內資料之呈列及披露方式已予更改，以遵守此等新規定。有關截至2015年12月31日止財政年度之比較資料已根據新規定於綜合財務報表內呈列或披露。根據前香港公司條例或上市規則在以往須予披露但根據新香港公司條例或經修訂上市規則毋須披露之資料，並無在本綜合財務報表中披露。

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2015 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules is not disclosed in these consolidated financial statements.

財務報表附註
Notes to the Financial Statements截至2016年12月31日止年度
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除若干按公允值計量的金融工具外，誠如下文會計政策所釋，綜合財務報表已按歷史成本基準編製。歷史成本通常根據為換取資產支付的代價的公允值釐定。

公允值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接觀察可得或使用另一種估值技術估計。估計資產或負債之公允值時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。在該等綜合財務報表中計量和／或披露的公允值均在此基礎上予以確定，惟香港財務報告準則第2號範圍內之以股份支付的交易、香港會計準則第17號範圍內之租賃交易及以及與公允值類似但並非公允值的計量（例如，香港會計準則第2號中的可變現淨值或香港會計準則第36號中的使用價值）除外。

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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此外，就財務報告而言，公允值計量根據公允值計量之輸入數據可觀察程度及輸入數據對公允值計量之整體重要性分類為第1類、第2類及第3類，載述如下：

- 第1類輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第2類輸入數據是就資產或負債直接或間接地可觀察之輸入數據(第1類內包括的報價除外)；及
- 第3類輸入數據是資產或負債的不可觀察輸入數據。

綜合基準

綜合財務報表包括本公司及本公司所控制的實體(包括特殊目的實體)及其附屬公司的財務報表。倘出現以下情況，則本公司已取得控制權：

- 可對投資對象行使權力；
- 因參與投資對象之業務而可獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響該等回報。

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

財務報表附註
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倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本公司會重新評估其是否控制投資對象。

倘本公司於投資對象之投票權未能佔大多數，但只要投票權足以賦予本公司實際能力可單方面掌控投資對象之相關業務時，本集團即對投資對象擁有權力。在評估本集團於投資對象之投票權是否足以賦予其權力時，本公司考慮所有相關事實及情況，其中包括：

- 本公司持有投票權之規模相對於其他選票持有人持有投票權之規模及分散性；
- 本公司、其他選票持有人或其他人仕持有的潛在投票權；
- 其他合約安排產生之權利；及
- 於需要作出決定(包括先前股東大會上之投票模式)時表明本公司當前擁有或並無擁有指導相關活動之能力之任何額外事實及情況。

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

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本公司於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收入及開支，按自本公司獲得控制權當日起至本公司失去附屬公司控制權當日止，計入綜合損益及其他全面收入報表內。

本公司擁有人及非控股股東權益應佔損益及其他全面收入各組成部分。即使會使非控股權益出現虧絀，一間附屬公司的全面收益及開支總額仍歸本公司擁有人及非控股權益所有。

如有需要，會對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司採用的會計政策一致。

所有本集團成員間集團內部交易有關資產及負債、權益、收益、開支及現金流已於編製綜合賬目時悉數抵銷。

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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附屬公司

附屬公司為本公司直接或間接控制之實體（包括結構性實體）。當本集團對參與投資對象業務之浮動回報承擔風險或享有權利以及能透過對投資對象之權力（即本集團獲賦予現有能以主導投資對象相關活動之既存權利）影響該等回報時，即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象之權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人之合約安排；
- (b) 其他合約安排所產生之權利；及
- (c) 本集團之投票權及潛在投票權。

附屬公司業績按已收取及應收取之股息列入本公司損益賬。本公司於附屬公司之投資按成本扣除任何減值列賬。

於聯營公司及合資公司的投資

聯營公司指本集團長期擁有合共不少於20%股本投票權且可對其行使重大影響力之企業。重大影響力指的是參與投資對象之財務及經營決策之權力，但不是控制或共同控制該等決策之權力。

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivables. The Company's investments in subsidiaries are stated at cost less any impairment.

Investment in Associates and Joint Ventures

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

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合資公司指一種合資安排，對安排擁有共同控制權之訂約方據此對合資公司之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意之決定時存在。

本集團於聯營公司及合資公司之投資以權益會計法按本集團應佔資產淨值扣除任何減值虧損在綜合財務狀況表列賬。

本集團應佔聯營公司及合資公司之收購後業績及其他全面收益分別計入綜合損益及其他全面收益表。此外，倘於聯營公司或合資公司之權益直接確認出現變動，則本集團會於綜合權益變動表確認其應佔任何變動(倘適用)。本集團與其聯營公司或合資公司交易所產生未變現收益及虧損按本集團於聯營公司或合資公司之投資對銷，惟倘未變現虧損有證據顯示所轉讓資產出現減值則除外。收購聯營公司或合資公司產生之商譽計入為本集團於聯營公司或合資公司投資之一部分。

倘於聯營公司之投資成為與合資公司之投資(反之亦然)，則保留權益不會重新計量，而該項投資會繼續以權益法入賬。在所有其他情況下，於失去對聯營公司之重大影響力或對合資公司之共同控制權時，本集團按其公允值計量並確認任何保留投資。於失去重大影響力或共同控制權後之聯營公司或合資公司賬面值與保留投資公允值及出售事項所得款項之任何差異，於損益賬中確認。

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

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

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

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

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當於聯營公司或合資公司之投資被分類為持作出售，則按香港財務報告準則第5號列賬。

本集團於現有附屬公司之擁有權變動

本集團於附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，而作為股本交易入賬。本集團之權益及非控股權益之賬面值經調整以反映彼等於附屬公司之有關權益變動。非控股權益之面額與已付或已收代價之公允值間任何差額直接於權益中確認並歸屬於本公司擁有人所有。

當本集團失去附屬公司控制權時，出售損益按(i)已收代價的公允值及任何保留權益公允值的總額與(ii)附屬公司先前的資產(包括商譽)及負債和任何非控制權益賬面值的差額計算。倘附屬公司的若干資產按重估金額或公允值計量，且相關累計損益已於其他全面收益表確認並於權益累計，則之前於其他全面收益表確認並於權益累計的金額猶如本公司已直接出售有關資產(即重新分類至損益或直接轉撥至保留盈利)入賬。根據香港會計準則第39號「金融工具：確認及計量」，於失去控制權之日在前附屬公司保留的任何投資公允值視為首次確認公允值或(如適用)聯營公司或共同控制實體投資的首次確認成本，以供日後入賬處理。

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公允值計量，而計算方式為本集團轉撥的資產、本集團對被收購方的前擁有人產生的負債及本集團於交換被收購方的控制權所發行的股權於收購日期的公允值總和。與收購事項有關的成本於產生時在損益賬中確認。

於收購日期，已收購可識別資產及承擔負債按其公允值確認，惟下列項目除外：

- (i) 遞延稅項資產或負債及與僱員福利安排有關的負債或資產分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- (ii) 與被收購方或本集團以股份支付的交易重置被收購方以股份支付的交易有關的負債或股本工具於收購日根據香港財務報告準則第2號「以股份支付」計量；及
- (iii) 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產(或出售組合)並根據該準則計量。

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 value, except that:

- (i) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- (ii) liabilities or equity instruments related to sharebased payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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所轉撥的代價、與被收購方的任何非控股權益及收購方之前持有被收購方的股權的(如有)公允值的總和超出所收購的可識別資產及承擔的負債於收購日期的淨額的部份確認為商譽。倘(評估過後)本集團於被收購方的可識別資產淨值及承擔負債的公允值權益超出所轉撥的代價、於被收購方任何非控股權益的金額及收購方先前持有被收購方權益(如有)的公允值的總和,超出部份即時於損益賬中確認廉價購買收益。

代表擁有權權益並賦予其持有人於清盤時按比例分佔一間實體資產淨值之非控股權益初步按公允值或非控股權益按比例分佔被收購方可資識別資產淨值之已確認金額計量。計量基準根據每項交易而作出。其他類型之非控股權益按其公允值或其他準則規定之其他計量基準計算。

本集團於一項業務合併轉讓的代價包括或然代價安排所產生的資產或負債,或然代價乃按收購日期之公允值計算,視為於業務合併中轉讓代價之一部份。合資格作為計量期間的調整的或然代價公允值變動乃予追溯調整,並對商譽或廉價購買收益作相應調整。計量期間的調整乃於計量期間內取得與收購日期已存在的事實及情況有關的額外資料而產生的調整。計量期間由收購日期起計不超過一年。

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 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 another measurement basis required by another standard.

When 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 being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

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就不合資格作為計量期間的調整之或然代價公允值變動，其後的會計處理方法視乎該或然代價的分類方式而定。屬於權益類別的或然代價不會於其後的報告日期重新計量，其後的結算則於權益列賬。屬於資產或負債類別的或然代價乃按照香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產(如適用)於其後的報告日期重新計量，相應的收益或虧損於損益確認。

倘業務合併分階段完成，本集團以往持有的被收購方股權乃重新計量為收購日期(即本集團取得控制權當日)的公允值，所產生的收益或虧損(如有)乃於損益確認。先前已於其他全面收益確認之收購日期前於被收購方之權益產生之數額重新分類至損益(此處理方式適用於該權益獲出售時)。

任何於收購日期前在其他全面收益確認並於權益累計的過往所持股權價值變動，於本集團取得被收購方控制權時重新分類至損益。

倘於合併產生之報告期末仍未完成業務合併之初步會計處理，本集團則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間(見上文)內作出調整，或確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

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, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, 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 fair value at the acquisition date (i.e. the date when the Group obtains control), 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.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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 as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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收購附屬公司額外權益

當本集團增加其於本集團已控制企業之權益時，該收購所產生之商譽乃指收購額外權益之成本與本集團應佔可確定資產、負債及或然負債賬面淨值之增加的差額。收購額外權益之成本與所收購額外權益應佔可識別資產、負債及或然負債之賬面值的差額被確認為儲備變動(其他儲備)。此差額乃指自原收購日本集團於該附屬公司所增加權益應佔之差額。於出售附屬公司後，儲備會轉撥至保留盈利。

商譽

自收購業務產生之商譽指收購成本超過於收購日期本集團於相關業務之可資識別資產、負債及或然負債之公允值之權益之金額。該商譽以成本減任何累計減值虧損列賬。

就減值測試而言，收購所產生之商譽分配至預期將受惠於收購協同效益之各有關現金產生單位(「現金產生單位」)或現金產生單位組別。獲分配商譽之現金產生單位於每年及如有跡象顯示該單位可能已經減值時進行減值測試。就於財政年度因收購而產生之商譽而言，獲分配商譽之現金產生單位於該財政年度結束之前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值時，減值虧損首先分配作減低該單位獲分配之任何商譽之賬面值，其後根據該單位中各項資產賬面值之比例分配予該單位之其他資產。商譽之任何減值虧損直接於損益確認。商譽之減值虧損不會於隨後期間撥回。

Acquisition of Additional Interest in a Subsidiary

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the net carrying amount of the identifiable assets, liabilities and contingent liabilities acquired. The difference between the cost of additional interest acquired and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). The difference represents the difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained earnings.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units ("CGUs"), or groups of CGU, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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於出售相關現金產生單位時，釐定出售損益金額時計入應佔資本化商譽之金額。

收入確認

收入乃按已收或應收代價之公允值計算，指於一般業務過程中已售貨品之應收款項扣除折扣及銷售相關稅項。

貨品銷售收入於交付貨品及轉移所有權後確認，其時擁有權之重大風險及回報已轉讓予買家，而本集團並無維持擁有權一般所附帶參與管理工作，亦無對已售出貨品有實際控制權。

來自金融資產(不包括透過損益以公允值計量的金融資產)之利息收入按未償還本金額及適用實際利率以時段比例累積計算，該利率為確實地將金融資產之預計可使用年期內之估計未來現金收入貼現至該資產初始確認時之賬面淨值之貼現率。

來自投資(包括透過損益以公允值計量之金融資產)之股息收入於股東收取款項之權利獲確立後確認。

租賃收入於租賃期內按直線法確認。

服務費收入於提供服務時確認。

上述未有提及之任何其他收入，於收取或應收時確認。

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintain neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment including financial assets at fair value through profit or loss is recognised when the shareholders' right to receive payment have been established.

Rental income is recognised on a straight-line basis over the lease terms.

Service fee income is recognised when the services have been rendered.

Any other income not mentioned above is recognised whenever it is received or receivable.

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For the year ended 31 December 2016**政府撥款**

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

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

物業、廠房及設備

物業、廠房及設備(包括用作生產或供應貨物或服務，或行政用途的永久業權土地及樓宇，在建工程除外)按成本減其後累計折舊及累計減值虧損列賬。

在建工程包括建造以供生產或本身運用的物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。當在建工程完成及可供擬定用途，則撥入物業、廠房及設備的適當分類。此等資產以其他物業資產的相同基準，當資產可供擬定用途時開始計算折舊。

物業、廠房及設備於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於項目取消確認的期間內計入期內損益。

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Property, Plant and Equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

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投資物業

投資物業指持作賺取租金及／或資本增值的物業。於初始確認時，投資物業以成本計算。成本包括任何關連的直接開支。於初始確認後，投資物業以成本扣除往後累積折舊及任何累積減值虧損列出。投資物業的折舊經計及其估計剩餘價值後採用直線法於租賃期中將成本撇銷。

投資物業於出售或當投資物業永久不再使用時或預期不會藉其出售而產生未來經濟效益時，則終止確認。終止確認該資產所產生的任何損益(按出售所得款項淨額與資產賬面值的差額計算)會在該項目終止確認的期間計入期內損益。

土地使用權

為獲得土地使用權支付的款項被視為預付經營租賃款項。土地使用權按成本減累積攤銷及任何累計減值虧損後列賬，而攤銷以直線法按權利的期限或各實體獲授予土地使用權的期限(以較短者為準)於損益中扣除。

就租賃分類而言，租賃土地及樓宇中土地及樓宇部份乃分開計算，除非租金支出無法可靠地在土地及樓宇部份之間作出分配，則在此情況下，整份租賃一般作為財務租賃處理及作為物業、廠房及設備入賬。倘能可靠地分配租金，則土地的租賃權益作為經營租賃入賬，並按直線法於租賃期內攤銷。

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease term and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land Use Rights

Payment for obtaining land use rights is considered as prepaid operating lease payment. Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses, amortisation is charged to profit or loss over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

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租賃

如租賃條款將主權絕大部份風險及收益轉嫁給承租人，則該等租賃被視為財務租賃。所有其他租賃則被視為經營租賃。

本集團作為出租人

經營租賃的租金收入乃按有關租賃年期以直線法在損益確認。

本集團作為承租人

經營租賃款項按直線法於相關租賃期確認為開支。作為訂立經營租賃獎勵的已收及應收利益則會按租賃年期以直線法確認為扣減租金支出。

無形資產

於業務合併中收購的無形資產

在業務合併中收購的無形資產，若符合無形資產的定義，而公允值能可靠地計量，則須與商譽分開識別及確認。有關無形資產的成本確認為其於收購日期的公允值。

於首次確認後，具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產以直線法按其估計可使用年期計提攤銷。或者，擁有無限使用年期的資產可按成本減任何其後累計減值虧損列賬。

技術知識

購入技術知識的開支撥作資本，並按自技術知識可使用日期起計分五年估計可使用年期以直線法攤銷。

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Intangible Assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Technical Know-how

Expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 5 years, from the date when the technical know-how is available for use.

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研究及開發開支

研究活動開支於產生期間確認為費用。

由發展項目(或由一項在發展階段期間的內部項目)內部所產生的無形資產, 只會在以下全部已被證明的情況下方會予以確認:

- 具可行性技術以完成無形資產並使其將可供使用或出售;
- 有意向完成及使用或出售之無形資產;
- 具能力可使用或出售之無形資產;
- 無形資產如何產生可能的將來經濟利益;
- 有足夠之技術、財政及其他資源可完成發展項目並使用或出售之無形資產; 及
- 有能力確實地計量無形資產在其發展階段時所應佔的費用。

就內部產生的無形資產初始確認的金額為由無形資產首次符合上述確認要求的日期起所涉的開支總額。倘並無內部產生的無形資產可予確認, 開發開支則會於產生期間的損益賬內扣除。

於初始確認後, 內部產生的無形資產乃按與獨立購買的無形資產相同的基準, 以成本扣除累計攤銷及累計減值虧損(如有)計算。

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during the development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

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終止確認無形資產

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

採礦權

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

外幣

編製本集團旗下各個別實體的財務報表時，以該實體的功能貨幣以外幣(外幣)進行的交易按交易日期的匯率以其功能貨幣(即該實體經營業務所在主要經濟環境的貨幣)列賬。

於各報告期末，以外幣結算的貨幣項目按該日的匯率重新換算。以外幣計值並以公允值列賬之非現金項目於公允值釐定當日按當前比率重新換算。按過往成本以外幣結算的非貨幣項目不會重新換算。

結算貨幣項目及換算貨幣項目時產生的匯兌差額於產生期間在損益確認。重新換算非貨幣項目產生的匯兌差額按公允值納入有關期間的損益內。

Derecognition of Intangible Assets

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

Mining Rights

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

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of nonmonetary items carried at fair value, are included in profit or loss for the period.

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就綜合財務報表呈報方式而言，本集團海外業務的資產及負債按報告期末的匯率換算為本集團的呈報貨幣(即港元)，而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在此情況下，則採用交易日期的匯率換算。所產生匯兌差額(如有)於其他全面收益確認並於(如適用，按非控股權益應佔之)股本(匯兌儲備)累計。

於出售海外業務(即出售本集團於海外業務的全部權益或涉及失去對一家從事海外業務的附屬公司的控制權的出售、涉及失去對一家從事海外業務的共同控制實體的共同控制權的出售、或失去對一家從事海外業務的聯營企業的重大影響力的出售)時，就本公司擁有人應佔該業務之權益而累計之所有匯兌差額重新分類至損益。

因2005年1月1日或之後收購海外業務而產生之所購入可識別資產之商譽及公允值調整已按作為該海外業務的資產及負債處理，並按報告期末匯率重新換算，所產生的匯兌差額於其他全面收益中確認並在權益中累計。

借貸成本

直接歸屬於收購、建築或生產合資格資產的借貸成本，而該等資產需要較長時間才能準備好供擬定用途使用或銷售，則該借貸成本則加入該等資產的成本，直至該等資產大致可供擬定用途使用或銷售。

所有其他借貸成本於產生之期內在損益確認。

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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For the year ended 31 December 2016**退休福利費用****退休金計劃**

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

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

Retirement Benefit Costs**Pension Schemes**

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

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

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

向界定供款退休金計劃的供款於僱員提供服務後而符合領取有關供款的資格時列作支出扣除。

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並一般於購入後三個月內到期，且價值變動風險微不足道之短期及高度流通投資，另扣除須按要求償還及構成本集團現金管理一部份之銀行透支。

股份付款交易

授予僱員的購股權

就須待達成指定歸屬條件的購股權的授出而言，參照授出當日已授出購股權的公允值而釐定已收取服務的公允值，於歸屬期間按直線法支銷，而股本(僱員報酬儲備)則相應增加。

於報告期末，本集團修訂預期最終歸屬的購股權估計數目。倘原先估計數目有所修訂(如有)，則於歸屬期間修訂估計的影響在損益確認，並於僱員報酬儲備中作相應的調整。

就授出日期已即時歸屬的購股權而言，已授出購股權的公允值隨即於損益支銷。

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

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Cash and Cash Equivalents

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

Share-based Payment Transactions

Share Options Granted to Employees

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

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

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

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購股權獲行使時，先前於僱員報酬儲備中確認之數額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日仍未獲行使，先前於僱員報酬儲備中確認之數額將轉撥至保留盈利。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

當期應付的稅項乃按本年度的應課稅溢利計算。由於應課稅溢利不包括於其他年度應課稅或可扣稅的收入或開支，亦不包括毋須課稅或不可扣稅的項目，故此應課稅溢利與綜合損益及其他全面收益表所載溢利並不相同。本集團的當期稅務負債乃按於報告期末已生效或實質上已生效的稅率計算。

遞延稅項為就財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的所有可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中初始確認(業務合併除外)的其他資產及負債所產生，則不會確認該等資產及負債。

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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由附屬公司的投資所產生的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的撥回而暫時差額於可見將來應不會撥回的情況除外。遞延稅項資產只會就因該等有關投資及利息所產生之可扣減的暫時差額，在有足夠的應課稅溢利可能出現以致暫時差額的利益被利用，且預期在可見未來將可被撥回時確認。

於各報告期末均審閱遞延稅項資產之賬面值，並在沒可能有足夠應課稅盈利收回全部或部份資產時作調減。

遞延稅項負債及資產乃按預期於負債獲償還或資產獲變現期間適用的稅率(以報告期末已生效或實質上已生效的稅率(及稅法)為基準)計算。遞延稅項負債及資產的計量反映本集團於報告期末，預期將要收回或償還其資產及負債的賬面值的稅務後果。即期及遞延稅項於損益中被確認，惟倘有關之事項在其他全面收益或直接在權益中被確認之情況下，遞延稅項亦會於其他全面收益或直接於權益中各自地被確認。

存貨

存貨按成本與可變現淨值兩者的較低者列賬。電子產品的成本以先進先出法計算；如為在製品及製成品，成本包括直接物業、直接勞工及適當部份的間接開支，至於其他存貨，成本以加權平均法計算。可變現淨值指存貨之估計售價減完成之所有估計成本以及出售所需之成本。

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out basis for electronic product and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost is calculated using the weighted average method for the other inventories. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make sale.

財務報表附註
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當集團個體成為工具合約條款的一方時，會確認金融資產及金融負債。

金融資產和金融負債在初始確認時會以公允值進行計量。直接歸屬於購置或發行金融資產和金融負債(按公允值計入損益的金融資產及金融負債除外)的交易費用在初始確認時計入或扣自各金融資產或金融負債(視何者適用而定)的公允值。直接歸屬於購置按公允值計入損益的金融資產或金融負債的交易費用立即在損益賬中確認。

金融資產

金融資產分為以下類別，包括按公允值計入損益的金融資產、貸款及應收款項、持至到期投資及可供出售金融資產。分類視乎金融資產的性質及目的，並於初次確認時釐訂。所有一般性購買或銷售金融資產按交易日期基準確認及取消確認。一般性購買或銷售為按於市場規定或慣例確立的時間期限內交付資產的金融資產的購買或銷售。

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sales financial assets. The classification depends on the nature and purpose of financial assets and is determined at time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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實際利息法

實際利息法乃計算債務工具的攤銷成本以及分配相關期間的利息收入的方法。實際利率乃於初始確認時按債務工具的預計年期或適用的較短期間內準確貼現估計未來收取的現金(包括構成實際利率一部份的所有已付或已收的費用、交易成本及其他溢價或折讓)至賬面淨值的利率。

就債務工具而言，利息收入按實際利息基準確認。

按公允值計入損益(「按公允值計入損益」)的金融資產

按公允值計入損益的金融資產指持作買賣投資。

金融資產會被歸類為持作買賣，倘：

- 購入主要為於不久將來銷售；或
- 構成本集團合併管理的金融工具的確定組合的一部份及具有最近實際短期獲利模式；或
- 金融資產為未被指定的衍生工具及可有效作為對沖工具。

按公允值計入損益的金融資產將按公允值計量，而重新計量產生之公允值之變動將在其產生期間直接在損益確認。於損益確認之收益或虧損淨額包括金融資產賺取之任何股息或利息。

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL represent investments held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

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貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，且並無在活躍市場計算報價。於初始確認後，貸款及應收款項（包括貿易及其他應收款項、銀行及現金結餘及應收一間合資公司款項）採用實際利息法計算其攤銷成本，減任何已識別減值虧損列賬（見下文金融資產減值的會計政策）。

利息收入按實際利率確認，惟終止確認之影響微不足道的短期應收款項則除外。

持有到期投資

持有到期投資包括有固定或可確定付款金額及有固定期限而本集團有明確意向和能力持至到期日的非衍生金融資產。於初始確認後，持有到期投資按實際利率法減任何可識別減值虧損後以攤銷成本計值（見下文金融資產減值之會計政策）。

可供出售金融資產

可供出售金融資產為非衍生工具，其為指定可供出售或不獲分類為按公允值計入損益的金融資產、貸款及應收款項或持有到期之投資。

於各報告期末，可供出售金融資產乃按公允值計量。公允值變動於其他全面收益確認，並於重估儲備項下累計，直至金融資產投資獲出售或釐定已減值為止，屆時先於重估儲備累計盈虧會重新分類至損益。

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, bank and cash balances and amount due from a joint venture) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discontinuing is immaterial.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

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就並無活躍市場報價及公允值不能可靠計量之可供出售股本投資以及與投資無報價股本掛。且必須以交付該無報價股本投資結付之衍生工具而言，於報告期末乃以成本減已識別減值虧損計量。

金融資產的減值

金融資產(不包括按公允值計入損益的金融資產)於各報告期末以減值指標予以評估。當有客觀證據顯示，於金融資產首次確認後發生一項或以上事件，影響其估計未來現金流量，則金融資產出現減值。

至於本集團所有金融資產，減值的客觀證據可能包括：

- 發行人或對手方出現重大財務困難；或
- 違反合約，如利息或本金付款失責或拖欠；或
- 借款人可能面臨破產或進行財務重組；或
- 因財政困難而導致金融資產失去活躍市場。

對於若干類別的金融資產，例如貿易應收款項，個別獲評估為並無減值的資產其後共同就減值進行評估。一組應收款項減值的客觀證據可能包括本集團過往收回款項及延遲還款數目增加的經驗及與拖欠貿易應收款項相關的國家或當地經濟狀況出現可觀察變動。

按攤銷成本列賬的金融資產，其減值虧損金額為資產賬面值與按金融資產的原實際利率折現估計未來現金流量後的現值兩者的差額。

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all of the Group's financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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就按成本計值的金融資產而言，減值虧損的金額以資產的賬面值與估計未來現金流量的現值(以類似金融資產的當前市場回報率折現)之間的差額計量。該等減值虧損不會於其後期間撥回。

金融資產的賬面值按所有金融資產直接蒙受的減值虧損減少，惟貿易應收款項則透過使用撥備賬削減賬面值。撥備賬賬面值的變動於損益確認。當貿易應收款項視為不可收回時，則與撥備賬撇銷。其後收回以往撇銷的款項記入損益。撥備賬的賬面值變動於損益確認。

對於按攤銷成本計量的金融資產，倘減值虧損的款項於其後期間減少，而減幅能客觀證明與確認減值虧損後所發生的事件有關，則以往確認的減值虧損透過損益撥回，惟減值撥回當日的資產賬面值不得超過如無確認減值時的原攤銷成本。

在分類為可供出售的股權投資的情況下，客觀證據包括投資公允值大幅或長期跌至低於成本。「大幅」會因應投資原成本評估，而「長期」會考慮公允值低於其原成本的時間。如果存在減值證據，累積虧損(按收購成本與當時公允值兩者之間的差額，減投資先前在損益內確認的減值虧損計量)會從其他全面收益轉出，並在損益內確認。分類為可供出售股權工具之減值虧損，不會在損益中撥回。其公允值如果在減值後增加，會直接在其他全面收益中確認。

For financial assets carried at cost, the amount of 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 current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

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金融負債及股本

集團實體發行的金融負債及股本工具根據所訂立合約安排的性質以及金融負債及股本工具的定義進行分類。

其他金融負債

本集團之金融負債一般分類為其他金融負債(包括貿易及其他應付款項以及借貸)，並其後採用實際利息法按攤銷成本計量。

實際利息法

實際利息法乃計算金融負債的攤銷成本以及分配相關期間的利息開支的方法。實際利率乃按金融負債的預計年期或適用的較短期間內準確貼現估計未來的現金付款(包括構成實際利率一部份之已付或已收所有費用、交易成本以及其他溢價或折扣)至初始確認時之賬面淨值的利率。

利息開支按實際利息基準確認。

股本工具

股本工具為證明於本集團資產的剩餘權益(經扣除其所有負債)的任何合約。本公司發行之股本工具按已收所得款項列賬，扣除直接發行成本。

本公司購回本身的股本工具於權益中直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

Financial Liabilities and Equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Other Financial Liabilities

The Group's financial liabilities are generally classified into other financial liabilities, including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that from an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity Instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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本公司發行之複合工具(可轉換票據)之組成部份乃根據合約安排之實際性質以及金融負債、股本工具及衍生金融工具之定義而獨立歸類為金融負債、股本及衍生工具。以定額現金或另一金融資產交換本公司本身定額數目之股本工具之方式結算之轉換選擇權為股本工具。

於發行日期，負債部份之公允值乃採用有關同類非可轉換工具通行之市場利率作出估算。該金額乃按實際利息法以攤銷成本確認為負債，直至於轉換時或工具到期日被註銷為止。

分類為股本的轉換選擇權乃透過從整體複合工具之公允值中扣減負債部份金額而釐定。其將於扣除所得稅影響後在股本中確認及入賬，且隨後不可重新計量。此外，分類為股本之轉換選擇權將一直保留於股本內，直至轉換選擇權獲行使為止，在該情況下，在股本中確認之結餘將轉撥至股份溢價。倘轉換選擇權於可轉換票據到期日仍未獲行使，在股本中確認之結餘將轉撥至保留盈利。在轉換選擇權獲轉換或到期時，不會在損益確認任何收益或虧損。

與發行可轉換票據相關之交易成本乃按分配所得款項總額之比例分配至負債及股本部份。與股本部份相關之交易成本乃直接於損益扣除。與負債部份相關之交易成本乃計入負債部份之賬面值，並按可轉換票據之期限採用實際利率法攤銷。

Convertible Bonds

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

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

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

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

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財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的條款如期付款時，發行人須向持有人支付指定金額以補償其所遭受虧損的合約。

本集團所發行的財務擔保合約初步按公允值計量，倘並無指定為按公允值計入損益處理，則隨後按以下較高者計量：

- 根據香港會計準則第37號撥備、或然負債及或然資產所釐定之合約責任金額；及
- 初始確認的金額扣除(倘適用)按收入確認政策確認的累計攤銷。

終止確認

當自資產收取資產現金流量的合約權利屆滿，或金融資產已轉讓且本集團已將其於金融資產擁有權的絕大部份風險及回報轉移至另一實體，則會終止確認金融資產。倘本集團並無轉讓或保留其於擁有權的絕大部份風險及回報，並繼續控制已轉讓資產，則本集團會確認其於資產的保留權益以及其或須支付款項的相關負債。倘本集團保留其於已轉讓金融資產擁有權的絕大部份風險及回報，則本集團會繼續確認金融資產及以已收取之所得款項確認為有抵押貸款。

於全面取消確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收入確認並於權益累計之累計損益之總和之差額，將於損益中確認。

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset when the contractual rights to receive cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income accumulated in equity is recognised in profit or loss.

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除全面取消確認外，於取消確認金融資產時，（即本集團保留購回部份已轉讓資產之選擇權或保留不會導致保留擁有權絕大部份風險及回報之餘下權益，及本集團保留控制權），本集團會將金融資產之過往賬面值，按於轉讓日期之相對公允值於其確認為繼續參與之部份及不再確認之部份兩者間作出分配，而分配至不再確認部份之賬面值與就不再確認部份所收代價及已於其他全面收入確認之所獲分配任何累計收益或虧損之總和間差額，乃於損益內確認。已於其他全面收入確認之累計收益或虧損，將按繼續確認之部份及不再確認之部份之相對公允值在兩者間作出分配。

當有關合約所訂明的責任獲解除、註銷或屆滿時，金融負債會被終止確認。被終止確認的金融負債的賬面值與已付或應付代價間差額會於損益確認。

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specific in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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商譽以外之有形及無形資產減值虧損

於各報告期末，本集團均會審閱其有形資產及無形資產之賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如出現任何該等跡象，則會估計資產之可收回金額，以釐定減值虧損(如有)之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。在可得出合理一貫分配基準之情況下，公司資產亦分配至個別現金產生單位，否則將分配至可得出合理一貫分配基準之最小現金產生單位組別。

具有無限可使用年期之無形資產及尚不可供使用之無形資產至少每年及於出現可能減值之跡象時進行減值測試。

可收回金額為公允值減去出售成本後與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃使用稅前折現率折現至其現值，折現率反映目前資金時間值之市場估量及並未調整其估計未來現金流量之資產相關特定風險。

倘資產(或現金產生單位)之可收回金額估計將低於其賬面值，則資產(或現金產生單位)之賬面值減至其可收回金額。減值虧損即時於損益確認。

倘某項減值虧損其後撥回，則該項資產的賬面值須增至其可收回金額的經修訂估計數額，惟增加後的賬面值不得超過以往年度資產並無確認減值虧損而釐定的賬面值。撥回減值虧損將即時在損益中確認。

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

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撥備

當本集團因過往事件而須承擔現時之法定或推定責任，並且履行該責任可能要求資源流出及有關責任之金額能可靠估計時，即會確認撥備。

倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於報告期末之現值。隨時間流逝而產生的貼現現值增加將計損益的融資成本內。

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

關連人士交易

在下列情況下，有關人士將被視為與本集團有關連：

- (1) 倘屬以下人士，即該人士或該人士之直系親屬與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (2) 倘符合下列任何條件，即實體與本集團有關連：
 - (i) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
 - (ii) 一間實體為另一實體的聯營公司或合資公司(或另一實體為成員公司之集團旗下成員公司之聯營公司或合資公司)。

Provision

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

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

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

Related Parties Transactions

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

- (1) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (2) 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).

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| <p>(iii) 兩間實體均為同一第三方的合資公司。</p> <p>(iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司。</p> <p>(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的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關連。</p> <p>(vi) 實體受(1)所識別人士控制或受共同控制。</p> <p>(vii) 於(1)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。</p> <p>(viii) 該實體或該實體所屬集團之任何成員公司為本集團或本集團之母公司提供主要管理人員服務。</p> <p>一名人士的家族的密切成員指可能影響該名人士或被該名人士影響的家族成員，從而影響該名人士或其家族的密切成員與實體的交易，包括：</p> <p>(a) 該名人士的子女、配偶或同居者；</p> <p>(b) 該名人士或其配偶或其同居者的子女；及</p> <p>(c) 該名人士或其配偶或其同居者的家屬。</p> | <p>(iii) Both entities are joint ventures of the same third party.</p> <p>(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.</p> <p>(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.</p> <p>(vi) The entity is controlled or jointly controlled by a person identified in (1).</p> <p>(vii) A person identified in (1) (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).</p> <p>(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.</p> <p>Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:</p> <p>(a) that person's children and spouse or domestic partner;</p> <p>(b) children of that person's spouse or domestic partner; and</p> <p>(c) dependants of that person or that person's spouse or domestic partner.</p> |
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關連人士之間轉讓資源或責任的交易，乃視為關連人士交易。

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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分部報告

經營分部及綜合財務資料所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團多數最高行政管理層提供的財務報表當中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部份條件，則可以合計為一個報告分部。

4. 關鍵會計判斷及估計不明朗因素的主要來源

於應用於附註3所述之本集團之會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。所作出之估計及相關假設乃以過往經驗及其他被視為相關之因素為基準。實際業績可能與該等估計有異。

估計及相關假設乃以持續基準被審閱。倘對會計估計之修訂僅影響進行修訂之期間，則於該期間確認，或倘修訂會影響目前及未來期間，則會於目前及未來期間確認。

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 most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or 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.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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估計不明朗因素的主要來源

以下為於報告期末極可能導致本集團資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不明朗因素的其他主要來源。

(a) 投資物業、採礦權、物業、廠房及設備和無形資產按成本列賬的可供出售金融資產的減值的估計

根據附註3所述的會計政策，倘任何事件或情況改變顯示資產的賬面值不能收回，則本集團會評估投資物業、採礦權、物業、廠房及設備、無形資產及按成本列賬的可供出售投資有否出現減值。現金產生單位的可收回金額指資產之公允值減銷售成本或其可使用價值(以較高者為準)。公允值減銷售成本或其可使用價值之計算方法需要作出估計。於本年度，本集團並無就投資物業、採礦權以及物業、廠房及設備計提減值撥備，但就無形資產約359,000港元(2015年：599,000港元)及可供出售投資約460,000港元(2015年：零港元)計提撥備。

Key Sources of Estimation Uncertainty

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

(a) *Estimated Impairment of Investment Properties, Mining Rights, Property, Plant and Equipment, Intangible Assets and Available-for-sale Financial Assets Carried at Cost*

The Group evaluates whether investment properties, mining rights, property, plant and equipment, intangible assets and available-for-sale investment carried at cost have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of CGUs represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. During the year, the Group did not provide any impairment for investment properties, mining rights and property, plant and equipment but provided approximately of HK\$359,000 for intangible assets (2015: HK\$599,000) and HK\$460,000 for available-for-sale investments (2015: HK\$Nil).

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(b) 投資物業、物業、廠房及設備、無形資產和採礦權的可使用年期的估計

本集團的管理層為其投資物業、採礦權、廠房及設備及無形資產釐定估計可使用年期及相關折舊／攤銷費用。此估計以相似性質及功能的投資物業、物業、廠房及設備及無形資產過往經驗的實際可使用年期及獨立技術顧問所釐定的礦產資源為基準，其可因科技創新及競爭者對市況作出反應而有很大差距。倘可使用年期較之前估計年期短，管理層將提高折舊／攤銷費用，或註銷或撇銷已棄置或出售的技術上過時或非策略性的資產。

本集團於截至2016年及2015年12月31日止年度內並無更改投資物業、物業、廠房及設備、無形資產以及採礦權之估計可使用年期。

(c) 估計存貨撥備及撇減存貨至可變現價值

本集團管理層於各報告期末按逐項貨品基準審閱存貨清單。管理層主要根據最近的發票價格及目前市況估計有關項目的可變現淨值。於本年度，本集團就存貨計提減值撥備約7,058,000港元(2015年：2,374,000港元)。

(b) Estimated Useful Lives of Investment Properties, Property, Plant and Equipment, Intangible Assets and Mining Rights

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

During the years ended 31 December 2016 and 2015, the Group did not change the estimated useful lives of investment properties, property, plant and equipment, intangible assets and mining rights.

(c) Estimated Provision for Inventories and Write-down of Inventories to Net Realisable Value

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. During the year, the Group has provided approximately of HK\$7,058,000 for impairment of inventories (2015: HK\$2,374,000).

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(d) 所得稅

本集團於多個司法權區均須繳納所得稅。若干交易及計算方法存在不明朗之最終稅項決定。本集團以額外稅項會否到期之估計就預期稅項事宜確認負債。倘該等事宜之最終稅務結果有別於首次記錄之金額，有關差額將於作出決定之期間影響當期及遞延稅項撥備。

(e) 貿易及其他應收款項之減值

貿易及其他應收款項之減值乃根據持續評估未收回應收款項之估計可收回程度及賬齡分析，以及按管理層判斷釐定。本集團之收款不時會出現延誤。當貿易及其他應收款項之可收回性存疑而導致對其償付能力有所減損時，則需要進行撥備。若干應收款項可能會於最初時被確認為可收回，但其後可能無法收回及導致其後於綜合損益及其他全面收益表中將有關應收款項撇銷。倘未能為可收回性出現變化之貿易及其他應收款項作出撥備，則可能會對本集團之營運業績構成影響。於本年度，本集團就貿易及其他應收款項計提減值撥備約784,000港元(2015年：206,000港元)。

(d) Income Tax

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

(e) Impairment of Trade and Other Receivables

The impairment of trade and other receivables are based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgment. From time to time, the Group may experience delays in collection. Where recoverability of trade and other receivables are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivables to the consolidated statement of profit or loss and other comprehensive income. Changes in the collectability of trade and other receivables for which provisions are not made could affect our results of operations. During the year, the Group has provided approximately of HK\$784,000 for impairment on trade and other receivables (2015: HK\$206,000).

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(f) 商譽減值

本集團最少每年一次釐定商譽是否出現減值，須估計商譽獲分配之現金產生單位之使用價值。估計使用價值要求本集團對現金產生單位之預期未來現金流量作出估計，亦須選擇合適之貼現率以計算該等現金流量之現值。所採用之估計未來現金流量及／或貼現率變動將引致對以往作出之估計減值撥備進行調整。

於2016年12月31日的商譽賬面值為197,368,000港元(2015年：零港元)，而年內並無確認商譽減值虧損。

(g) 保證撥備

本集團就若干產品提供一至兩年保證，並對性能未如理想者予以維修及替換。釐定保證開支時需要大量判斷。本集團按過去24個月內所出售產品而產生之實際維修及替換成本估計保證開支。倘所產生保證開支與實際撥備不同，差額可能會對產生額外保證開支期間之損益造成影響。於本年度，本集團已就產品保證計提撥備約349,000港元(2015年：249,000港元)。

(h) 開發成本

開發成本乃根據財務報表附註3研究及開發開支之會計政策撥充資本。於釐定將撥充資本之金額時，管理層需要作出與資產預期未來產生之現金、將應用之貼現率及預期利益期間相關之假設。

(f) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

The carrying amount of goodwill as at 31 December 2016 was HK\$197,368,000 and no impairment loss for goodwill was recognised during the year (2015: HK\$Nil).

(g) Warranty Provision

The Group gives warranties of one to two years on certain products and undertakes to repair or replace items that fail to perform satisfactorily. Significant judgement is required when determining the warranty expenses. The Group estimates the warranty expenses based on the actual repair and item replacement costs incurred for the products sold in the last 24 months. Where the warranty expenses incurred are different from the original provision, the difference would impact on profit or loss in the period in which the additional warranty expenses are incurred. During the year, the Group had provided approximately HK\$349,000 for product warranty provision (2015: HK\$249,000).

(h) Development Costs

Development costs are capitalised in accordance with the accounting policy for research and development expenditure in Note 3 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

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5. 金融工具

5. Financial instruments

(a) 金融工具類別

(a) Categories of Financial Instruments

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
金融資產	Financial assets		
貸款及應收款項 (包括銀行及 現金結餘)	Loans and receivables (including bank and cash balances)	1,609,041	1,970,042
可供出售投資	Available-for-sale investments	77,472	127,260
衍生金融資產	Derivative financial assets	—	7
按公允值計入損益的 金融資產	Financial assets at fair value through profit or loss	10,415	38,726
		1,696,928	2,136,035
金融負債	Financial liabilities		
攤銷成本	Amortised cost	1,898,311	1,805,312
衍生金融負債	Derivative financial liabilities	32,600	—
		1,930,911	1,805,312

(b) 財務風險管理目標及政策

本集團的主要金融工具包括持作買賣投資、可供出售投資、貿易及其他應收款項、應收合資公司款項、已抵押銀行存款、銀行及現金結餘、貿易及其他應付款項、借款、可轉換債券及可換股債券。金融工具詳情於個別附註披露。與該等金融工具有關的風險包括外匯風險、利率風險、其他價格風險、信貸風險及流動資金風險。以下載列如何緩和該等風險的政策。本集團的整體風險管理計劃著重於不可預測的金融市場和尋求最大程度地降低本集團財務表現所遭受的潛在不利風險。

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include investments held for trading, available-for-sale investments, trade and other receivables, amount due from a joint ventures, pledged bank deposits, bank and cash balances, trade and other payables, borrowings, exchangeable bonds and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) 外匯風險

鑑於本集團大部份業務交易、資產及負債主要以各附屬公司的功能貨幣計值，故此並沒有承受巨大的外匯風險。本集團目前並無就外幣交易、資產及負債訂立外匯對沖政策。本集團將密切監測其外匯風險，並在需要時考慮對沖重大外幣風險。

(ii) 利率風險

本集團須面對有關已抵押銀行存款、銀行及現金結餘及借款之公允值利率風險(詳情分別參閱附註30及32)。

敏感度分析

倘若於2016年12月31日之已抵押銀行存款、銀行及現金結餘及借貸利率較實際利率上升/下降10個基點(年利率0.1%) (2015年：10個基點)，本集團的年度溢利將因已抵押銀行存款、銀行及現金結餘及借款的公允值上升/下降而增加/減少約399,000港元(2015年：257,000港元)。

由於管理層認為本集團面臨的上述公允值利率風險並非重大，因此於年內管理層並無採取息率掉期或其他對沖措施。

本集團亦須面對有關按當前市場比率計值之銀行結餘之現金流利率風險。然而，由於銀行結餘全部均為短期性質，因此本集團面對之風險屬輕微。

(i) Foreign Exchange Risk

The Group does not have significant exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency hedging significant foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits, bank and cash balances and borrowings (see Notes 30 and 32 respectively for details).

Sensitivity Analysis

If interest rates on pledged bank deposits, bank and cash balances and borrowings as at 31 December 2016 had been 10 basis points (0.1% per annum) (2015: 10 basis points) higher/lower than the actual effective interest rate, the Group's profit for the year would have been approximately HK\$399,000 (2015: HK\$257,000) higher/lower as a result of a increase/decrease in fair value of pledged bank deposits, bank and cash balances and borrowings.

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest-rate swaps or other hedging activities are undertaken by management during the year.

The Group is also exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

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For the year ended 31 December 2016**(iii) 其他價格風險**

本集團透過其於上市股本證券及上市債券投資承受價格風險。管理層透過維持不同風險投資組合以管理此風險。本集團其他價格風險主要集中於在中國及澳洲上市之股本工具及上市債券投資。

敏感度分析

以下敏感度分析根據報告日須面對之股本價格風險釐定。

倘各工具之價格上升／下降10% (2015年：10%)，本集團之年度溢利將增加／減少約1,042,000港元 (2015年：3,873,000港元)，反映持作買賣投資之公允值之變動。

倘各自股本工具之價格上升／下降10% (2015年：10%)，本集團之其他全面收入總額將增加／減少約4,839,000港元 (2015年：11,996,000港元)，反映可供出售投資之公允值變動。

(iii) Other Price Risk

The Group is exposed to equity price risk through its investments in listed equity securities and listed debt investments. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's other price risk is mainly concentrated on equity instruments listed in the PRC and Australia and on listed debt investments.

Sensitivity Analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments has been 10% (2015: 10%) higher/lower, the Group's profit for the year would increase/decrease by approximately HK\$1,042,000 (2015: HK\$3,873,000) as a result of the changes in fair value of investments held for trading.

If the prices of respective instruments has been 10% (2015: 10%) higher/lower, the Group's other comprehensive income would increase/decrease by approximately HK\$4,839,000 (2015: HK\$11,996,000) as a result of the changes in fair value of available-for-sale investment.

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For the year ended 31 December 2016**(iv) 信貸風險**

茲因交易對方未能履行於報告期末就各類已確認金融資產的責任，本集團須承受的最高信貸風險為於綜合財務狀況表列賬之該等資產的賬面值。

本集團僅與認可及信貸記錄良好的第三方進行交易。本集團的政策是所有欲以信貸期作交易的客戶須參與信貸驗證程序。此外，本集團會持續監察應收結餘。

就本集團其他金融資產(包括現金及等同現金項目)所產生之信貸風險而言，本集團因對方拖欠還款而須面對的信貸風險有限，此乃由於對方擁有良好信貸評級，而本集團預期不會因該等實體的未分配墊款／按金而引起重大損失。

本集團並無高度集中的信貸風險。本集團訂有既定政策確保向具有良好信貸記錄的客戶銷售產品。本集團的銀行存款及存放於金融機構之存款均存放於無重大信貸風險的優質金融機構。

由於有關金融機構並無拖欠付款記錄，故董事認為本集團存放於銀行及金融機構的存款不會存在重大信貸風險。

(iv) Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group which comprise cash and cash equivalents, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good credit standing and the Group does not expect to incur significant loss for unallocated advances/deposits from these entities.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Group's deposits with bank and deposits placed with financial institutions are placed in high quality financial institutions without significant exposure to credit risk.

The directors consider that there is no significant credit risk in respect of the Group's deposits with banks and deposits placed with financial institutions as the financial institutions have no record of default payment.

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(v) 流動資金風險

本集團奉行審慎的流動資金風險管理，即意味著維持足夠現金及有價證券、透過款額充裕的信貸融資以維持可供動用資金，以及結算市場頭寸的能力。本集團致力保持可供動用的足夠信貸額度，藉以維持資金供應的靈活性。

下表顯示本集團將以淨額基準結算的金融負債，此乃按照相關的到期組別，根據由報告期末至合約到期日的剩餘時間進行分析。表內所披露的金額為合約性未折現的現金流量。由於折現的影響並不重大，因此在12個月內到期的結餘確認相等於其賬面值。

(v) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping adequate facilities available.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months upon recognition equal their carrying balances, as the impact of discounting is not significant.

2016年

2016

		未貼現現金流 Undiscounted cashflow				
		一年以下	一年以上	總額	賬面值	
加權平均 實際利率 Weighted average effective interest rate		Less than 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
%		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	貿易及其他應付款項 Trade and other payables	-	236,685	121,000	357,685	357,685
	借貸 Borrowings	5.97	360,927	1,067,111	1,428,038	1,332,122
	可轉換債券 Exchangeable bonds	18.04	18,560	287,680	306,240	208,504
			616,172	1,475,791	2,091,963	1,898,311

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2015年

2015

		未貼現現金流 Undiscounted cashflow				
		加權平均 實際利率 Weighted average effective interest rate	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
貿易及其他應付款項	Trade and other payables	-	301,105	110,000	411,105	411,105
借貸	Borrowings	6.08	224,816	1,158,403	1,383,219	1,195,872
可換股債券	Convertible bonds	15.72	202,285	-	202,285	198,335
			728,206	1,268,403	1,996,609	1,805,312

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(c) 公允值計量

本附註提供資料說明本集團為各項金融資產及金融負債釐定公允值的方法。

(i) 根據經常性基準按公允值計量的本集團金融資產及金融負債的公允值

本集團部份金融資產及金融負債於各報告期末按公允值計量。下表所載資料說明如何釐定該等金融資產及金融負債的公允值(尤其是所用估值技術及輸入數據)。

(c) Fair Value Measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

金融資產	於以下日期的公允值		公允值級別	估值方法及主要輸入數據
	2016年12月31日	2015年12月31日		
Financial assets	31 December 2016	31 December 2015	Fair value hierarchy	Valuation techniques and key inputs
1) 持作買賣的非衍生金融資產 (附註28)	於中國的上市股本證券： 10,415,000港元	於香港及中國的上市股本證券： 38,726,000港元	第1類	活躍市場所報買入價
Held for trading non-derivative financial assets (Note 28)	Listed equity securities in the PRC: HK\$10,415,000	Listed equity securities in Hong Kong and the PRC: HK\$38,726,000	Level 1	Quoted bid prices in an active market
2) 可供出售投資(附註25)	(i) 於香港境外的上市股本證券： 5,571,000港元	於香港境外的上市股本證券： 10,842,000港元	第1類	活躍市場所報買入價
Available-for-sale investment (Note 25)	Listed equity securities outside Hong Kong: HK\$5,571,000	Listed equity securities outside Hong Kong: HK\$10,842,000	Level 1	Quoted bid prices in an active market
	(ii) 於香港上市的債務工具： 42,816,000港元	於香港上市的債務工具： 109,118,000港元	第1類	活躍市場所報買入價
	Listed debt instruments in Hong Kong: HK\$42,816,000	Listed debt instruments in Hong Kong: HK\$109,118,000	Level 1	Quoted bid prices in an active market
	(iii) 國內非上市債務工具： 22,245,000港元	—	第1類	活躍市場所報買入價
	Unlisted debt instruments in PRC: HK\$22,245,000	—	Level 1	Quoted bid prices in an active market
3) 衍生金融資產(附註29)	—	資產：7,000港元	第2類	二項式期權定價模式
Derivative financial assets (Note 29)	—	Asset: HK\$7,000	Level 2	Binomial Option Pricing Model
4) 衍生金融負債(附註34)	負債：32,600,000港元	—	第2類	二項式期權定價模式
Derivative financial liabilities (Note 34)	Liabilities: HK\$32,600,000	—	Level 2	Binomial Option Pricing Model

兩個年度內並無在第1類、第2類及第3類之間的轉移。

There were no transfers between Levels 1, 2 and 3 in both years.

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(ii) 並非根據經常性基準按公允值計量的本集團金融資產及金融負債的公允值

董事認為，於綜合財務報表確認的金融資產及金融負債的賬面值與其公允值相若，惟本集團賬面值約為208,504,000港元的可轉換債券的公允值約為212,490,000港元除外。

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

Except the Group's exchangeable bonds with carrying amount of approximately HK\$208,504,000 which have fair value of approximately HK\$212,490,000, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximately their fair values.

		於2016年12月31日的公允值級別 Fair value hierarchy as at 31 December 2016			
		第1類 Level 1 千港元 HK\$'000	第2類 Level 2 千港元 HK\$'000	第3類 Level 3 千港元 HK\$'000	總計 Total 千港元 HK\$'000
金融資產	Financial asset				
持作買賣投資	Investments held for trading	10,415	-	-	10,415
可供出售投資	Available-for-sale investments				
上市股本證券	Listed equity securities	5,571	-	-	5,571
上市債務工具	Listed debt instruments	42,816	-	-	42,816
非上市債務工具	Unlisted debt instruments	22,245	-	-	22,245
總計	Total	81,047	-	-	81,047
金融負債	Financial liability				
衍生金融負債	Derivative financial liabilities	-	32,600	-	32,600

		於2015年12月31日的公允值級別 Fair value hierarchy as at 31 December 2015			
		第1類 Level 1 千港元 HK\$'000	第2類 Level 2 千港元 HK\$'000	第3類 Level 3 千港元 HK\$'000	總計 Total 千港元 HK\$'000
金融資產	Financial assets				
持作買賣投資	Investments held for trading	38,726	-	-	38,726
衍生金融資產	Derivative financial assets	-	7	-	7
可供出售投資	Available-for-sale investments				
上市股本證券	Listed equity securities	10,842	-	-	10,842
上市債務工具	Listed debt instruments	109,118	-	-	109,118
總計	Total	158,686	7	-	158,693

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包含在上述第2類的金融資產的公允值按公認定價模式之二項式期權定價模式釐定。其最重要的輸入數據為股價、波幅、屆滿時間、轉換價及股息率。

The fair values of the financial assets included in the level 2 above have been determined in accordance with generally accepted pricing models based on a Binominal Option Pricing Model, with the most significant inputs being the share price, volatility, time to maturity, conversion price and dividend yield.

6. 資金風險管理

本集團的資金管理目標是保障本集團能繼續營運的能力，藉以為股東和其他股東提供回報，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本退還、發行新股或出售資產以減低債務。

本集團利用負債比率監察其資本。此比率按照借貸總值除以資產總值計算。資產總值已列於綜合財務狀況表內。

截至2016年12月31日止年度，本集團的策略為將負債比率維持在50%內。於2016年及2015年12月31日的負債比率如下：

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
借貸總額	Total borrowings	1,540,626	1,394,207
資產總值	Total assets	5,246,469	5,421,692
負債比率	Gearing ratio	29.4%	25.7%

6. Capital Risk Management

The Group's 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 benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets as shown in the consolidated statement of financial position.

During the year ended 31 December 2016, the Group's strategy is to maintain a gearing ratio within 50%. The gearing ratios at 31 December 2016 and 2015 were as follows:

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7. 收入

本集團主要從事農業肥料業務、金屬鎂產品業務、煉鋼熔劑業務及電子產品業務。本集團於年內之收入分析如下：

7. Revenue

The Group is principally engaged in fertiliser business, magnesium product business, metallurgical flux business and electronic product business. An analysis of the Group's revenue for the year is as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
銷售農業肥料產品	Sales of fertilisers products	1,399,088	1,523,281
銷售金屬鎂產品	Sales of magnesium products	910,984	760,502
銷售煉鋼熔劑產品	Sales of metallurgical flux products	47,494	72,913
銷售電子產品	Sales of electronic products	231,655	158,906
		2,589,221	2,515,602

8. 分部資料

就資源調配及分部表現評估向本公司行政總裁(主要營運決策者)報告之資料側重於經營類別。本集團根據香港財務報告準則第8號經營及申報的分部如下：

- 農業肥料業務
- 金屬鎂產品業務
- 煉鋼熔劑業務
- 電子產品業務

有關本集團之可報告分部資料於下文呈報。

8. Segment Information

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- Fertiliser business
- Magnesium product business
- Metallurgical flux business
- Electronic product business

Information regarding the Group's reportable segments is presented below.

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分部收入及業績

本集團按可報告分部之收入及業績分析如下。

截至2016年12月31日止年度：

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2016:

		農業肥料業務 Fertiliser business 千港元 HK\$'000	金屬鎂產品業務 Magnesium product business 千港元 HK\$'000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$'000	電子產品業務 Electronic product business 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部收入	Segment revenue	1,399,088	910,984	62,882	231,655	2,604,609
分部間收入	Inter-segment revenue	-	-	(15,388)	-	(15,388)
來自外部客戶的收入	Revenue from external customers	1,399,088	910,984	47,494	231,655	2,589,221
分部業績	Segment results	351,118	263,112	22,773	(12,632)	624,371
其他淨收入	Other income, net					54,458
中央行政費用	Central administrative costs					(106,068)
應佔合資公司溢利及虧損	Share of profit and losses of joint ventures					1,695
應佔一間聯營公司虧損	Share of loss of an associate					(1)
財務費用	Finance costs					(117,564)
除所得稅前溢利	Profit before income tax					456,891

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截至2015年12月31日止年度：

For the year ended 31 December 2015:

		農業肥料業務	金屬鎂產品業務	煉銅熔劑業務	電子產品業務	合計
		Fertiliser business	Magnesium product business	Metallurgical flux business	Electronic product business	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
(經重列)						
(Restated)						
分部收入	Segment revenue	1,523,281	760,502	87,070	158,906	2,529,759
分部間收入	Inter-segment revenue	-	-	(14,157)	-	(14,157)
來自外部客戶的收入	Revenue from external customers	1,523,281	760,502	72,913	158,906	2,515,602
分部業績	Segment results	368,606	258,087	27,952	(30,519)	624,126
其他淨收入	Other income, net					29,202
議價收購收益	Gain on bargain purchase		28,746			28,746
中央行政費用	Central administrative costs					(78,364)
出售一間附屬公司之收益	Gain on disposal of a subsidiary					179
應佔合資公司溢利及虧損	Share of profits and losses of joint ventures					1,760
於一間合資公司之投資減值	Impairment of investment in a joint venture					(180)
應佔一間聯營公司虧損	Share of loss of an associate					(4)
財務費用	Finance costs					(87,390)
除所得稅前溢利	Profit before income tax					518,075

上文呈列之分部收入，乃代表外部客戶所產生之收入。分部間交易均按公平基準訂立。

可報告分部之會計政策與本集團會計政策相同。分部業績指於並無分配中央行政費用(包括董事薪酬、其他淨收入、議價收購收益、出售一間附屬公司之收益、應佔合資公司溢利及虧損、於一間合資公司之投資減值、應佔一間聯營公司虧損、財務費用及所得稅開支)情況下各分部之業績。此為向主要營運決策者報告以供其調配資源及評估分部表現之方式。

Segment revenue reported above represents revenue generated from external customers. Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other net income, gain on bargain purchase, gain on disposal of a subsidiary, share of profits and losses of joint ventures, impairment of investment in a joint venture, share of loss of an associate, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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分部資產及負債

於2016年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2016 and capital expenditure for the year then ended by reportable segments are as follows:

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	電子產品 業務	分部合計	未分配	合計
		Fertiliser business	Magnesium product business	Metallurgical flux business	Electronic product business	Total segment	Unallocated	Total
		千港元	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	HK\$'000
分部資產	Segment assets	1,331,615	1,899,550	645,179	198,233	4,074,577	1,171,892	5,246,469
分部負債	Segment liabilities	384,707	466,808	154,745	212,809	1,219,069	972,934	2,192,003
資本開支	Capital expenditure	402,934	86,573	11,019	908	501,434	30,656	532,090

於2015年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

The segment assets and liabilities as at 31 December 2015 and capital expenditure for the year then ended by reportable segments are as follows:

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	電子產品 業務	分部合計	未分配	合計
		Fertiliser business	Magnesium product business	Metallurgical flux business	Electronic product business	Total segment	Unallocated	Total
		千港元	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	HK\$'000
			(經重列) (Restated)			(經重列) (Restated)		(經重列) (Restated)
分部資產	Segment assets	954,080	1,772,216	692,714	210,163	3,629,173	1,792,519	5,421,692
分部負債	Segment liabilities	124,189	583,864	155,686	239,308	1,103,047	954,123	2,057,170
資本開支	Capital expenditure	145,118	61,593	19,249	1,808	227,768	582	228,350

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為達成監察分部表現及於分部間調配資源之目標：

- 除投資物業、持作買賣投資、銀行及現金結餘和其他企業使用資產，包括物業、廠房及設備、無形資產和其他應收款項外，所有資產均分配至可報告分部；及
- 除衍生金融負債、可轉換債券、企業用途之借貸及其他應付款項外，所有負債均分配至可報告分部。

資本開支包括對物業、廠房及設備的添置和土地使用權。除對若干物業、廠房及設備作為行政用途添置外，所有資本開支均分配至分部。

截至2016年12月31日止年度，本集團收購附屬公司非流動資產之資本開支見附註44之呈列。

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment properties, investments held for trading, bank and cash balances and other assets for corporate use which including property, plant and equipment, intangible assets and other receivables; and
- all liabilities are allocated to reportable segments other than derivative financial liabilities, exchangeable bonds, borrowings for corporate use and other payables.

Capital expenditure comprises additions to property, plant and equipment and land use rights. Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

During the year ended 31 December 2016, the Group's capital expenditure related to non-current assets from acquisition of subsidiaries was stated in Note 44.

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其他分部資料

截至2016年12月31日止年度：

Other Segment Information

For the year ended 31 December 2016:

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	電子產品業務	未分配	合計
		Fertiliser business	Magnesium product business	Metallurgical flux business	Electronic product business	Unallocated	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
物業、廠房及設備 和投資物業折舊	Depreciation of property, plant and equipment and investment properties	58,697	30,154	11,495	7,146	5,568	113,060
土地使用權、採礦權及 無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	824	2,988	2,062	879	9,565	16,318
遞延開發成本減值	Impairment of development costs	-	-	-	359	-	359
存貨撥備	Provision for inventories	-	-	-	7,058	-	7,058
產品保證撥備	Product warranty provision	-	-	-	349	-	349
撥回未動用產品保證撥備	Reversal of unutilised product warranty provision	-	-	-	(72)	-	(72)
可供出售投資減值	Impairment of an available- for-sale investment	-	-	-	-	460	460
撥回其他應收款項攤賬	Reversal of written off of other receivables	-	-	-	(5,495)	-	(5,495)
撥回貿易應收款項減值 及攤賬	Reversal of impairment and written off of trade receivables	-	(279)	-	-	-	(279)
貿易應收款項減值	Impairment of trade receivables	-	192	-	592	-	784
出售物業、廠房及 設備的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(225)	-	62	(89)	(5)	(257)
持作買賣投資的 已變現及未變現 收益淨額	Net realised and unrealised gain on investments held for trading	-	-	-	-	(8,791)	(8,791)
長齡應計款項撥回	Write-back of long-aged accruals	-	(3,059)	-	-	-	(3,059)
所得稅開支	Income tax expenses	81,837	56,790	4,812	(27)	427	143,839

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For the year ended 31 December 2015:

	農業肥料 業務 Fertiliser business 千港元 HK\$'000	金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	電子產品業務 Electronic product business 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	合計 Total 千港元 HK\$'000	
物業、廠房及設備 和投資物業折舊	Depreciation of property, plant and equipment and investment properties	43,785	11,731	10,428	5,945	6,996	78,885
土地使用權、採礦權及 無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	226	2,197	13,808	904	377	17,512
開發成本減值	Impairment of development costs	-	-	-	599	-	599
存貨減值	Impairment of inventories	-	-	-	2,374	-	2,374
產品保證撥備	Product warranty provision	-	-	-	249	-	249
撥回未動用產品保證撥備	Reversal of unutilised product warranty provision	-	-	-	(500)	-	(500)
撥回貿易應收款項減值	Reversal of impairment of trade receivables	-	-	-	(229)	-	(229)
貿易應收款項減值	Impairment of trade receivables	-	-	-	206	-	206
出售物業、廠房及 設備的收益	Gain on disposal of property, plant and equipment	-	(169)	(37)	(2)	(82)	(290)
持作買賣投資的 已變現及未變現收益	Realised and unrealised gain on investments held for trading	-	-	-	-	(6,875)	(6,875)
所得稅開支	Income tax expense	89,040	57,386	5,643	(37)	2,974	155,006

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地區資料

截至2016年及2015年12月31日止年度，本集團主要於中國營運及本集團主要收入均來自中國，而於2016年12月31日及2015年12月31日，本集團大部份非流動資產均位於中國。概無披露本集團按地區劃分的業績及資產分析。

主要客戶資料

由於截至2016年及2015年12月31日止年度並無對任何單一客戶之銷售超過本集團總收入之10%，因此並無有關主要客戶的資料呈列。

Geographical Information

During the years ended 31 December 2016 and 2015, the Group mainly operated in the PRC and most of the Group's revenue are derived from the PRC and most of non-current assets of the Group are located in the PRC as at 31 December 2016 and 31 December 2015. No analysis of the Group's result and assets by geographical area is disclosed.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2016 and 2015.

9. 其他收益或虧損淨額

9. Other Gains or Losses, Net

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
利息收入	Interest income	23,970	12,094
股息收入	Dividend income	769	200
出售可供出售投資收益	Gain on disposal of available-for-sale investments	2,848	-
出售物業、廠房及設備的收益	Gain on disposal of property, plant and equipment	257	-
政府補助	Government subsidy	2,198	-
金融衍生工具公允價值變動	Change in fair value of financial derivatives	(487)	(236)
雜項收入	Sundry income	10,059	7,692
銷售廢料	Sales of scrap materials	14,056	11,679
服務費收入	Service fee income	3,729	3,773
出售一間附屬公司之收益	Gain on disposal of a subsidiary	-	179
		57,399	35,381

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10. 財務費用

10. Finance Costs

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
可換股債券之利息開支	Interest expenses on convertible bonds	13,408	37,703
上市後償票據之利息開支	Interest expenses on listed subordinated notes	55,986	27,835
可轉換債券利息開支	Interest expenses on exchangeable bonds	23,375	-
須於5年內全數償還之 借貸的利息	Interest on borrowings wholly repayable within five years	24,795	14,086
須於5年後全數償還之 借貸的利息	Interest on borrowings wholly repayable after five years	9,083	17,390
借貸成本總額	Total borrowing costs	126,647	97,014
減：已於合資格資產 成本資本化之金額	Less: amount capitalised in the cost of qualifying assets	(9,083)	(9,624)
		117,564	87,390

借入資金之加權平均資本化比率為每年5.55%
(2015年：每年5.53%)。

The weighted average capitalisation rate of fund borrowed
generally is 5.55% per annum (2015: 5.53% per annum).

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11. 所得稅開支

於綜合損益及其他全面收益表內扣除／(計入)的所得稅開支數額指：

11. Income Tax Expense

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

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
即期稅項：	Current tax:		
– 香港利得稅	– Hong Kong Profits Tax	–	2,974
– 中國企業所得稅	– PRC Enterprises Income Tax	146,287	155,474
– 其他	– Others	22	13
		146,309	158,461
遞延稅項(附註37)	Deferred taxation (Note 37)	(2,470)	(3,455)
		143,839	155,006

(a) 香港利得稅

香港利得稅乃按截至2016年及2015年12月31日止年度之估計應課稅溢利之16.5%計算。由於在香港並無產生應課稅溢利，故截至2016年12月31日止年度毋須支付任何稅項(2015年：2,974,000港元)。

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2016 and 2015. No tax is payable for the year ended 31 December 2016 (2015: HK\$2,974,000) since there was no assessable profit generated in Hong Kong.

(b) 中國企業所得稅

中國企業所得稅乃按截至2016年及2015年12月31日止年度之估計應課稅溢利之25%計算。

(b) The PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2016 and 2015.

(c) 海外所得稅

本公司乃根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，並據此獲豁免繳納開曼群島所得稅。本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，並獲豁免繳納英屬處女群島所得稅。

(c) Overseas Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, are exempted from British Virgin Islands income tax.

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本集團的除所得稅前溢利與以中國企業的標準稅率25%計算的理論數額的差別如下：

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using a tax rate of 25%, the standard income tax rate of the PRC enterprises, as follows:

		2016		2015	
		千港元	%	千港元	%
		HK\$'000		HK\$'000	
除所得稅前溢利	Profit before income tax	456,891		518,075	
按適用所得稅稅率25% (2015年：25%) 計算的稅項支出	Tax charge at applicable income tax rate of 25% (2015: 25%)	114,223	25.0	129,519	25.0
於其他司法權區經營的 附屬公司的不同稅率 之影響	Effect of different tax rates of subsidiaries operating in other jurisdictions	6,613	1.4	(9,894)	(1.9)
毋須課稅的收入之 稅務影響	Tax effect of income not taxable for tax purpose	(4,781)	(1.0)	(3,098)	(0.6)
應佔合資公司虧損	Share of losses of joint ventures	(280)	(0.1)	(290)	(0.1)
不可扣稅之稅項開支 之稅務影響	Tax effect of expenses not deductible for tax purpose	19,955	4.4	34,089	6.6
使用先前未確認 之稅務虧損	Utilisation of previous unrecognised tax losses	(3,845)	(0.8)	(1,911)	(0.4)
未確認之估計稅項 虧損的稅務影響	Tax effect of estimated tax losses not recognised	11,954	2.6	6,591	1.3
所得稅開支	Income tax expense	143,839	31.4	155,006	29.9

於2016年12月31日，本集團未確認稅項虧損約737,214,000港元(2015年：723,989,000港元)可結轉以抵銷未來應課稅溢利。約266,561,000港元(2015年：265,249,000港元)之稅項虧損將於與其有關之評估年度起計五年後到期，而約470,653,000港元(2015年：458,740,000港元)之稅項虧損則可無限期結轉。由於認為未必有日後之應課稅溢利可與未動用的稅項虧損對銷，故該等稅項虧損之遞延稅項收益並未確認。

As at 31 December 2016, the Group has unrecognised tax losses of approximately HK\$737,214,000 (2015: HK\$723,989,000), which can be carried forward to offset future taxable profit. Tax losses of approximately HK\$266,561,000 (2015: HK\$265,249,000) will expire after five years from the year of assessment they relate to while tax losses of approximately HK\$470,653,000 (2015: HK\$458,740,000) can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not considered probable that future taxable profit will be available to utilise the unused tax losses.

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12. 年內溢利

年內溢利已扣除／(抵免)下列費用：

12. Profit for the Year

Profit for the year has been arrived at after charging/
(crediting):

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
工資及薪金	Wages and salaries	188,443	185,686
授予董事及僱員之購股權	Share options granted to directors and employees	1,075	2,528
支付定額供款退休計劃款項	Payment to defined contribution retirement plans	8,816	7,038
總員工成本(包括董事薪酬)	Total staff costs (including directors' emoluments)	198,334	195,252
核數師薪酬	Auditors' remuneration		
審核及審核相關工作	Audit and audit related work		
— 國衛會計師事務所有限公司	— HLB Hodgson Impey Cheng Limited	3,573	1,649
— 其他核數師	— other auditor	1,700	2,810
非審核工作	Non-audit work		
— 國衛會計師事務所有限公司	— HLB Hodgson Impey Cheng Limited	184	184
— 其他核數師	— other auditor	-	-
折舊及攤銷	Depreciation and amortisation	129,378	96,397
出售物業、廠房及設備之 收益淨額	Net gain on disposal of property, plant and equipment	(257)	(290)
持作買賣投資的已變現收益	Realised gain on investments held for trading	(9,568)	(2,196)
持作買賣投資的未變現 虧損／(收益)	Unrealised loss/(gain) on investments held for trading	777	(4,679)
存貨成本確認為支出	Cost of inventories recognised as an expense	1,616,840	1,524,007
土地及樓宇之經營租約租金	Operating lease rentals in respect of land and buildings	7,495	7,350
於一間合資公司之投資減值	Impairment of investment in a joint venture	-	180
開發成本減值	Impairment of development costs	359	599
存貨撥備	Provision for inventories	7,058	2,374
產品保證撥備	Product warranty provision	349	249
長齡應計款項撥回	Write-back of long-aged accruals	(3,059)	-
撥回未動用保證撥備	Reversal of unutilised warranty provision	(72)	(500)
撥回貿易應收款項減值及撇賬	Reversal of impairment and written off of trade receivables	(279)	(229)
貿易應收款項減值	Impairment of trade receivables	784	206
撥回其他應收款項撇賬	Reversal of written off of other receivables	(5,495)	-
可供出售投資減值	Impairment of an available-for-sale investment	460	-
研發開支：	Research and development expenses:		
已攤銷開發成本	Development costs amortised	397	511
開發成本減值	Impairment of development costs	359	599
本年度支出	Current year expenditure	19,342	17,524
議價收購收益	Gain on bargain purchase	-	(28,746)

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附註：

- (a) 中國規則及法例訂明，本集團為其中國僱員向一項由政府營辦的退休計劃供款，該計劃屬於定額供款計劃。根據當地政府的規定，本集團按僱員薪金約14%向該計劃供款，並且除年度供款之外，本集團概無日後實際支付養老金或退休後福利之責任。該項由政府營辦的退休計劃負責退休僱員的全部養老金責任。

本集團已為其香港僱員安排強積金計劃。強積金計劃屬於定額供款計劃，由獨立信託人管理。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入之5%按月向該計劃供款。自2014年6月1日起，本集團及僱員供款之上限為每月1,500港元。

截至2016年12月31日止年度，本集團向上述養老金計劃作出的供款總額約8,816,000港元(2015年：7,038,000港元)。於2016年12月31日，本集團並無權利獲得任何沒收供款可用於減少本集團未來的供款(2015年：零港元)。

note:

- (a) As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Group contributes approximately 14% of the employees' salary as specified by the local government, and the Group has no future obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations to retired employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Since 1 June 2014, both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month.

During the year ended 31 December 2016, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$8,816,000 (2015: HK\$7,038,000). As at 31 December 2016, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions (2015: HK\$Nil).

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13. 董事、主要行政人員及僱員薪酬及
最高薪酬人士

(a) 董事薪酬

截至2016年12月31日止年度各董事
之薪酬載列如下：

		袍金	薪金	購股權	僱主的退休金 計劃供款	合計
		Fees	Salaries	Share	Employer's contribution to pension scheme	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
執行董事	Executive directors					
池文富(主席)	Chi Wen Fu (Chairman)	-	1,300	15	18	1,333
沈世捷(行政總裁)	Shum Sai Chit (CEO)	-	650	12	18	680
池碧芬	Chi Bi Fen	-	650	12	18	680
楊玉川 ¹	Yang Yuchuan ¹	-	380	275	10	665
非執行董事	Non-executive director					
郭孟勇	Guo Mengyong	35	-	4	-	39
獨立非執行董事	Independent non-executive directors					
鄺炳文	Kwong Ping Man	75	-	4	-	79
盛洪	Sheng Hong	35	-	4	-	39
劉智傑	Lau Chi Kit	240	-	144	-	384
		385	2,980	470	64	3,899

1. 已於2016年8月4日辭任。

1 Resigned on 4 August 2016.

13. Directors', Chief Executives' and
Employees' Emoluments and Individuals
with Highest Emoluments

(a) Directors' Emoluments

The emoluments of each director for the year
ended 31 December 2016 is set below:

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截至2015年12月31日止年度各董事
之薪酬載列如下：

The emoluments of each director for the year
ended 31 December 2015 is set below:

		袍金	薪金	購股權	僱主的退休金 計劃供款 Employer's contribution to pension scheme	合計
		Fees 千港元 HK\$'000	Salaries 千港元 HK\$'000	Share options 千港元 HK\$'000	千港元 HK\$'000	Total 千港元 HK\$'000
執行董事		Executive directors				
池文富(主席)	Chi Wen Fu (Chairman)	-	1,300	42	18	1,360
沈世捷(行政總裁)	Shum Sai Chit (CEO)	-	650	32	18	700
池碧芬	Chi Bi Fen	-	650	32	18	700
楊玉川	Yang Yuchuan	-	650	818	18	1,486
非執行董事		Non-executive director				
郭孟勇	Guo Mengyong	35	-	10	-	45
獨立非執行董事		Independent non-executive directors				
鄭炳文	Kwong Ping Man	75	-	10	-	85
盛洪	Sheng Hong	35	-	10	-	45
劉智傑	Lau Chi Kit	240	-	273	-	513
		385	3,250	1,227	72	4,934

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(b) 五位最高薪酬人士

於年內，本集團5位最高薪酬人士包括1位(2015年：2位)本公司董事，有關董事酬金的分析已於上文披露。年內應付予餘下之4位(2015年：3位)人士之酬金如下：

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
基本薪金、購股權 其他津貼及實物利益	Basic salaries, share options, other allowances and benefits in kind	5,001	3,357
退休金費用一定額供款 計劃	Pension costs-defined contribution plan	153	106
		5,154	3,463

該4位(2015年：3位)最高薪酬人士的薪酬屬於以下範疇：

		人數 Number of individuals	
		2016	2015
零至1,000,000港元	Nil – HK\$1,000,000	1	1
1,000,001港元至 2,000,000港元	HK\$1,000,001 – HK\$2,000,000	3	2
		4	3

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included 1 (2015: 2) director of the Company whose directors' emoluments are disclosed in the above analysis. The emoluments payable to the rest 4 (2015: 3) individuals during the year are as follows:

The emoluments of the 4 (2015: 3) individuals with the highest emoluments are within the following bands:

(c) 截至2016年及2015年12月31日止年度，本集團並無向任何本公司董事及五位最高薪酬人士支付酬金作為加入本集團或加入本集團時的獎勵，或作為離職補償。於截至2016年及2015年12月31日止年度，概無本公司董事及五位最高薪酬人士同意放棄或已放棄領取任何酬金。

(c) During the years ended 31 December 2016 and 2015, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There was no director of the Company and the five highest paid individuals agreed to waive or waived any emoluments during the years ended 31 December 2016 and 2015.

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14. 股息

- a) 本公司董事不建議就截至2016年12月31日止年度派付任何股息(2015年：本公司董事建議派付末期股息每股普通股1.3港仙，合共59,774,000港元)。
- b) 年內已批准及支付本公司權益股東的上年度應付股息：

14. Dividend

- a) The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2016 (2015: the directors of the Company proposed final dividend of 1.3HK cents per ordinary share, totalling HK\$59,774,000).
- b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
年內確認為分派的股息：	Dividend recognised as distribution during the year:		
派付2015年末期股息 每股普通股1.3港仙 (2015年：派付 2014年末期股息 每股普通股0.5港仙)	2015 final dividend of 1.3 HK cents per ordinary share (2015: 2014 final dividend of 0.5 HK cents per ordinary share)	59,774	21,797

於截至2015年12月31日止年度，已分派就截至2014年12月31日止年度宣佈的按記錄日期每持有20股現有普通股獲發1股新股份之紅股，共217,967,890股普通股。於2015年並無宣派紅股。

During the year ended 31 December 2015, bonus issue of 217,967,890 ordinary shares was also distributed on the basis of 1 new share for every 20 existing ordinary shares on the record date as declared for the year ended 31 December 2014. No bonus issue was declared in 2015.

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15. 每股盈利

(a) 基本

每股基本盈利是根據本公司擁有人應佔年內溢利，除以年內已發行普通股加權平均數計算。

		2016	2015
			(經重列) (restated)
本公司擁有人應佔年內溢利(千港元)	Profit for the year attributable to owners of the Company (HK\$'000)	302,334	314,479
已發行普通股加權平均數(千股)	Weighted average number of ordinary shares in issue (thousand shares)	4,599,751	4,219,571
每股基本盈利(每股港仙)	Basic earnings per share (HK cents per share)	6.57	7.45

(b) 攤薄

每股攤薄盈利是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有三類攤薄性潛在普通股：購股權、可轉換債券及可換股債券(2015：兩類：購股權及可換股債券)。

就購股權而言，本公司根據尚未行使購股權所附之認購權貨幣值進行計算，以釐定可按公允值(以本公司期內之股份平均市價釐定)購入的股份數目。按上文所述計算的股份數目，與假設行使購股權所發行的股份數目作比較。

由於購股權行使價高於截至2016年12月31日止年度的股份平均市價，故計算每股攤薄盈利時並無假設行使本公司的購股權。

15. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, exchangeable bonds and convertible bonds (2015: two categories: share options and convertible bonds).

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the year ended 31 December 2016.

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就可轉換債券及可換股債券而言，由於其具反攤薄效應及可轉換債券已於年內全數贖回(2015年：由於可換股債券具反攤薄效應)，故並未獲計入每股攤薄盈利的計算中。

For the exchangeable bonds and convertible bonds, the effect of which was anti-dilutive and the convertible bonds were fully redeemed during the year (2015: the effect of convertible bonds was anti-dilutive), they were not included in the calculation of diluted earnings per share.

		2016	2015
			(經重列) (restated)
本公司擁有人應佔 年內溢利(千港元)	Profit for the year attributable to owners of the Company (HK\$'000)	302,334	314,479
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue (thousand shares)	4,599,751	4,219,571
就購股權作出調整(千股)	Adjustment for share options (thousand shares)	-	72,364
每股攤薄盈利的普通股 加權平均數(千股)	Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	4,599,751	4,291,935
每股攤薄盈利 (每股港仙)	Diluted earnings per share (HK cents per share)	6.57	7.33

16. 土地使用權

本集團於土地使用權中之權益指預付經營租賃付款，其賬面淨值分析如下：

16. Land Use Rights

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
在中國，根據各項持有： 中期租約	In the PRC, held on: Medium term leases	211,469	177,159
流動資產	Current assets	4,723	4,420
非流動資產	Non-current assets	206,746	172,739
		211,469	177,159

於2016年12月31日，賬面值為約103,855,000港元(2015年：114,167,000港元)之土地使用權已作為銀行借貸之抵押(附註32)。

As at 31 December 2016, land use rights with a carrying amount of approximately HK\$103,855,000 (2015: HK\$114,167,000) have been pledged to secure bank borrowings (Note 32).

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17. 物業、廠房及設備

17. Property, Plant and Equipment

		租賃土地及樓宇	租賃物業裝修	廠房及機器	傢俬及辦公室設備	工具及器具	汽車	船舶	在建工程	總計
		(附註(i))							(附註(ii))	
		Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture and office equipment	Tooling and moulds	Motor vehicles	Ship	Construction-in-progress	Total
		(note (i))							(note (ii))	
		千港元	千港元	千港元	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	HK\$'000	HK\$'000	HK\$'000
成本	Cost									
於2015年1月1日	As at 1 January 2015	165,093	23,611	547,705	8,494	-	9,182	873	1,022,274	1,777,232
收購附屬公司	Acquisition of subsidiaries									
(附註44(b)及(c))	(Note 44(b) & (c))	226,831	1,871	86,870	4,905	2,857	2,344	-	-	325,678
添置	Additions	35,748	-	60,493	729	390	3,136	-	151,712	252,208
轉撥	Transfers	102,621	-	185,427	-	-	-	-	(288,048)	-
出售	Disposals	-	-	(148)	(386)	(126)	(1,902)	(473)	-	(3,035)
匯兌調整	Exchange alignment	(20,129)	(1,068)	(36,178)	(787)	(60)	(457)	(20)	(40,593)	(99,292)
於2015年12月31日及2016年1月1日	As at 31 December 2015 and 1 January 2016	510,164	24,414	844,169	12,955	3,061	12,303	380	845,345	2,252,791
收購附屬公司	Acquisition of a subsidiary									
(附註44(a))	(Note 44(a))	6,198	-	467	-	-	-	-	-	6,665
添置	Additions	5,091	63	27,287	937	556	2,756	-	442,383	479,013
轉撥	Transfers	672	-	139,450	800	-	-	-	(140,922)	-
出售	Disposals	-	-	(2,282)	(277)	(320)	(4,015)	-	-	(6,894)
匯兌調整	Exchange alignment	(36,177)	(2,476)	(70,130)	(2,390)	(1,895)	(961)	(26)	(72,142)	(186,197)
於2016年12月31日	As at 31 December 2016	485,888	22,001	938,961	12,025	1,402	10,083	354	1,074,664	2,545,378
累計折舊及減值	Accumulated depreciation and impairment									
於2015年1月1日	As at 1 January 2015	46,455	23,326	250,978	7,608	-	5,608	698	-	334,673
年內折舊	Charge for the year	8,626	929	61,564	1,079	1,648	1,647	150	-	75,643
出售時撇銷	Eliminated on disposal	-	-	(142)	(386)	(126)	(1,846)	(449)	-	(2,949)
匯兌調整	Exchange alignment	(2,318)	(1,026)	(13,654)	(347)	-	(221)	(19)	-	(17,585)
於2015年12月31日及2016年1月1日	As at 31 December 2015 and 1 January 2016	52,763	23,229	298,746	7,954	1,522	5,188	380	-	389,782
年內折舊	Charge for the year	15,348	720	89,334	1,417	1,260	1,934	-	-	110,013
出售時撇銷	Eliminated on disposal	-	-	(2,282)	(277)	(320)	(2,994)	-	-	(5,873)
匯兌調整	Exchange alignment	(5,831)	(2,444)	(29,369)	(2,068)	(1,841)	(544)	(26)	-	(42,113)
於2016年12月31日	As at 31 December 2016	62,280	21,505	356,429	7,036	621	3,584	354	-	451,809
賬面淨值	Net carrying values									
於2016年12月31日	As at 31 December 2016	423,608	496	582,532	4,989	781	6,499	-	1,074,664	2,093,569
於2015年12月31日	As at 31 December 2015	457,401	1,185	545,423	5,001	1,539	7,115	-	845,345	1,863,009

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附註:

notes:

- (i) 本集團的租賃土地及樓宇於報告期末的賬面值分析如下:

- (i) The carrying amount of the Group's leasehold land and buildings at the end of the reporting period are analysed as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
香港中期租約	Medium term leases in Hong Kong	6,965	7,245
中國中期租約	Medium term leases in the PRC	416,643	450,156
		423,608	457,401

- (ii) 於2016年12月31日，利息費用約9,083,000港元(2015年：9,624,000港元)被資本化及計入在建工程。有關在建工程之分析如下:

- (ii) As at 31 December 2016, interest expenses of approximately HK\$9,083,000 (2015: HK\$9,624,000) was capitalised and included in construction-in-progress. An analysis of construction-in-progress is as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
租賃土地及樓宇	Leasehold land and buildings	328,450	160,132
廠房及機器	Plant and machinery	746,214	685,213
		1,074,664	845,345

- (iii) 於2016年12月31日，賬面值為約203,284,000港元(2015年：163,650,000港元)之租賃土地及樓宇、廠房及設備已作為銀行借貸之抵押(附註32)。

- (iii) As at 31 December 2016, leasehold land and buildings and plant and machinery with a carrying amount of approximately HK\$203,284,000 (2015: HK\$163,650,000) have been pledged to secure bank borrowings (Note 32).

- (iv) 於截至2016年及2015年12月31日止年度，本集團董事認為概無減值虧損須於綜合損益及其他全面收益表確認。

- (iv) During the year ended 31 December 2016 and 2015, the directors of the Group considered that no impairment loss should be recognised in the consolidated statement of profit or loss and other comprehensive income.

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於本年度之物業、廠房及設備之使用年期如下：

– 租賃土地及樓宇	租賃期內或34年， 以最少者為準
– 物業裝修	2至5年
– 廠房及機器	4至25年
– 傢俬及辦公室設備	4至34年
– 汽車	4至7年
– 船舶	5年
– 工具及模具	2年

The useful lives of property, plant and equipment adopted for the current year are as follows:

– Leasehold land and buildings	Over the shorter of lease terms or 34 years
– Leasehold improvements	2 to 5 years
– Plant and machinery	4 to 25 years
– Furniture and office equipment	4 to 34 years
– Motor vehicles	4 to 7 years
– Ship	5 years
– Tooling and moulds	2 years

18. 投資物業

18. Investment Properties

		千港元 HK\$'000
成本	Cost	
於2015年1月1日	As at 1 January 2015	164,060
匯兌調整	Exchange alignment	(7,392)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	156,668
匯兌調整	Exchange alignment	(10,660)
於2016年12月31日	As at 31 December 2016	146,008
累計折舊	Accumulated depreciation	
於2015年1月1日	As at 1 January 2015	29,448
年內折舊	Charge for the year	3,242
匯兌調整	Exchange alignment	(1,458)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	31,232
年內折舊	Charge for the year	3,048
匯兌調整	Exchange alignment	(2,273)
於2016年12月31日	As at 31 December 2016	32,007
賬面淨值	Net carrying values	
於2016年12月31日	As at 31 December 2016	114,001
於2015年12月31日	As at 31 December 2015	125,436

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投資物業指與雲霄物業第一期、第二期及第三期有關的樓宇。

上述投資物業於租賃期內以直線法折舊。投資物業的估計可使用年期介乎43至48年。

於2016年12月31日，本集團投資物業之公允值約為144,381,000港元(2015年：138,924,000港元)。估值由與本集團概無關連之獨立合資格估值師作出。根據管理層參考獨立合資格估值師發出之估值報告後作出之評估結果，本集團之投資物業於2016年及2015年12月31日之賬面值沒有減值。

於截至2016年及2015年12月31日止年度，投資物業並無產生任何租金收入。

上述投資物業的賬面值包括：

The investment properties represent the buildings related to phase one, phase two and phase three of the Yunxiao properties.

The above investment properties are depreciated on a straight line basis over the lease term. The estimated useful life of the investment properties range from 43 to 48 years.

The fair value of the Group's investment properties at 31 December 2016 was approximately HK\$144,381,000 (2015: HK\$138,924,000). The valuation was performed by independent qualified valuers not connected with the Group. Based on the result of management's assessment by making reference to the valuation report issued by the independent qualified valuers, there is no impairment on the carrying value of the Group's investment properties as at 31 December 2016 and 2015.

During the year ended 31 December 2016 and 2015, no rental income was generated from investment properties.

The carrying value of investment properties shown above comprise:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
在中國，根據各項持有： 中期租約	In the PRC, held on: Medium term lease	114,001	125,436

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19. 商譽

19. Goodwill

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
於年初	At the beginning of year	197,144	-
收購附屬公司(附註44)	Acquisition of subsidiary (Note 44)	224	197,144
於年末	At the end of year	197,368	197,144

分配至本集團現金產生單位(「現金產生單位」)之商譽按以下業務分部識別：

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
金屬鎂產品業務(i)	Magnesium product business (i)	197,144	197,144
其他業務(ii)	Other business (ii)	224	-
		197,368	197,144

(i) 截至2015年12月31日止年度，商譽乃由收購權智國際有限公司(「權智國際」，股份代號：601)51.46%權益所產生(更多資料見附註44)。收購權智國際之業務策略在於通過獨立的上市平台物色金屬鎂產業新的商機，藉以專注於金屬鎂產品業務，及尤其是鎂循環經濟產業及鎂合金的相關業務之未來發展。該現金產生單位的可收回金額乃根據其公允值扣除出售成本與使用價值之中較高者釐定。使用價值乃使用經本公司董事批准之財政預算為基準之五年期現金流量釐定，每年除稅前貼現率為9.46%。預算期間的現金流量預測乃根據整個預算期間內相同的預期毛利率及原材料價格通脹釐定。有關計算使用價值的其他主要假設涉及現金流入/流出的估計(包括預算銷售額及毛利率)，而有關估計乃根據該單位過往的表現及本公司董事就市場發展的預期作出。本公司董事相信，任何該等假設的合理變動均不會導致賬面值總額超出可收回金額總額。

(i) During the year ended 31 December 2015, goodwill was resulted from the acquisition of 51.46% equity interest of Group Sense (International) Limited ("GSIL") (stock code: 601) (Please refer to Note 44 for detailed information). The business strategy of acquisition of GSIL is to identify new business opportunities in the magnesium industry on a separate listing platform to focus on the magnesium product business and in particular future development of chain model of circular economy in magnesium and magnesium product related business. The recoverable amount of this CGU is determined based on the higher of its fair value less costs of disposal and its value in use. The calculation of value in use uses cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 9.46% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw material price inflation the budget period. Other key assumptions for calculation of the value in use relate to the estimation of cash inflow/outflow which include budgeted sales and gross profit margin, such estimation is based on the unit's past performance and the expectation of the directors of the Company for the market development. The directors of the Company believes that any reasonable change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

計算權智之公允值乃參考活躍市場上所報之買入價。

The fair value of GSIL is calculated by reference to bid prices quoted in active market.

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- (ii) 於截至2016年12月31日止年度內，商譽乃由收購新沂市二灣港務有限公司全部股本權益所產生(更多資料請參閱附註44)。新沂市二灣港務有限公司從事港務營運。有關收購事項乃作為本集團多元化發展本集團業務及提高本集團長遠增長潛力之政策其中一環而進行。該現金產生單位之可收回金額乃根據經本公司董事批准之財務預算為基準之五年期現金流量預測計算之可使用價值，以及每年除稅前貼現率9.86%而釐定。預算期間的現金流量預測乃根據整個預算期間內相同的預期毛利率及原材料價格通脹釐定。有關計算使用價值的其他主要假設涉及現金流入／流出的估計(包括預算銷售額及毛利率)，而有關估計乃根據該單位過往的表現及本公司董事就市場發展的預期作出。本公司董事相信，任何該等假設的合理變動均不會導致賬面值總額超出可收回金額總額。
- (ii) During the year ended 31 December 2016, goodwill was resulted from the acquisition of the entire equity interest of 新沂市二灣港務有限公司 (Please refer to Note 44 for detailed information). 新沂市二灣港務有限公司 is engaged in the port operation. The acquisition was made as part of the Group's strategy to diversify the Group's business and enhance long-term growth potential of the Group. The recoverable amount of this CGU is determined based on a value in use calculation which use cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 9.86% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw material price inflation the budget period. Other key assumptions for the value in use calculation relate to the estimation of cash inflow/outflow which include budgeted sales and gross profit margin, such estimation is based on the unit's past performance and the expectation of the directors of the Company for the market development. The directors of the Company believes that any reasonable change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

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20. 無形資產

20. Intangible Assets

		技術知識 Technical know-how 千港元 HK\$'000	會所會籍 Club membership 千港元 HK\$'000	開發成本 Development costs 千港元 HK\$'000	商標 Trademark 千港元 HK\$'000	合計 Total 千港元 HK\$'000
成本	Cost					
於2015年1月1日	As at 1 January 2015	3,687	80	9,092	-	12,859
收購附屬公司 (附註44(b))	Acquisition of subsidiaries (Note 44(b))	-	-	1,560	1,006	2,566
添置	Addition	-	-	361	-	361
匯兌調整	Exchange alignment	-	-	(55)	-	(55)
於2015年12月31日 及2016年1月1日	As at 31 December 2015 and 1 January 2016	3,687	80	10,958	1,006	15,731
匯兌調整	Exchange alignment	-	-	12	-	12
於2016年12月31日	As at 31 December 2016	3,687	80	10,970	1,006	15,743
累計攤銷及減值	Accumulated amortisation and impairment					
於2015年1月1日	As at 1 January 2015	3,687	-	9,092	-	12,779
年內攤銷	Amortisation for the year	-	-	511	168	679
年內減值	Impairment for the year	-	-	599	-	599
於2015年12月31日 及2016年1月1日	As at 31 December 2015 and 1 January 2016	3,687	-	10,202	168	14,057
年內攤銷	Amortisation for the year	-	-	397	201	598
年內減值	Impairment for the year	-	-	359	-	359
匯兌調整	Exchange alignment	-	-	12	-	12
於2016年12月31日	As at 31 December 2016	3,687	-	10,970	369	15,026
賬面淨值	Net carrying values					
於2016年12月31日	As at 31 December 2016	-	80	-	637	717
於2015年12月31日	As at 31 December 2015	-	80	756	838	1,674

計算攤銷所用使用年期如下：

開發成本：3至5年
商標：5年

The following useful lives are used in the calculation of amortisation:

Development costs：3 to 5 years
Trademark：5 years

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附註：

於截至2016年12月31日止年度，由於電子產品業務業績表現遜於預期，本公司董事已進行減值檢討。開發成本之可收回金額低於開發成本之賬面值，據此，已於截至2016年12月31日止年度確認減值虧損約359,000港元(2015年：約599,000港元)。

note:

During the year ended 31 December 2016, as the result of the unexpected poor performance of the electronic product business, the directors of the Company carried out an impairment review. The recoverable amount of the development costs was lower than the carrying amount of the development costs and accordingly an impairment loss of approximately HK\$359,000 (2015: approximately HK\$599,000) was recognised during the year ended 31 December 2016.

21. 採礦權

21. Mining Rights

		千港元 HK\$'000
成本	Cost	
於2015年1月1日	As at 1 January 2015	596,748
匯兌調整	Exchange alignment	(26,884)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	569,864
匯兌調整	Exchange alignment	(38,774)
於2016年12月31日	As at 31 December 2016	531,090
累計攤銷及減值	Accumulated amortisation and impairment	
於2015年1月1日	As at 1 January 2015	47,250
年內折舊	Charge for the year	13,196
匯兌調整	Exchange alignment	(2,657)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	57,789
年內折舊	Charge for the year	11,027
匯兌調整	Exchange alignment	(4,467)
於2016年12月31日	As at 31 December 2016	64,349
賬面淨值	Net carrying values	
於2016年12月31日	As at 31 December 2016	466,741
於2015年12月31日	As at 31 December 2015	512,075

餘額代表中國江蘇省東海縣的蛇紋石礦及中國吉林省白山市之白雲石礦的兩項採礦權，而兩項採礦權均已按產量及礦石儲量攤銷。

The balance represents two mining rights, the Serpentine mine located in Donghai County of Jiangsu Province, the PRC and the dolomite mine located in Baishan City of Jilin Province, the PRC, which are amortised by the production quantity over the ore reserve.

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22. 主要附屬公司

(a) 於2016年12月31日，本集團的主要附屬公司之詳情如下：

22. Principal Subsidiaries

(a) Particulars of the Group's principal subsidiaries as at 31 December 2016 are as follow:

公司名稱 Name	註冊成立地點及 法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益 Proportion of ownership interest held by the Company				持有的投票權比例 Proportion of voting power held	
				直接 Directly		間接 Indirectly			
				2016	2015	2016	2015	2016	2015
白山市天安金屬礦業有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售金屬鎂相關產品 Manufacturing and sale of magnesium-related products in the PRC	註冊及繳足股本人民幣280,332,000元 Registered and paid up capital of RMB280,332,000	-	-	87.95%	78.19%	87.95%	78.19%
世紀陽光生態科技有限公司 Century Sunshine Ecological Technology Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holdings in Hong Kong	1,000股普通股每股面值1.00港元 1,000 ordinary shares of HK\$1.00 each	-	-	100.00%	100.00%	100.00%	100.00%
世紀陽光(漳州)生態科技有限公司 Century Sunshine (Zhangzhou) Ecological Technology Limited	中國，有限責任公司 The PRC, limited liability company	於中國投資控股 Investment holdings in the PRC	註冊及繳足股本30,000,000港元 Registered and paid up capital HK\$30,000,000	-	-	100.00%	100.00%	100.00%	100.00%
中國鎂業科技控股有限公司 China Rare Earth Magnesium Technology Holdings Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holdings in Hong Kong	10,310股普通股每股面值1港元 10,310 ordinary shares of HK\$1 each	-	-	87.95%	78.19%	87.95%	78.19%
江蘇澳藍科技開發有限公司 Jiangsu Azureblue Technology Development Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售複合(混)類肥料及生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	註冊及繳足股本人民幣200,000,000元 Registered and paid up capital of RMB200,000,000	-	-	100.00%	95.05%	100.00%	95.05%
江蘇龍騰化工有限公司 Jiangsu Longteng Petrochemical Limited	中國，有限責任公司 The PRC, limited liability company	於中國進行蛇紋石加工、開採及銷售 Processing, exploration and sales of serpentine in the PRC	註冊及繳足股本人民幣50,000,000元 Registered and paid up capital of RMB50,000,000	-	-	100.00%	91.30%	100.00%	91.30%
龍翔企業有限公司 Long Xiang Enterprises Limited	英屬處女群島，有限責任公司 British Virgin Islands, limited liability company	於香港投資控股 Investment holdings in Hong Kong	100股普通股每股面值1美元 100 ordinary shares of US\$1 each	100.00%	-	-	-	100.00%	-
Ming Xin Developments Limited Ming Xin Enterprises Limited	英屬處女群島，有限責任公司 British Virgin Islands, limited liability company	於香港投資控股 Investment holdings in Hong Kong	100股普通股每股面值1美元 100 ordinary shares of US\$1 each	-	-	100.00%	100.00%	100.00%	100.00%
上海鎂研金屬材料有限公司 (附註ii) (note ii)	中國，有限責任公司 The PRC limited liability company	於中國進行鎂合金產品的研發和銷售 Research and sales of magnesium alloys in the PRC	註冊及繳足股本人民幣5,000,000元 Registered and paid up capital of RMB5,000,000	-	-	100.00%	100.00%	100.00%	100.00%
江西天瑞豐收化工有限公司 (附註ii) (note ii)	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售複合(混)類肥料及生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	已發行及繳足股本人民幣400,000,000元 Issued and fully paid RMB400,000,000	-	-	100.00%	100.00%	100.00%	100.00%
權智(國際)有限公司 (附註iii, iv及v) Group Sense (International) Limited (note iii, iv & v)	百慕達，有限責任公司 Bermuda, limited liability company	於百慕達從事投資控股 Investment holdings in Bermuda	每股0.10港元之已發行及繳足股本 2,874,390,058股 Issued and fully paid up capital of 2,874,390,058 of HK\$0.10 each	-	-	51.88%	51.88%	51.88%	51.88%
新疆騰翔鎂製品有限公司 (附註iii及v) Xinjiang Tengxiang Magnesium Products Company Limited (note iii & v)	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售鎂相關產品 Manufacturing and sales of magnesium related product in the PRC	註冊及繳足股本人民幣171,800,000元 Registered and paid up capital of RMB171,800,000	-	-	51.88%	51.88%	51.88%	51.88%

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附註：

- (i) 於報告期末，概無附屬公司有任何已發行並尚未償還之債務證券。
- (ii) 於截至2015年12月31日止年度註冊成立。
- (iii) 於截至2015年12月31日止年度收購。
- (iv) 權智(國際)有限公司(「權智國際」)為於百慕達註冊成立之有限公司，其股份於聯交所主板上市(股份代號：601)。權智國際及其附屬公司(「權智國際集團」)主要從事設計、製造及銷售原件設計生產產品、電子辭典產品及個人通訊產品，提供電子生產服務及金屬鎂相關產品之生產及貿易。
- (v) 未經國衛會計師事務所有限公司審核。

上表載列董事認為對年度業績有重大影響或構成本集團淨資產重大部份的本公司主要附屬公司。董事認為詳列其他附屬公司的資料會使篇幅過於冗長。

notes:

- (i) None of the subsidiaries had any debt securities issued outstanding at the end of the reporting period.
- (ii) Incorporated during the year ended 31 December 2015.
- (iii) Acquired during the year ended 31 December 2015.
- (iv) Group Sense (International) Limited ("GSIL") is incorporated in Bermuda with limited liability and its shares and its shares are listed in the Main board of the Stock Exchange (stock code: 601). The principal activity of GSIL and its subsidiaries ("GSIL Group") was involved in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, the provision of electronic manufacturing services and manufacture and trading of magnesium related products.
- (v) Not audited by HLB Hodgson Impey Cheng Limited.

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

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(b) 擁有重大非控股權益的非全資附屬公司詳情：

(b) Detail of non-wholly owned subsidiaries that have material non-controlling interests

公司名稱 Name of company	註冊成立及營業地點 Place of incorporation and operation	非控股權益持有之所有權益及投票權比例 Proportion of ownership interests and voting rights held by non-controlling interests	分配予非控股權益之虧損 Loss allocated to non-controlling interests		累計非控股權益 Accumulated non-controlling interests	
			2016 千港元 HK\$'000	Period from 26 February 2015 to 31 December 2015 2015年2月26日至2015年12月31日期間 千港元 HK\$'000	2016 千港元 HK\$'000	2015 千港元 HK\$'000
權智(國際)有限公司 Group Sense (International) Limited	百慕達 Bermuda	48.12%	14,873	1,698	199,219	226,988

以下為擁有重大非控股權益之本集團附屬公司的財務資料概要。以下財務資料概要乃指集團內公司間對銷前金額。

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

權智(國際)有限公司

Group Sense (International) Limited

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
流動資產	Current assets	309,364	471,514
非流動資產	Non-current assets	373,613	374,520
流動負債	Current liabilities	(141,056)	(257,240)
非流動負債	Non-current liabilities	(121,149)	(110,199)
本公司擁有人應佔權益	Equity attributable to owners of the Company	221,553	251,607
非控股權益	Non-controlling interests	199,219	226,988

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		2016 千港元 HK\$'000	Period from 26 February 2015 to 31 December 2015 2015年2月26日 至2015年 12月31日期間 千港元 HK\$'000
			(經重列) (Restated)
收入	Revenue	363,676	158,906
年內／開支	Expenses	(394,677)	(162,407)
年內／期內虧損	Loss for the year/period	(31,001)	(3,501)
本公司擁有人應佔虧損	Loss attribute to owners of the Company	(16,128)	(1,803)
非控股權益應佔虧損	Loss attribute to non-controlling interests	(14,873)	(1,698)
年內／期內虧損	Loss for the year/period	(31,001)	(3,501)
本公司擁有人應佔 全面虧損總額	Total comprehensive loss attributable to owners of the Company	(30,056)	(5,961)
非控股權益應佔 全面虧損總額	Total comprehensive loss attributable to non-controlling interests	(27,769)	(5,553)
年內／期內全面虧損總額	Total comprehensive loss for the year/period	(57,825)	(11,514)
已付非控股權益股息	Dividend paid to non-controlling interests	-	-
經營活動(所用)／所得 現金流淨額	Net cash flows (used in)/from operating activities	(66,292)	55,597
投資活動所得／(所用) 現金流淨額	Net cash flows from/(used in) investing activities	98,177	(378,121)
融資活動(所用)／所得 現金流淨額	Net cash flows (used in)/from financing activities	(37,100)	352,581
現金(流出)／流入淨額	Net cash (outflow)/inflow	(5,215)	30,057

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23. 於合資公司之投資

23. Investments in Joint Ventures

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
攤佔資產淨值	Share of net assets	4,823	3,713
應收一間合資公司款項 – 非流動性(附註(i))	Amounts due from a joint venture – non-current (note (i))	539	577
		5,362	4,290
應收合資公司款項 – 流動性(附註(ii))	Amount due from a joint venture – current (note (ii))	133	885

附註：

- (i) 計入於合資公司投資之應收合資公司款項為無抵押、免息且毋須於報告期末起計十二個月內償還，故於綜合財務狀況表內顯示為非流動。
- (ii) 應收一間合資公司款項133,000港元(2015年：885,000港元)計入本集團流動資產，為無抵押、免息及無固定還款期。

notes:

- (i) The amounts due from joint ventures included in investments in joint ventures are unsecured, interest-free and are not repayable within twelve months from the end of the reporting period and are therefore shown in the consolidated statement of financial position as non-current.
- (ii) The amount due from a joint venture of HK\$133,000 (2015: HK\$885,000) included in the Group's current assets, are unsecured, interest-free and have no fixed term of repayment.

本集團重大合資公司詳情如下：

Particulars of the Group's material joint ventures are as follows:

名稱 Name	所持有註冊 資本詳情 Particulars of registered capital held	註冊成立地點 及業務 Place of registration and business	以下各項之百分比 Percentage of			主要業務 Principal activities
			所有權權益 Ownership interest	投票權 Voting power	應佔溢利 Profit sharing	
重慶新標醫療設備有限公司 (附註 i & ii) Chongqing New Standard Medical Equipment Co., Ltd (note i & ii)	RMB5,401,550 人民幣 5,401,550元	中國 PRC	19.78	20	19.78	製造及銷售電子 醫療器械 Manufacture and trading of electronic medical appliances
深圳創新易購有限公司 (附註 i & ii) Shenzhen Innovation Trading Co., Ltd. (note i & ii)	RMB15,000 人民幣 15,000元	中國 PRC	50	50	50	網上銷售電子產品 Online trading of electronic products

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附註：

- (i) 未經國衛會計師事務所有限公司審核。
(ii) 上述於合資公司之投資由本公司間接持有。

下表列示本集團個別不重大之合資公司之彙總財務資料：

notes:

- (i) Not audited by HLB Hodgson Impey Cheng Limited.
(ii) The above investments in joint ventures are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		2016 千港元 HK\$'000	Period from 26 February 2015 to 31 December 2015 2015年2月26日 至2015年 12月31日期間 千港元 HK\$'000
年內／期內應佔 合資公司溢利	Share of the joint ventures' profit for the year/period	1,695	1,760
年內／期內應佔合資 公司全面收益總額	Share of the joint ventures' total comprehensive income for the year/period	1,695	1,760
已收股息	Dividend received	585	-
本集團於合資公司投資之 賬面值總額	Aggregate carrying amount of the Group's investments in the joint ventures	4,823	3,713

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24. 於一間聯營企業之投資

24. Investment in an Associate

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
應佔資產淨值	Share of net assets	17	18

一間聯營企業詳情如下：

Particulars of an associate are as follows:

名稱 Name	所持有註冊資本詳情 Particulars of registered capital held	註冊成立地點及業務 Place of registration and business	本集團所有權權益百分比	主要業務 Principal activities
			Percentage of ownership interest attributable to the Group	
廣州中智電子設備有限公司 (附註) (note)	人民幣100元 RMB100	中國 PRC	30	暫停業務 Dormant

附註：

note:

未經國衛會計師事務所有限公司審核。

Not audited by HLB Hodgson Impey Cheng Limited.

於一間聯營公司投資之變動如下：

The movement of investment in an associate is as follows:

		2016 千港元 HK\$'000	Period from 26 February 2015 to 31 December 2015 2015年2月26日 至2015年 12月31日期間 千港元 HK\$'000
於年初	At the beginning of year	18	-
收購附屬公司(附註44(b))	Acquisition of subsidiaries (Note 44(b))	-	22
應佔聯營公司溢利及虧損	Share of profits and losses of associate	(1)	(4)
		17	18

本集團於該聯營企業之持股為通過本公司的一間附屬公司所持有之股份。

The Group's shareholdings in the associate comprises equity shares held through a subsidiary of the Company.

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下表列示本集團不屬重大性質的聯營公司之財務資料：

The following table illustrates the financial information of the Group's associate that is not material:

		2016 千港元 HK\$'000	Period from 26 February 2015 to 31 December 2015 2015年2月26日 至2015年 12月31日期間 千港元 HK\$'000
年內／期內應佔 聯營公司虧損	Share of the associate's loss for the year/period	(1)	(4)
年內／期內應佔 聯營公司全面虧損總額	Share of the associates's total comprehensive loss for the year/period	(1)	(4)
本集團於一間聯營公司 投資之賬面總值	Aggregate carrying amount of the Group's investment in an associate	17	18

25. 可供出售投資

25. Available-for-sale Investments

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
上市投資	Listed investments		
– 澳洲之上市股本證券， 按公允值 (附註i)	– Listed equity securities in Australia, at fair value (note i)	5,571	10,842
– 於香港上市債務工具 (附註ii及iv)	– Listed debt instruments in Hong Kong (note ii & iv)	42,816	109,118
非上市投資	Unlisted investments		
– 於中國之債務工具	– Debt instruments in PRC	22,245	–
– 於香港之股本證券 (附註iii)	– Equity securities in Hong Kong (note iii)	6,840	7,300
		77,472	127,260
就申報目的分析為：	Analysed for reporting purposes as:		
流動資產	Current assets	70,632	10,842
非流動資產	Non-current assets	6,840	116,418
		77,472	127,260

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附註：

- (i) 可供出售投資指本集團於澳洲之上市證券投資。本集團持有TTG Fintech Limited (「TTG」) 14,744,000股股份。本公司董事楊玉川先生由2011年12月至2015年3月為TTG之非執行董事。楊玉川先生因其他業務及個人承擔而辭任本公司執行董事，自2016年8月4日起生效。

上市股本證券投資之公允值乃參考活躍市場之買入價而釐定。

- (ii) 本集團所持有之上市可續回債務工具固定年利率介於6.5%至7.5% (2015年：5.625%至8.125%)，按半年支付。本集團對該餘額並無持有抵押品。

債務工具之公允值乃參照活躍市場之報價釐定。

- (iii) 該金額指於香港註冊成立之私人實體所發行非上市股本證券之投資。

於2016年12月31日，非上市股權投資因以合理公允值估算範圍之差異有重大波幅且出現眾多估計的機率無法合理評估，故董事認為公允值不能可靠地衡量，而以成本減去減值虧損列值。

- (iv) 截至2016年12月31日止年度，於其他全面開支總額中確認之重估可供出售投資產生之虧損淨額約3,138,000港元(2015年：約22,012,000港元)。

notes:

- (i) The amount represents the Group's investment in listed securities in Australia. The Group held 14,744,000 shares of TTG Fintech Limited ("TTG"). Mr. Yang Yuchuan, a director of the Company, is a non-executive director of TTG for the period from December 2011 to March 2015. Mr. Yang Yuchuan resigned as an executive director of the Company due to his other business and personal commitments with effective from 4 August 2016.

Fair values of the investments in listed equity securities are determined by reference to bid prices quoted in active markets.

- (ii) The amount represents the Group's investment in listed redeemable debt instruments with fixed interest ranging from 6.5% to 7.5% (2015: 5.625% to 8.125%) per annum, payable semi-annually. The Group holds no collateral over this balance.

Fair values of the investments in debt instruments are determined by reference to bid price quoted in active markets.

- (iii) The amount represents Group's investments in unlisted equity securities issued by private entities incorporate in Hong Kong.

As at 31 December 2016, the unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates was so significant and the probabilities of the various estimates cannot be reasonably assessed that the directors are of the opinion that their fair value cannot be measured reliably.

- (iv) For the year ended 31 December 2016, the net loss arising on revaluation of available-for-sale investments recognised in other comprehensive expenses amounted to approximately HK\$3,138,000 (2015: approximately HK\$22,012,000).

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26. 存貨

26. Inventories

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
原料	Raw materials	98,278	147,617
在製品	Work in progress	15,365	10,970
製成品	Finished goods	113,744	89,654
		227,387	248,241

27. 貿易及其他應收款項、預付款項及按金

27. Trade and Other Receivables, Prepayments and Deposits

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
應收貿易款項	Trade receivables	448,255	472,719
減值	Impairment	(547)	(206)
		447,708	472,513
應收票據(附註(i))	Bills receivables (note(i))	8,673	4,597
預付款項及按金	Prepayments and deposits	149,196	90,394
其他應收款項(附註(ii))	Other receivables (note(ii))	250,002	34,075
存置於財務機構之存款	Deposits placed with financial institutions	1,327	5,457
		856,906	607,036

附註：

- (i) 於2016年12月31日，應收票據約8,673,000港元(2015年：4,597,000港元)將於報告期末六個月(2015年：六個月)內到期。所有應收票據均以人民幣計值。
- (ii) 於2016年12月31日，其他應收款項主要包括來自關聯方山東紅日化工股份有限公司(「山東紅日」)之應收款項約222,735,000港元(2015年：零港元)、中國的可抵扣增值稅約4,467,000港元(2015年：13,799,000港元)及來自獨立第三方之應收利息約2,762,000(2015年：5,256,000港元)。

notes:

- (i) As at 31 December 2016, bills receivables of approximately HK\$8,673,000 (2015: HK\$4,597,000) will be matured within six months (2015: six months) after the end of the reporting period. All the bills receivables are denominated in RMB.
- (ii) As at 31 December 2016, other receivables mainly comprise of amount due from a related party, Shandong Hongri Acron Chemical Joint Stock Company Limited ("Shandong Hongri") of approximately HK\$222,735,000 (2015: HK\$Nil), value-added tax recoverable in the PRC of approximately HK\$4,467,000 (2015: HK\$13,799,000), and interest receivables from independent third parties of approximately HK\$2,762,000 (2015: HK\$5,256,000).

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於2016年12月31日，概無其他應收款項為已逾期及須減值。(2015年：零港元)

As at 31 December 2016, none of the other receivables are past due and impaired (2015: HK\$Nil).

貿易及其他應收款項、預付款項及按金以下列貨幣計值：

Trade and other receivables, prepayments and deposits were denominated in the following currencies:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
人民幣	RMB	790,143	566,017
港元	HK\$	52,305	27,676
其他貨幣	Other currencies	14,458	13,343
		856,906	607,036

於2016年12月31日，本集團應收貿易款項的賬齡分析(按發票日期呈列)如下：

As at 31 December 2016, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
30日以內	Within 30 days	168,567	153,993
31至60日	31 to 60 days	174,199	134,466
61至90日	61 to 90 days	84,808	148,799
超過90日	Over 90 days	20,134	35,255
		447,708	472,513

本集團給予貿易客戶之信貸期一般不超過180日(2015年：不超過180日)。

The Group allows a credit period normally not more than 180 days (2015: not more than 180 days) to its trade customers.

並無逾期及減值的貿易應收款項涉及無近期拖欠記錄的不同類別客戶。已逾期但未減值的貿易應收款項乃與一批與本集團有良好交易記錄的多名客戶有關。由於信貸質素並無重大變動及結餘仍然視為可以完全收回，根據過往經驗，管理層認為並無必要就該等結餘作出減值撥備。本集團概無就該等結餘持有任何抵押品。

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the 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 balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

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就貿易應收款項的減值撥備變動如下：

The movements in the provision for impairment of trade receivables are as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
於年初	At the beginning of year	206	-
已確認減值虧損	Impairment losses recognised	784	206
已撥回減值虧損	Impairment losses reversed	(206)	-
撇賬為不可收回之金額	Amounts written off as uncollectible	(237)	-
於年終	At the end of year	547	206

上述應收貿易賬款減值撥備包括個別經減值應收貿易賬款之撥備547,000港元(2015年: 206,000港元)，其總賬面值為1,256,000港元(2015年: 206,000港元)。個別經減值應收貿易賬款與客戶拖欠或遲繳款項有關，預期僅可收回此等應收賬款之一部份。

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$547,000 (2015: HK\$206,000) with a gross carrying amount of HK\$1,256,000 (2015: HK\$206,000). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

逾期但未減值之貿易應收款項賬齡分析如下：

Ageing analysis of trade receivables which are past due but not impaired:

	合計 Total 千港元 HK\$'000	未逾期 且未減值 Neither past due nor impaired 千港元 HK\$'000	逾期但未減值 Past due but not impaired		
			90日 以內 <90 days 千港元 HK\$'000	91至180日 91-180 days 千港元 HK\$'000	181至365日 181-365 days 千港元 HK\$'000
2016	447,708	427,579	11,263	-	8,866
2015	472,513	437,258	30,592	2,763	1,900

於釐定貿易應收款項的可收回程度時，本集團考慮由首次授出信貸日期起直至報告期結束止期間，貿易應收款項的信貸質素是否出現變動。由於客戶基礎龐大且概無關連，故信貸風險的集中程度有限。

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

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28. 持作買賣投資

28. Investments Held for Trading

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
上市證券	Listed securities		
- 於香港上市之股本證券， 按公允值	- Equity securities listed in Hong Kong at fair value	-	26,563
- 於中國上市之股本證券， 按公允值	- Equity securities listed in the PRC at fair value	10,415	12,163
		10,415	38,726

公允值乃參考市場所報買入價釐定。

Fair values are determined with reference to quoted market bid price.

29. 衍生金融資產

29. Derivative Financial Assets

		千港元 HK\$'000
於2015年1月1日	As at 1 January 2015	243
公允值變動	Fair value changes	(236)
於2015年12月31日 及2016年1月1日	As at 31 December 2015 and 1 January 2016	7
於贖回可換股債券時失效	Lapsed upon redemption of the convertible bonds	(7)
於 2016年12月31日	As at 31 December 2016	-

衍生金融資產乃指可換股債券所含允許本集團行使提前贖回權之提早贖回選擇權衍生工具。有關可換股債券已於年內悉數贖回。

Derivative financial assets represent the early redemption option derivatives embedded in convertible bonds which allows the Group exercise the early redemption rights. The relevant convertible bonds were fully redeemed during the year.

可換股債券詳情於綜合財務報表附註33披露。

Details of the convertible bonds were disclosed in Note 33 to the consolidated financial statements.

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30. 銀行及現金結餘

於2016年12月31日，到期日超過三個月但少於一年之銀行存款191,888,000港元(2015年：263,260,000港元)之固定年利率為0.50厘至4.00厘(2015年：2.76厘至4.05厘)。銀行存款以港元、美元及人民幣計值。

於2016年12月31日，銀行存款約25,116,000港元(2015年：24,580,000港元)已作為銀行借貸之抵押(附註32)。

於報告期末，現金及等同現金項目包括以下項目：

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
短期銀行存款	Short-term bank deposits	238,770	656,035
銀行現金及手頭現金	Cash at bank and on hand	662,428	796,480
		901,198	1,452,515
減：抵押為貸款擔保之 已抵押銀存款	Less: Pledged deposits with bank pledged as security for borrowings	(25,116)	(24,580)
獲收購時原到期日 超過三個月之無抵押 銀行存款	Non-pledged deposits with bank with original maturity of more than three months when acquired	(166,772)	(238,680)
現金及等同現金項目	Cash and cash equivalents	709,310	1,189,255

於報告期末，短期銀行存款之實際加權利率為0.95厘(2015年：1.07厘)；該等存款之平均到期日期均少於三個月(2015年：三個月)。

30. Bank and Cash Balances

As at 31 December 2016, the fixed interest rate on deposits with banks of HK\$191,888,000, (2015: HK\$263,260,000), with maturity over three months but less than one year, was ranging from 0.50% to 4.00% (2015: 2.76% to 4.05%) per annum. The deposits with banks were denominated in HK\$, USD and RMB.

As at 31 December 2016, deposits with banks of approximately HK\$25,116,000 (2015: HK\$24,580,000) have been pledged to secure bank borrowings (Note 32).

At the end of the reporting period, bank and cash balances comprise of the followings:

At the end of the reporting period, the weighted effective interest rate on short-term bank deposits was 0.95% (2015: 1.07%); these deposits have an average maturity of less than three months (2015: three months).

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銀行及現金結餘按以下貨幣計值：

Bank and cash balances were denominated in the following currencies:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
人民幣	RMB	575,284	401,426
港元	HK\$	228,178	758,837
其他	Others	97,736	292,252
		901,198	1,452,515

將以人民幣計值之銀行及現金結餘匯出中國須受中國政府實施的外匯管制所規限。

The remittance of bank and cash balances denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

31. 貿易及其他應付款項

31. Trade and Other Payables

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
應付貿易款項	Trade payables	83,230	104,520
預收款項	Receipts in advance	56,829	33,358
撥備(附註(i))	Provision (note (i))	933	945
應計款項及其他應付款項 (附註(ii)及(iii))	Accruals and other payables (note (ii) and (iii))	274,455	306,585
		415,447	445,408

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		2016 千港元 HK\$'000	2015 千港元 HK\$'000
			(經重列) (Restated)
即期	Current	294,447	335,408
非即期	Non-current	121,000	110,000
		415,447	445,408

附註：

notes:

- (i) 本集團就若干電子產品向其客戶提供2至3年保修服務，根據保修條款，有缺陷的產品將獲得修理或更換。保修撥備數額將根據銷量及修理及退貨之過往經驗進行估計。估算基準乃持續進行檢討及視情況進行修訂。

- (i) The Group provides 2 to 3 year warranties to its customers on certain of its electronic products, under which faulty products are repaired or replaced. The amount of provision is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

產品保修撥備之變動如下：

The movements in the provision for product warranty are as follow:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
於年初	At the beginning of the year	945	-
收購附屬公司	Acquisition of subsidiaries	-	1,648
額外撥備	Additional provision	349	249
期內動用之金額	Amounts utilised during the period	(286)	(449)
撥回未動用金額	Reversal of unutilised amount	(72)	(500)
匯兌調整	Exchange alignment	(3)	(3)
於年終	At the end of the year	933	945

- (ii) 於2016年12月31日，應計款項及其他應付款項主要包括收購附屬公司額外權益之應付代價約6,817,000港元(2015年：66,027,000港元)、收購物業、廠房及設備之應付款項約25,631,000港元(2015年：14,323,000港元)、應付一間附屬公司非控股股東款項約216,000港元(2015年：零港元)及其他應付稅項約10,125,000港元(2015年：15,155,000港元)。

- (ii) As at 31 December 2016, accruals and other payables mainly comprised of consideration payable for acquisition of subsidiaries of approximately HK\$6,817,000 (2015: HK\$66,027,000), payable for acquisition of property, plant and equipment of approximately HK\$25,631,000 (2015: HK\$14,323,000), amount due to a non-controlling shareholder of a subsidiary of approximately HK\$216,000 (2015: HK\$Nil) and other tax payable of approximately of HK\$10,125,000 (2015: HK\$15,155,000).

- (iii) 非流動負債項下之其他應付款項為應付一間附屬公司之一名非控股股東之款額約121,000,000港元(2015年：110,000,000港元)，有關款額為無擔保、免息且毋須於12個月內償還。

- (iii) For other payable under non-current liabilities was the amount due to a non-controlling shareholder of a subsidiary of approximately HK\$121,000,000 (2015: HK\$110,000,000) which is unsecured, interest-free and is not repayable within 12 months.

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於2016年12月31日，本集團應付貿易款項之賬齡分析(按發票日期呈列)如下：

As at 31 December 2016, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
30日以內	Within 30 days	44,527	83,409
31至60日	31 to 60 days	17,716	5,127
61至90日	61 to 90 days	5,084	5,694
超過90日	Over 90 days	15,903	10,290
		83,230	104,520

採購貨品之平均信貸期為60日至90日(2015年：60日至90日)。本集團設有財務風險管理政策，以確保所有應付款項於信貸期內償付。

The average credit period on purchases of goods is 60 to 90 days (2015: 60 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

32. 借貸

32. Borrowings

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
銀行借貸	Bank borrowings	484,416	331,476
其他借貸(附註ii)	Other borrowings (note ii)	189,027	193,736
上市後償票據(附註iii)	Listed subordinated notes (note iii)	658,679	670,660
		1,332,122	1,195,872
借貸：	Borrowings:		
一年以內	Within one year	320,665	152,810
一年以上但不超過五年	More than one year but not exceeding five years	983,874	958,051
超過五年	More than five years	27,583	85,011
		1,332,122	1,195,872
減：列作流動負債之款項	Less: Amounts shown under current liabilities	(320,665)	(152,810)
		1,011,457	1,043,062
借貸：	Borrowings:		
有抵押	Secured	658,443	525,212
無抵押(附註iii及iv)	Unsecured (notes iii & iv)	673,679	670,660
		1,332,122	1,195,872

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借貸按以下貨幣計值

Borrowings were denominated in the following currencies:

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
人民幣	RMB	408,734	229,040
港元	HK\$	75,682	97,589
美元	US\$	189,027	198,583
新加坡元	SGD	658,679	670,660
		1,332,122	1,195,872

附註：

- (i) 於2016年12月31日，借款以本集團之物業、廠房及設備、土地使用權、銀行存款作抵押，金額分別約203,284,000港元、103,855,000港元及20,000,000港元(2015年：163,650,000港元、114,167,000港元及24,580,000港元)。於2016年12月31日，有抵押借款約175,728,000港元乃以本公司及一間同系附屬公司提供之公司擔保作擔保。於2015年12月31日，有抵押借款約38,096,000港元乃以一間附屬公司前股東提供之公司擔保及一間附屬公司前董事提供之個人擔保作擔保。

於2016年12月31日，本集團獲授之銀行信貸乃以本集團一間附屬公司提供之公司擔保約24,000,000港元(2015年：24,000,000港元)作擔保。

於2016年12月31日，銀行借貸之加權平均實際利率為5.97厘(2015年：4.66厘)。

- (ii) 根據一項由本公司屬下非全資附屬公司與國際金融公司(「國際金融公司」)於2014年5月30日訂立的貸款協議，國際金融公司已向該附屬公司授出25,000,000美元之貸款。該協議於2015年12月7日修訂和重列，授出的貸款由25,000,000美元增至27,000,000美元。

該貸款按倫敦銀行同業拆息加3.5厘之年利率計息，並按貸款協議所載的預期還款日期償還。

國際金融公司授出之貸款以下列各項作抵押：(i)本公司作出之企業擔保；(ii)質押由冠華國際有限公司(「冠華」，為主要股東)擁有之本公司股份；及(iii)銀行存款約36,703,000港元(2015年：零港元)。

notes:

- (i) As at 31 December 2016, the borrowings were secured by property, plant and equipment, land use rights and deposits with banks of the Group amounting to approximately HK\$203,284,000, HK\$103,855,000 and HK\$20,000,000 (2015: HK\$163,650,000, HK\$114,167,000 and HK\$24,580,000) respectively. As at 31 December 2016, the secured borrowings of approximately HK\$175,728,000 were guaranteed by the corporate guarantee of the Company and a fellow subsidiary. As at 31 December 2015, the secured borrowings of approximately HK\$38,096,000 were guaranteed by the corporate guarantee of an ex-shareholder of a subsidiary and a personal guarantee of an ex-director of a subsidiary.

As at 31 December 2016, banking facilities of approximately HK\$24,000,000 granted to the Group were guaranteed by the corporate guarantee of a subsidiary of the Group (2015: HK\$24,000,000).

The weighted average effective interest rate of bank borrowing and other borrowings as at 31 December 2016 was 5.97% (2015: 4.66%).

- (ii) Pursuant to a loan agreement entered into by a non-wholly owned subsidiary of the Company and International Finance Corporation ("IFC") on 30 May 2014, IFC had granted a loan of US\$25,000,000 to the subsidiary. The agreement was amended and restated on 7 December 2015 with increase in the loan granted from US\$25,000,000 to US\$27,000,000.

The loan bears interest at LIBOR plus 3.5% per annum and the amounts due are based on the scheduled repayment dates set out in the loan agreements.

The loan granted by IFC was secured by (i) corporate guarantee given by the Company; and (ii) pledges of shares in the Company as owned by Alpha Sino International Limited ("Alpha Sino"), the substantial shareholder; (iii) deposits with banks of approximately HK\$36,703,000 (2015: HK\$Nil).

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此外，本公司董事兼控股股東池文富先生（透過其於冠華之權益）向國際金融公司承諾維持其於本公司之最低持股量。本集團及該附屬公司遵守若干契約，其中包括貸款協議訂明之若干財務契約。

於2016年12月31日，國際金融公司已向該附屬公司授出24,500,000美元（約189,026,000港元）（2015年：25,000,000美元（約193,736,000港元）），而549,280,000股股份（約佔本公司於2015年6月30日已發行股本12%）已由冠華進行質押，作為所授出貸款的擔保。

- (iii) 計入無抵押借貸的約658,679,000港元指本公司於2015年6月4日及2015年8月3日發行面值為75,000,000新加坡元及50,000,000新加坡元之第一批及第二批7.2厘後償票據（屬多種幣種中期票據計劃項下）之賬面值。該票據於新加坡交易所上市，並將於2018年6月4日到期。上市後償票據之加權平均實際利率為7.22厘。上市後償票據由本公司多間附屬公司擔保。
- (iv) 計入無抵押借貸的約15,000,000港元指於2016年12月31日以本公司所提供公司擔保作擔保的銀行貸款。

本集團借貸之賬面值及公允值如下：

	賬面值		公允值	
	Carrying amount		Fair value	
	2016 千港元 HK\$'000	2015 千港元 HK\$'000	2016 千港元 HK\$'000	2015 千港元 HK\$'000
借貸	1,332,122	1,195,872	1,332,122	1,195,872
Borrowings				

In addition, Mr. Chi Wen Fu, a director and controlling shareholder of the Company (through his interest in Alpha Sino), has given an undertaking to IFC to maintain a minimum level of shareholding in the Company. The Group and the subsidiary had to comply with certain covenants, including, among other things, certain financial covenants, under the loan arrangement.

As at 31 December 2016, US\$24,500,000 (approximately HK\$189,026,000) (2015: US\$25,000,000 (approximately HK\$193,736,000)) has been granted to the subsidiary by IFC and 549,280,000 shares, representing approximately 12% of the issued share capital of the Company as at 30 June 2015, has been pledged by Alpha Sino as security for the loan granted.

- (iii) Included in unsecured borrowings, approximately HK\$658,679,000 represents the carrying amount of the first tranche and second tranche of 7.2% subordinated notes with the face value of SGD75 million and SGD50 million (under the Multicurrency Medium Term Note Programme) which was issued on 4 June 2015 and 3 August 2015 by the Company. The notes are listed on the Singapore Stock Exchange and will mature on 4 June 2018. The weighted average effective interest rate of listed subordinated notes is 7.22%. The listed subordinated notes are guaranteed by various subsidiaries of the Company.
- (iv) Included in unsecured borrowings, approximately HK\$15,000,000 represents bank loans guaranteed by the corporate guarantee of the Company as at 31 December 2016.

The carrying amount and fair value of the Group's borrowings are as follows:

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33. 可換股債券

可換股債券負債部份之賬面值如下：

33. Convertible Bonds

The carrying values of the liability component of the convertible bonds are as follows:

		可換股債券 1 Convertible Bonds 1 千港元 HK\$'000	可換股債券 2 Convertible Bonds 2 千港元 HK\$'000	合計 Total 千港元 HK\$'000
於2015年1月1日	As at 1 January 2015	117,193	177,687	294,880
已扣除估算利息開支	Imputed interest expense charged	8,955	28,748	37,703
已付及應付利息開支	Interest expense paid and payable	(2,523)	(8,100)	(10,623)
贖回	Redemption	(123,625)	-	(123,625)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	-	198,335	198,335
已扣除估算利息開支	Imputed interest expense charged	-	13,408	13,408
已付及應付利息開支	Interest expense paid and payable	-	(3,995)	(3,995)
贖回	Redemption	-	(207,748)	(207,748)
於2016年12月31日	As at 31 December 2016	-	-	-

附註：

- (i) 於2014年6月27日，本公司發行本金額為115,000,000港元之可換股債券（「可換股債券1」）以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券1之到期日為發行日期起計滿一年之日期。

可換股債券1可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券。

可換股債券1包含兩個部份：負債部份及權益部份。負債部份分類為流動負債，採用實際利息法按攤銷成本列賬。確認負債部份後之剩餘價值分類為權益部份。

負債部份於初始確認時之實際年利率為15.66厘。

權益部份於權益「可換股債券權益儲備」中呈列。

本金額為115,000,000港元之可換股債券1已於2015年6月到期時全數贖回。

notes:

- (i) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 1") with the principal amount of HK\$115,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 1 is the date falling 1 year from the date of issue.

Conversion may occur at any time before maturity date of the Convertible Bonds 1. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date.

The Convertible Bonds 1 contains two components: liability component and equity component. The liability component is classified as current liabilities and carried at amortised costs using effective interest method. The residual value after recognising the liability component is classified as equity component.

The effective interest rate of the liability component on initial recognition is 15.66% per annum.

The equity component is presented in equity heading "convertible bonds equity reserve".

Convertible Bonds 1 with the principal amount of HK\$115,000,000 were fully redeemed upon maturity in June 2015.

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(ii) 於2014年6月27日，本公司發行本金額為180,000,000港元之可換股債券（「可換股債券2」）以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券2之到期日為自可換股債券2發行日期起計兩年屆滿之日（「期限」）。可換股債券2持有人提前30日向本公司發出事先書面通知後，可將到期日自期限最後一日起延長一年。

可換股債券2可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券，或於本公司根據債券工具之條款及條件行使贖回權時予以贖回。

可換股債券2包含四個部份：衍生金融資產部份（附註29）、衍生金融負債部份、負債部份及權益部份。負債部份分類為非流動負債，採用實際利息法按攤銷成本列賬。提前贖回選擇權分類為衍生金融資產。延長選擇權分類為衍生金融負債，且其於初始確認時及本報告期末使用二項式期權定價模式計量之公允值均等於零港元。剩餘價值分類為權益部份，並於權益「可換股債券權益儲備」中呈列。

負債部份於初始確認時之實際年利率為15.72厘。

Greenhouse Century Limited為可換股債券2之持有人。根據經調整轉換價0.96998港元，估計於可換股債券獲悉數轉換時，本公司將配發及發行185,570,836股股份。詳情請參閱本公司日期為2014年6月20日、2015年5月29日及2015年6月29日之公佈。

於截至2016年12月31日止年度內，本集團按到期日贖回所有可換股債券。

(ii) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 2") with the principal amount of HK\$180,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 2 is two years commencing from the date of issue of the Convertible Bonds 2 (the "Term"). The maturity date shall, upon prior notice in writing by the holder(s) of the Convertible Bonds 2 to the Company thirty days in advance, be extended for another one year from the last day of the Term.

Conversion may occur at any time before maturity date of the Convertible Bonds 2. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date or redeem when the Company exercises the redemption rights as pursuant to the terms and conditions of the bond instrument.

The Convertible Bonds 2 contains four components: derivative financial assets component (Note 29), derivative financial liability component, liability component and equity component. The liability component is classified as current liabilities and carried at amortised costs using effective interest method. The early redemption option is classified as derivative financial assets. The extension option is classified as derivative financial liabilities and its fair value measured using Binomial Option Pricing Model at initial recognition and at the end of the reporting period were both equal to HK\$Nil. The residual value is classified as equity component and presented in equity heading "convertible bonds equity reserve".

The effective interest rate of the liability component on initial recognition is 15.72% per annum.

Greenhouse Century Limited is the holder of the Convertible Bonds 2. Based on the adjusted conversion price of HK\$0.96998, it is estimated that 185,570,836 Shares will be allotted and issued upon full conversion of the Convertible Bonds. For details, please refer to the announcements of the Company dated on 20 June 2014, 29 May 2015 and 29 June 2015.

During the year ended 31 December 2016, the Group has redeemed all the convertible bond upon its maturity date.

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34. 衍生金融負債

34. Derivative Financial Liabilities

		千港元 HK\$'000
於2016年1月1日	As at 1 January 2016	-
發行可轉換債券	Issue of exchangeable bonds	32,120
公允值變動	Fair value changes	480
於2016年12月31日	As at 31 December 2016	32,600

附註：

衍生金融負債指內置於可轉換債券(「可轉換債券」)(容許可轉換債券持有人行使轉換權)之轉換選擇權衍生工具。公允值在首次確認及報告期末時利用二項式期權定價模式計量。

可轉換債券詳情已於財務報表附註35披露。

note:

Derivative financial liabilities represent the conversion option derivatives embedded in exchangeable bonds ("EBs") which allows the holders of EBs exercise the conversion rights. The fair value is measured using the Binominal Option Pricing model at initial recognition and at the end of the reporting period.

Details of EBs were disclosed in Note 35 to the financial statements.

35. 可轉換債券

35. Exchangeable Bonds

可轉換債券負債部分的賬面值如下：

The carrying values of the liability component of the EBs are as follows:

		千港元 HK\$'000
於2016年1月1日	As at 1 January 2016	-
發行可轉換債券	Issue of exchangeable bonds	197,383
已扣除估算利息開支	Imputed interest expense charged	23,375
已付及應付利息開支	Interest expense paid and payable	(12,254)
於2016年12月31日	As at 31 December 2016	208,504

附註：

於2016年5月5日，本公司發行本金金額為232,000,000港元之可轉換債券以換取現金。可轉換債券自發行日期起計按8厘之年利率計息，須每六個月支付一次。可轉換債券持有人有權將可轉換債券轉換為中國稀鎂科技控股有限公司(「中國稀鎂」)股份。可轉換予可轉換債券持有人的股份數目由可轉換債券工具所述的公式釐定。

note:

On 5 May 2016, the Company issued EBs with the principal amount of HK\$232,000,000 for cash. The EBs bear an interest of 8% per annum payable in arrear every six calendar months from the issue date. The EBs entitle the holder to convert to the shares of China Rare Earth Magnesium Technology Holdings Limited ("China Rare Earth"). The number of share transferrable to the holders of EBs shall be determined by the formula described in EBs instrument.

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可轉換債券持有人有權根據可轉換債券工具的條款及條件於轉換期內隨時轉換全部或任何部分可轉換債券本金額。可轉換債券到期日為自可轉換債券發行日期起計三年(「期限」)，而其可於發出事先通知後延長一個歷年(「延長期限」)。附於可轉換債券的轉換權利可因應可轉換債券持有人的選擇，在發行日期截至以下日期(包括當日)隨時及不時行使：(A)到期日(如可轉換債券持有人在緊接到期日前最少30個曆日發出可轉換通知)或(B)在緊隨本公司向可轉換債券持有人發出提交通知或協議通知之日期後的第30個曆日(以較早者為準)。

可轉換債券包含兩個部分：衍生金融負債部分及負債部分。負債部分列作非流動負債，並用實際利息法按攤銷成本列賬。提早轉換選擇權列作衍生金融負債(附註34)。

負債部分在首次確認時的實際年利率為18.04厘。

詳情請參考本公司日期為2016年4月26日之公佈。

The holders of EBs have the right to exchange all or any part of the principal amount of the EBs at any time during the exchange period as pursuant to the terms and conditions of the EBs instrument. The maturity date of the EBs is three years commencing from the date of issue of the EBs (the "Term") and upon prior notice, it can be extended for another 1 calendar year (the "Extended Term"). The right to exchange attaching to the EBs may be exercised, at the option of the holder thereof, at any time and from time to time during the period from the issue date up to and including the earlier of (A) the maturity date, if the holders of EBs delivers an exchangeable notice at least 30 calendar days immediately before the maturity date, or (B) the 30th calendar day immediately following the date of delivery of a submission notice or an agreement notice by the Company to the holders of EBs.

The EBs contain two components: derivative financial liability component and liability component. The liability component is classified as non-current liabilities and carried at amortised costs using effective interest method. The conversion option is classified as derivative financial liabilities (Note 34).

The effective interest rate of the liability component on initial recognition is 18.04% per annum.

For details, please refer to the announcement of the Company dated on 26 April 2016.

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36. 遞延收入

36. Deferred Revenue

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
與資產相關之政府撥款	Government grants received related to assets	66,176	69,552

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於2012年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助(「資助」)以改善其生產科技及提高物業、廠房及設備的產能。

截至2016年12月31日止年度，本集團收取部份資助3,507,000港元(相當於人民幣3,000,000元)(2015年：2,486,000港元(相當於人民幣2,000,000元))，並於其他收入中確認2,081,000港元(相當於人民幣1,780,000元(2015年：零港元))。

所收或成為應收款項之資助，初始確認為遞延收入及其後以扣減折舊法開支，按該須予折舊資產可用年期於損益賬確認。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Company Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

During the year ended 31 December 2016, the Group has received part of the Assistance of HK\$3,507,000 (equivalent to RMB3,000,000) (2015: HK\$2,486,000 (equivalent to RMB2,000,000)) and recognised to the other income of HK\$2,081,000 (equivalent to RMB1,780,000) (2015: HK\$ Nil).

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

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37. 遞延稅項負債

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

遞延稅項負債

		採礦權	土地使用權	物業、廠房 及設備	無形資產	總計
		Mining rights	Land use rights	Property, plant and equipment	Intangible asset	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2015年1月1日	As at 1 January 2015	107,699	16,800	538	-	125,037
收購附屬公司 (附註44(b))	Acquisition of subsidiaries (Note 44(b))	-	-	82	166	248
計入綜合損益及 其他全面收益表	Credited to the consolidated statement of profit or loss and other comprehensive income	(2,557)	(391)	(474)	(33)	(3,455)
匯兌調整	Exchange alignment	(4,751)	(741)	(5)	-	(5,497)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	100,391	15,668	141	133	116,333
計入綜合損益及 其他全面收益表 (附註11)	Credited to the consolidated statement of profit or loss and other comprehensive income (Note 11)	(2,046)	(368)	(23)	(33)	(2,470)
匯兌調整	Exchange alignment	(6,731)	(1,048)	(5)	-	(7,784)
於2016年12月31日	As at 31 December 2016	91,614	14,252	113	100	106,079

37. Deferred Tax Liabilities

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred Tax Liabilities

		採礦權	土地使用權	物業、廠房 及設備	無形資產	總計
		Mining rights	Land use rights	Property, plant and equipment	Intangible asset	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2015年1月1日	As at 1 January 2015	107,699	16,800	538	-	125,037
收購附屬公司 (附註44(b))	Acquisition of subsidiaries (Note 44(b))	-	-	82	166	248
計入綜合損益及 其他全面收益表	Credited to the consolidated statement of profit or loss and other comprehensive income	(2,557)	(391)	(474)	(33)	(3,455)
匯兌調整	Exchange alignment	(4,751)	(741)	(5)	-	(5,497)
於2015年12月31日及 2016年1月1日	As at 31 December 2015 and 1 January 2016	100,391	15,668	141	133	116,333
計入綜合損益及 其他全面收益表 (附註11)	Credited to the consolidated statement of profit or loss and other comprehensive income (Note 11)	(2,046)	(368)	(23)	(33)	(2,470)
匯兌調整	Exchange alignment	(6,731)	(1,048)	(5)	-	(7,784)
於2016年12月31日	As at 31 December 2016	91,614	14,252	113	100	106,079

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38. 本公司股本

38. Share Capital of the Company

		附註 notes	股份數目 Number of shares 千股 '000	股本 Share capital 千港元 HK\$'000
法定：	Authorised:			
每股面值0.02港元之 普通股	Ordinary shares of HK\$0.02 each			
於2015年1月1日、 2015年12月31日及 2016年1月1日	As at 1 January 2015, 31 December 2015 and 1 January 2016		5,000,000	100,000
增加	Increase	(i)	5,000,000	100,000
於2016年12月31日	As at 31 December 2016		10,000,000	200,000
已發行及繳足：	Issued and fully paid:			
於2015年1月1日	As at 1 January 2015		2,905,639	67,910
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	(ii)	55,761	1,115
根據公開發售發行 普通股	Issue of ordinary shares under open offer	(iii)	1,453,119	29,062
根據紅股發行發行 普通股	Issue of ordinary shares under bonus issue	(iv)	217,968	4,359
註銷已發行股份	Cancellation of issued shares	(v)	(23,000)	(460)
於2015年12月31日 及2016年1月1日	As at 31 December 2015 and 1 January 2016		4,609,487	101,986
註銷已發行股份	Cancellation of issued shares	(vi)	(11,510)	(230)
於2016年12月31日	As at 31 December 2016		4,597,977	101,756

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附註：

- (i) 於2015年4月23日，本公司通過增發額外5,000,000,000股股份將法定股本由100,000,000港元(分為5,000,000,000股股份)增加至200,000,000港元(分為10,000,000,000股股份)，增發股份與全部現有股份享有同等地位。
- (ii) 於截至2015年12月31日止年度內，本公司按加權平均行使價每股0.4194港元發行及分配合共55,761,148股股份。
- (iii) 於2015年6月1日，本公司透過按合資格股東於2015年5月28日每持有兩股現有股份獲發發售股份之基準按每股0.40港元之價格進行公開發售，發行1,453,119,268股新股份。詳情載於本公司於2015年5月8日刊發之售股章程。
- (iv) 於2015年6月29日，本公司透過按合資格股東於2015年6月17日每持有二十股現有股份獲配發紅股之基準進行紅股發行，發行217,967,890股新股份。詳情載於本公司之相關公佈。
- (v) 截至2015年12月31日止年度內，本公司以總代價約9,074,000港元(未計費用)按每股0.39港元之加權平均價格於聯交所購回23,000,000股本公司每股面值0.02港元之普通股。購回之股份已於年內註銷。因此，本公司之已發行股本面值相應削減。購回股份應付之溢價已於本公司股份溢價帳支銷。上述購回為董事會根據股東授權而進行，藉以提高本公司之每股資產淨值及每股盈利。
- (vi) 於截至2016年12月31日止年度內，本公司以總代價約4,210,950港元(未計費用)按每股介乎0.345港元至0.395港元之價格於聯交所購回本公司每股面值0.02港元之11,510,000股普通股。購回之股份已於年內註銷。因此，本公司之已發行股本已相應按該等股份之面值予以削減。購回股份應付之溢價已於本公司股份溢價帳支銷。上述購回為董事會根據股東授權而進行，藉以提高本公司之每股資產淨值及每股盈利，使股東整體受惠。

notes:

- (i) On 23 April 2015, the Company increased the authorised share capital from HK\$100,000,000 (divided into 5,000,000,000 shares) to HK\$200,000,000 (divided into 10,000,000,000 shares) by the creation of an additional 5,000,000,000 shares, which will rank pari passu with all existing shares.
- (ii) During the year ended 31 December 2015, the Company issued and allotted an aggregate of 55,761,148 shares at a weighted average exercise price HK\$0.4194 per share.
- (iii) On 1 June 2015, the Company issued 1,453,119,268 new Shares by way of open offer at HK\$0.40 per share on the basis of every two existing Shares held by qualifying shareholders as at 28 May 2015. Details are stated in the Company's prospectus issued on 8 May 2015.
- (iv) On 29 June 2015, the Company issued 217,967,890 new Shares by way of bonus issue on the basis of every twenty existing Shares held by qualifying shareholders as at 17 June 2015. Details are stated in the Company's relevant announcements.
- (v) During the year ended 31 December 2015, the Company repurchased 23,000,000 ordinary shares of HK\$0.02 each of the Company at an aggregated consideration of approximately HK\$9,074,000 before expenses at weighted average price HK\$0.39 per share on the Stock Exchange. The repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on the repurchase was charged against the share premium account of the Company. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earning per share of the Company.
- (vi) During the year ended 31 December 2016, the Company repurchased 11,510,000 ordinary shares of HK\$0.02 each of the Company at an aggregated consideration of approximately HK\$4,210,950 before expenses at prices ranging from HK\$0.345 to HK\$0.395 per share on the Stock Exchange. The repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on the repurchase was charged against the share premium account of the Company. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company.

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39. 本公司財務狀況表及儲備

(a) 財務狀況表

於2016年12月31日

39. Statement of Financial Position and Reserves of the Company

(a) Statement of Financial Position

As at 31 December 2016

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
非流動資產	Non-current assets		
物業、廠房及設備	Property, plant and equipment	415	637
於附屬公司之投資	Investments in subsidiaries	2,108	2,108
可供出售之投資	Available-for-sale investments	-	109,118
		2,523	111,863
流動資產	Current assets		
可供出售投資	Available-for-sale investments	42,816	-
其他應收款項、 預付款項及按金	Other receivables, prepayments and deposits	2,847	10,452
持作買賣之投資	Investments held for trading	-	26,563
衍生金融資產	Derivative financial assets	-	7
應收附屬公司款項	Amounts due from subsidiaries	2,316,975	1,750,674
銀行及現金結餘	Bank and cash balances	90,285	578,219
		2,452,923	2,365,915
減：流動負債	Less: Current liabilities		
其他應付款	Other payables	10,762	6,353
應付一間附屬公司款項	Amounts due to a subsidiary	1,774	1,789
應付所得稅	Income tax payable	2,974	1,872
財務擔保合約	Financial guarantee contracts	131	95
衍生金融負債	Derivative financial liabilities	32,600	-
可換股債券	Convertible bonds	-	198,335
		48,241	208,444
流動資產淨值	Net current assets	2,404,682	2,157,471
資產總值減流動負債	Total assets less current liabilities	2,407,205	2,269,334
減：非流動負債	Less: Non-current liability		
借貸	Borrowings	867,183	670,660
		867,183	670,660
資產淨值	Net assets	1,540,022	1,598,674

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		2016 千港元 HK\$'000	2015 千港元 HK\$'000
本公司擁有人應佔股 及儲備	Capital and reserves attributable to owners of the Company		
股本	Share capital	101,756	101,986
儲備	Reserves	1,438,266	1,496,688
權益總額	Total equity	1,540,022	1,598,674

董事會於2017年3月29日批准及授權刊發本財務報表，並由下列董事代表簽署：

The financial statement was approved and authorised for issue by the board of directors on 29 March 2017 and was signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

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(b) 儲備

(b) Reserves

		股本	股份溢價	資本贖回 儲備	可換股債券 儲備	購股權儲備	重估儲備	保留盈利	總額
		Share capital	Share premium	Capital redemption reserve	Convertible bonds reserve	Share option reserve	Revaluation reserve	Retained earnings	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
2015年1月1日	1 January 2015	67,910	887,189	3,499	16,779	5,652	-	48,517	1,029,546
年內溢利	Profit for the year	-	-	-	-	-	-	2,520	2,520
年內其他全面開支	Other comprehensive expenses for the year	-	-	-	-	-	(2,463)	-	(2,463)
年內全面(開支)/ 收入總額	Total comprehensive (expenses)/income for the year	-	-	-	-	-	(2,463)	2,520	57
已付末期股息	Final dividend paid	-	(21,797)	-	-	-	-	-	(21,797)
贖回可換股債券	Redemption of convertible bonds	-	-	-	(4,336)	-	-	4,336	-
已失效購股權	Share option lapsed	-	-	-	-	(2,128)	-	2,128	-
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	2,528	-	-	2,528
根據公開發售所發行 之普通股	Issue of ordinary shares under open offer	29,062	545,015	-	-	-	-	-	574,077
根據紅股發行所發行 之普通股	Issue of ordinary shares under bonus issue	4,359	(4,409)	-	-	-	-	-	(50)
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,115	23,471	-	-	(1,199)	-	-	23,387
註銷股份	Share cancellation	(460)	(8,614)	460	-	-	-	(460)	(9,074)
於2015年12月31日 及2016年1月1日	As at 31 December 2015 and 1 January 2016	101,986	1,420,855	3,959	12,443	4,853	(2,463)	57,041	1,598,674
年內溢利	Profit for the year	-	-	-	-	-	-	4,544	4,544
年內其他全面開支	Other comprehensive expense for the year	-	-	-	-	-	(286)	-	(286)
年內全面(開支)/收入 總額	Total comprehensive (expenses)/income for the year	-	-	-	-	-	(286)	4,544	4,258
已付末期股息	Final dividend paid	-	(59,774)	-	-	-	-	-	(59,774)
贖回可換股債券	Redemption of convertible bonds	-	-	-	(12,443)	-	-	12,443	-
已失效購股權	Share option lapsed	-	-	-	-	(1,714)	-	1,714	-
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	1,075	-	-	1,075
註銷股份	Share cancellation	(230)	(3,981)	230	-	-	-	(230)	(4,211)
於2016年12月31日	As at 31 December 2016	101,756	1,357,100	4,189	-	4,214	(2,749)	75,512	1,540,022

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40. 購股權

於2008年12月3日，本公司股東批准購股權計劃（「該計劃」）。根據該計劃，本公司可授出購股權予本集團董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴（「合資格參與者」），以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i) 股份於購股權提呈日期於聯交所每日報價表所列於主板之收市價；(ii) 股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板的平均價；及(iii) 股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

購股權僅於合資格參與者自購股權授出日期至指定之行使期內仍於本集團服務方可行使。

40. Share Options

On 3 December 2008, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group from the grant date of the share options up to the designated exercise date.

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2016年

2016

	於2016年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	於2016年 12月31日 持有	行使價 (附註) 港元
	Held at 1 January 2016	Options granted during the year	Options exercised during the year	Options lapsed during the year	Held at 31 December 2016	Exercise price (note) HK\$
(A) 僱員						
Employees	29,286,521	-	-	-	29,286,521	0.39129
	14,545,079	-	-	-	14,545,079	0.62606
	14,189,506	-	-	(1,788,961)	12,400,545	0.78258
(B) 董事						
Directors						
池文富 Chi Wen Fu	25,556,580	-	-	-	25,556,580	0.39129
沈世捷 Shum Sai Chit	11,500,461	-	-	-	11,500,461	0.39129
池碧芬 Chi Bi Fen	19,167,435	-	-	-	19,167,435	0.39129
楊玉川 ¹ Yang Yuchuan ¹	19,167,435	-	-	(19,167,435)	-	0.78258
郭孟勇 Guo Mengyong	3,833,487	-	-	-	3,833,487	0.39129
鄭炳文 Kwong Ping Man	6,389,145	-	-	-	6,389,145	0.39129
盛洪 Sheng Hong	3,611,316	-	-	-	3,611,316	0.39129
劉智傑 Lau Chi Kit	6,389,145	-	-	-	6,389,145	0.78258
	99,344,945	-	-	-	99,344,945	0.39129
	14,545,079	-	-	-	14,545,079	0.62606
	39,746,086	-	-	(20,956,396)	18,789,690	0.78258
	153,636,110	-	-	(20,956,396)	132,679,714	

1. 已於2016年8月4日辭任

於2016年12月31日，計劃項下尚未行使之購股權合共可認購132,679,714股股份。

1. Resigned on 4 August 2016

As at 31 December 2016, Options to subscribe for a total of 132,679,714 Shares were outstanding under the Scheme.

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	2015年				2015		
	於2015年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	就公開發售及 紅股發行 作出之調整 (附註)	於2015年 12月31日 持有	行使價 (附註) 港元
	Held at 1 January 2015	Options granted during the year	Options exercised during the year	Options lapsed during the year	Adjustments for Open Offer and Bonus Issue (note)	Held at 31 December 2015	Exercise price (note) HK\$
(A) 僱員							
Employees	67,700,000	-	(49,899,963)	(5,933,394)	17,419,878	29,286,521	0.39129
	27,400,000	-	(1,300,000)	(19,167,435)	7,612,514	14,545,079	0.62606
	-	13,500,000	(3,061,185)	-	3,750,691	14,189,506	0.78258
(B) 董事							
Directors							
池文富 Chi Wen Fu	20,000,000	-	-	-	5,556,580	25,556,580	0.39129
沈世捷 Shum Sai Chit	9,000,000	-	-	-	2,500,461	11,500,461	0.39129
池碧芬 Chi Bi Fen	15,000,000	-	-	-	4,167,435	19,167,435	0.39129
楊玉川 Yang Yuchuan	-	15,000,000	-	-	4,167,435	19,167,435	0.78258
郭孟勇 Guo Mengyong	3,000,000	-	-	-	833,487	3,833,487	0.39129
鄭炳文 Kwong Ping Man	5,000,000	-	-	-	1,389,145	6,389,145	0.39129
盛洪 Sheng Hong	4,000,000	-	(1,500,000)	-	1,111,316	3,611,316	0.39129
劉智傑 Lau Chi Kit	-	5,000,000	-	-	1,389,145	6,389,145	0.78258
	123,700,000	-	(51,399,963)	(5,933,394)	32,978,302	99,344,945	0.39129
	27,400,000	-	(1,300,000)	(19,167,435)	7,612,514	14,545,079	0.62606
	-	33,500,000	(3,061,185)	-	9,307,271	39,746,086	0.78258
	151,100,000	33,500,000	(55,761,148)	(25,100,829)	49,898,087	153,636,110	

附註：詳情請參閱本公司日期為2015年5月29日及2015年6月29日之公佈。

於2015年12月31日，計劃項下尚未行使之購股權合共可認購153,636,110股股份。

note: For details, please refer to the announcements of the Company dated 29 May 2015 and 29 June 2015.

As at 31 December 2015, Options to subscribe for a total of 153,636,110 Shares were outstanding under the Scheme.

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於2016年12月31日，尚未行使購股權有以下屆滿日期、行使期及行使價。

Options outstanding at 31 December 2016 have the following expiry date, exercise period and exercise prices.

頒授日期 Grant date	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Options
2011年12月30日 30 December 2011	2015年10月31日 31 October 2015	自2012年11月1日起至 2015年10月31日 From 1 November 2012 to 31 October 2015	0.39129	-
2011年12月30日 30 December 2011	2017年12月30日 30 December 2017	自2012年11月1日起至 2017年12月30日 From 1 November 2012 to 30 December 2017	0.39129	91,677,971
2011年12月30日 30 December 2011	2017年12月30日 30 December 2017	自2016年11月1日起至 2017年12月30日 From 1 November 2016 to 30 December 2017	0.39129	7,666,974
2013年3月19日 19 March 2013	2015年10月31日 31 October 2015	自2013年11月1日起至 2015年10月31日 From 1 November 2013 to 31 October 2015	0.62606	-
2013年3月19日 19 March 2013	2018年12月31日 31 December 2018	自2013年11月1日起至 2018年12月31日 From 1 November 2013 to 31 December 2018	0.62606	14,545,079
2015年1月6日 6 January 2015	2018年10月31日 31 October 2018	自2015年11月1日起至 2018年10月31日 From 1 November 2015 to 31 October 2018	0.78258	3,833,486
2015年1月6日 6 January 2015	2020年10月31日 31 October 2020	自2015年11月1日起至 2020年10月31日 From 1 November 2015 to 31 October 2020	0.78258	14,956,204
				132,679,714

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於本年報日期，該計劃項下可供發行之本公司股份總數(包括上述尚未行使購股權)為354,324,047股，相當於本公司當日已發行股本約7.71%。該計劃之餘下年期約為3年，並將於2018年12月3日屆滿。

截至2011年12月31日止年度，授出的購股權使用柏力克－舒爾斯期權定價模式釐定。輸入該估值模式的重要計算因素為於授出日期的股價0.217港元(已就股份分拆的影響作出調整)、上述行使價、預期股價回報標準偏差39.20%至66.37%、年度無風險利率0.33%至1.08%、約1至6年預計購股權年期及1.43%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2006年7月31日至2011年12月31日的每日股價的統計分析計算得出。截至2016年12月31日止年度，約159,000港元(2015年：296,000港元)已計入綜合損益及其他全面收益表內。

截至2013年12月31日止年度，授出的購股權公允值使用柏力克－舒爾斯期權定價模式釐定，約為5,830,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.80港元(已就股份分拆的影響作出調整)、上述行使價、預期波幅介乎42.05%至52.22%、年度無風險利率0.11%至0.58%、約1.6至5.2年預計購股權年期及2.47%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2007年9月25日至2013年3月19日的每日股價的統計分析計算得出。截至2016年12月31日止年度，約134,000港元(2015年：361,000港元)已計入綜合損益及其他全面收益表內。

As at the date of the annual report, the total number of Shares of the Company available for issue under the Scheme (including the above Options outstanding not yet exercised) was 354,324,047, representing approximately 7.71% of the issued share capital of the Company as of the date thereof. The remaining life of the Scheme is approximately 3 years and to be expired on 3 December 2018.

The Options granted during the year ended 31 December 2011 determined using the Black-Scholes valuation model. The significant inputs into the model were share price of HK\$0.217, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, standard deviation of expected share price return of 39.20% to 66.37%, annual risk free interest rate of 0.33% to 1.08%, expected life of Options of approximately 1 to 6 years and dividend payout ratio of 1.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 July 2006 to 31 December 2011. During the year ended 31 December 2016, approximately HK\$159,000 (2015: HK\$296,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

The fair value of Options granted during the year ended 31 December 2013 determined using the Black-Scholes valuation model was approximately HK\$5,830,000. The significant inputs into the model were share price of HK\$0.80, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 42.05% to 52.22%, annual risk-free interest rate of 0.11% to 0.58%, expected life of Options of approximately 1.6 to 5.2 years and dividend payout ratio of 2.47%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 25 September 2007 to 19 March 2013. During the year ended 31 December 2016, approximately HK\$134,000 (2015: HK\$361,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

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截至2015年12月31日止年度所授出之購股權，使用柏力克－舒爾斯期權定價模式釐定公允值為約3,660,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.69港元(已就股份分拆的影響作出調整)、上述行使價、預期股價波動介於43.47%至49.69%、年度無風險利率0.71%至1.39%。約2.32至5.32年預計購股權年期及1.29%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2009年8月19日至2012年8月28日的每日股價的統計分析計算得出。截至2016年12月31日止年度，約782,000港元(2015年：1,871,000港元)已計入綜合損益及其他全面收益表內。

截至2016年12月31日止年度期間，須計入綜合損益及其他全面收益表內之以股份為基礎之付款約為1,075,000港元(2015年：2,528,000港元)。

The fair value of Options granted during the year ended 31 December 2015 determined using the Black-Scholes valuation model was approximately HK\$3,660,000. The significant inputs into the model were share price of HK\$0.69, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 43.47% to 49.69%, annual risk-free interest rate of 0.71% to 1.39%. Expected life of Options of approximately 2.32 to 5.32 years and dividend payout ratio of 1.29%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 19 August 2009 to 28 August 2012. During the year ended 31 December 2016, approximately HK\$782,000 (2015: HK\$1,871,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2016, the total share based payments charged to the consolidated statement of profit or loss and other comprehensive income were approximately HK\$1,075,000 (2015: HK\$2,528,000).

41. 承擔

41. Commitments

(a) 資本承擔

(a) Capital Commitments

	2016 千港元 HK\$'000	2015 千港元 HK\$'000
已訂約但尚未於綜合財務報表撥備之有關收購物業、廠房及設備之資本支出	281,399	11,693
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements		

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(b) 經營租約承擔

本集團作為承租人

本集團根據不可撤銷租賃協議租賃各類寫字樓、員工宿舍及貨倉。該等租賃之租期、調整租金之條款及續約權利各有不同。

於報告期末，本集團就日後根據不可撤銷經營租約於下列期間到期應付的最低租金還款承擔如下：

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
一年內	Within one year	6,377	4,340
第二年至第五年 (包括首尾兩年)	In the second to fifth years inclusive	8,080	7,752
超過五年	Over five years	2,099	6,734
		16,556	18,826

(b) Operating Lease Commitments

The Group as Lessee

The Group leases various office premises, staff quarters and warehouses under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

42. 重大關連人士交易及關連交易

除綜合財務報表另有披露外，年內本集團已進行以下主要關連人士交易：

(a) 主要管理人員酬金

		2016 千港元 HK\$'000	2015 千港元 HK\$'000
董事(附註13)	Directors (Note 13)	3,899	4,934
其他主要管理人員： 薪金及其他短期僱員福利	Other key management personnel: Salaries and other short-term employee benefits	5,154	3,463
		9,053	8,397

42. Material Related Party Transactions and Connected Transactions

Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year.

(a) Key Management Compensation

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(b) 池文富先生已向國際金融公司作出承諾，將本公司之股權維持在最低水平作為借貸抵押品詳情參見附註32。

(c) 於2015年8月20日，權智國際與Earnmill Holdings Limited訂立包銷協議，關於公開發售1,437,195,029股權智國際之發售股份。詳情已載列於本公司2015年8月20日發佈之公告內。

(d) 銷售產品

	2016 千港元 HK\$'000	由2015年2月26日至 2015年12月31日期間 Period from 26 February 2015 to 31 December 2015 千港元 HK\$'000
向一間合資公司銷售 (附註(i))	2,921	3,363
向山東紅日銷售	1,533	—

附註：

- (i) 向一間合資公司銷售乃按向本集團主要客戶提供之公佈價格及條件進行。
- (ii) 向山東紅日銷售乃以本集團之一般上市價作出。

(e) 根據收購山東紅日50.5%權益之協議，本集團同意協助山東紅日就貸款總額不超過人民幣250,000,000元（相當於約292,500,000港元），向銀行及財務機構取得融資及／或應有關銀行及財務機構要求提供任何形式之擔保或抵押品。

43. 非現金交易

於2016年12月31日，本集團收購一間附屬公司，部分代價約890,000港元於報告期末尚未以現金結清。詳情請參考附註44(a)。

於截至2016年12月31日止年度，本集團已將約10,401,000港元由收購物業、廠房及設備之訂金轉撥至物業、廠房及設備。

截至2015年12月31日止年度，本集團收購一間附屬公司且於報告期末，代價尚未以現金結清。詳情見附註44(c)。

(b) Mr. Chi Wen Fu has given an undertaking to IFC to maintain a minimum level of shareholding in the Company as collateral of the borrowings as detailed in Note 32.

(c) GSIL and Earnmill Holdings Limited entered into an underwriting agreement on 20 August 2015 in relation to an open offer of 1,437,195,029 offer shares of GSIL. Details are stated in the Company's Announcement dated 20 August 2015.

(d) Sales of goods

note:

- (i) The sales to a joint venture were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The sales to Shandong Hongri were made at the Group's usual list prices.

(e) Pursuant to the agreement of acquisition of 50.5% equity interest in Shandong Hongri, the Group agreed to procure financing from banks and financial institutions and/or shall provide any forms of guarantee or securities (upon request by such banks and financial institutions) in aggregate loan amount not exceeding RMB250,000,000 (equivalent to approximately HK\$292,500,000) to Shandong Hongri.

43. Non-Cash Transactions

During the year ended 31 December 2016, the Group acquired a subsidiary and the partial consideration of approximately HK\$890,000 has not been settled by cash at the end of the reporting period. For details, please refer to Note 44(a).

During the year ended 31 December 2016, the Group has transferred approximately HK\$10,401,000 from deposits for acquisition of property, plant and equipment to property, plant and equipment.

During the year ended 31 December 2015, the Group acquired a subsidiary and the consideration had not been settled by cash at the end of the reporting period. For details, please refer to Note 44(c).

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44. 收購附屬公司

(a) 收購新沂市二灣港務有限公司(「二灣港務」)

截至2016年12月31日止年內，本集團向獨立第三方收購二灣港務的全部股本權益。二灣港務從事物流業務。有關收購事項乃作為本集團多元化發展本集團業務及提高本集團長遠增長潛力之政策其中一環而進行。收購事項之購買代價為現金形式，未支付金額於2016年12月31日作為應付賣方之代價列賬。

二灣港務於2016年7月15日(收購日期)之可識別資產及負債於收購日期之公允值如下：

44. Acquisition of subsidiaries

(a) Acquisition of 新沂市二灣港務有限公司 (“二灣港務”)

During the year ended 31 December 2016, the Group acquired entire equity interest in 二灣港務 from independent third parties. 二灣港務 is engaged in logistic operation. The acquisition was made as part of the Group's strategy to diversify the Group's business and enhance long-term growth potential of the Group. The purchase consideration for the acquisition was in the form of cash and the unpaid amount was recorded as consideration payable to the sellers as at 31 December 2016.

The fair values on the date of acquisition for the identifiable assets and liabilities of 二灣港務 as at 15 July 2016 (the date of acquisition) were as follows:

		附註 Notes	可識別淨資產 及負債 之公允值 Fair value of net identifiable assets and liabilities 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	17	6,665
其他應付款項	Other payables		(216)
			6,449
商譽	Goodwill	19	224
總代價	Total consideration		6,673

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		千港元 HK\$'000
以下列方式償付代價：	Consideration satisfied by:	
現金	Cash	5,783
代價－就收購事項 應付賣方之款項	Consideration – payable to the sellers in connection with the acquisition	890
總代價	Total consideration	6,673
收購事項所產生之現金流：	Cash outflow arising on acquisition:	
所付現金代價	Cash consideration paid	5,783
所收購之銀行結餘及現金	Bank balances and cash acquired	—
		5,783

(i) 收購事項之商譽

收購二灣港務所產生商譽乃來自合併成本（包括控制溢價）。此外，就合併所支付代價包括有關項目的業務策略之相關金額，有關金額未能可靠計量。預期收購事項所產生商譽概不可扣稅。

(i) Goodwill on the acquisition

Goodwill arose in the acquisition of 二灣港務 because the cost of combination included a control premium. In addition, the consideration paid for the combination included amounts in relation to the business strategy arising from them which cannot be measured reliably. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

(ii) 二灣港務業績之收購影響

年內溢利中包括二灣港務所產生額外業務之應佔虧損約654,000港元。年內收入包括來自二灣港務之532,000港元。倘業務合併於2016年1月1日已生效，本集團來自持續經營業務之收入應為1,277,000港元，而來自持續經營業務之年內虧損則為1,570,000港元。本集團董事認為該等「備考」數字代表合併後集團按年化基準計量之概約業績，並可作為與未來期間比較之參考業績。

(ii) Impact of acquisition on the result of 二灣港務

Included in the profit for the year of approximately HK\$ 654,000 losses attributable to the additional business generated by 二灣港務. Revenue for the year includes HK\$532,000 in respect of 二灣港務. Had these business combinations been effected at 1 January 2016, the revenue of the Group from continuing operation would have been HK\$1,277,000 and the loss for the year from continuing operations would have been HK\$1,570,000. The directors of the Group considered these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

(b) 收購權智國際

於2014年12月19日，本集團全資附屬公司Ming Xin Developments Limited訂立了一份買賣協議及一份認購協議，以收購及認購權智國際（股份代號：601）500,000,000股現有股份及239,532,000股新股份，代價分別為229,600,000港元及76,650,000港元。該等交易已於2015年2月26日完成。本集團於完成後獲得權智國際之51.46%控股權益。

(b) Acquisition of GSIL

On 19 December 2014, Ming Xin Developments Limited, a wholly owned subsidiary of the Group, entered into a sale and purchase agreement and a subscription agreement for the acquisition of 500,000,000 existing shares and the subscription of 239,532,000 new shares of GSIL (stock code: 601) at the consideration of HK\$229,600,000 and HK\$76,650,000 respectively. The transactions were completed on 26 February 2015 and the Group gained 51.46% controlling interest in GSIL after the completion.

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		附註 Notes	可識別淨資產及 負債之公允值 Fair value of net identifiable assets and liabilities 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	17	124,868
土地使用權	Land use rights	16	12,200
無形資產	Intangible assets	20	2,566
合資公司之投資	Investments in joint ventures		2,740
聯營公司之投資	Investment in associates	24	22
可供出售投資	Available-for-sale investments		7,300
存貨	Inventories		40,827
貿易及其他應收款項、 預付款項及按金	Trade and other receivables, prepayments and deposits		34,631
銀行存款	Deposits with banks		1,012
現金及等同現金項目	Cash and cash equivalents		104,024
貿易及其他應付款項	Trade and other payables		(60,178)
遞延稅項負債	Deferred tax liabilities	37	(248)
應付所得稅	Income tax payable		(129)
借貸	Borrowings		(63,993)
非控股權益	Non-controlling interests		(96,536)
			109,106
商譽	Goodwill	19	197,144
總代價	Total consideration		306,250
以下列方式償付代價：	Consideration satisfied by:		
現金	Cash		306,250
收購事項所產生之現金流出：	Cash outflow arising on acquisition:		
所付現金代價	Cash consideration paid		306,250
所收購之銀行結餘及現金	Bank balances and cash acquired		(105,036)
			201,214

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(i) 收購之商譽

收購權智國際產生之商譽包括成本控制溢價。此外，就合併支付之代價包括其產生的收益增長及業務策略，有關款項未能可靠地計量。預計收購產生之商譽不可用作扣除稅項用途。

(ii) 收購對權智國際業績之影響

已計入本年度溢利之虧損約24,881,000港元乃因權智國際的額外業務而產生。年內有關權智國際之收入為125,906,000港元。倘業務合併於2015年1月1日生效，則年內本集團來自持續經營業務收入為182,137,000港元，來自持續經營業務之虧損為54,729,000港元。本集團董事認為該等「備考」數字代表合併後集團按年化基準計量之概約業績，並可作為與未來期間比較之參考業績。

(i) Goodwill on the acquisition

Goodwill arose in the acquisition of GSIL because the cost of combination included a control premium. In addition, the consideration paid for the combination included amounts in relation to the revenue growth and business strategy arising from them which cannot be measured reliably. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

(ii) Impact of acquisition on the result of the GSIL

Included in the profit for the year of approximately HK\$24,881,000 losses attributable to the additional business generated by GSIL. Revenue for the year includes HK\$125,906,000 in respect of GSIL. Had these business combinations been effected at 1 January 2015, the revenue of the Group from continuing operation would have been HK\$182,137,000 and the loss for the year from continuing operations would have been HK\$54,729,000. The directors of the Group considered these “pro-forma” numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

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For the year ended 31 December 2016**(c) 收購新疆騰翔鎂製品有限公司(「新疆騰翔」)**

於2015年12月15日，本集團向獨立第三方收購新疆騰翔鎂製品有限公司(「新疆騰翔」)之全部權益。新疆騰翔主要從事生產及買賣鎂錠及蘭炭。進行收購事項是為了增強本集團長期增長潛力之戰略。收購事項購買代價為現金形式，未支付金額於2015年12月31日記賬為其他應付款項。

於2015年財務報表確認之議價收購收益乃根據購買代價之臨時評估計算。根據本集團與賣方訂立的買賣協議，購買代價將按照新疆騰翔於2015年5月1日至完成日期止期間之經營損益予以調整。與賣方進行購買代價調整之商討於董事批准刊印2015年財務報表之日期前仍未完成。

(c) Acquisition of Xinjiang Tengxiang Magnesium Products Company Limited (“Xinjiang Tengxiang”)

On 15 December 2015, the Group acquired the entire interest in Xinjiang Tengxiang Magnesium Products Company Limited (“Xinjiang Tengxiang”) from independent third parties. Xinjiang Tengxiang is engaged in the production and trading of magnesium ingots and semi coke. The acquisition was made as part of the Group’s strategy to enhance long-term growth potential of the Group. The purchase consideration for the acquisition was in the form of cash and the unpaid amount was recorded as other payable as at 31 December 2015.

The gain on bargain purchase recognised in the 2015 financial statements were based on a provisional assessment on the purchase consideration. Pursuant to the sale and purchase agreement entered into by the Group and the sellers, the purchase consideration shall be adjusted by the operating gain or loss of Xinjiang Tengxiang for the period from 1 May 2015 to the completion date. The negotiation of the adjustments to the purchase consideration with the sellers had not been completed by the date the 2015 financial statements were approved for issue by the directors.

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本集團已於年內完成與賣方商討調整購買代價。根據本集團與賣方訂立的補充協議，收購事項之購買代價落實為人民幣54,482,000元(相等於約66,027,000港元)，導致臨時價值減少人民幣17,794,000元，同時為議價收購收益增加相同金額。2015年之比較資料乃經重列，以反映對臨時金額作出之調整。因此，於2015年12月31日之應付代價削減21,184,000港元，於截至2015年12月31日止年度之議價收購收益提高21,564,000港元，而就重新換算應付代價所產生之外匯收益則減少380,000港元。

年內，本集團已向買方支付人民幣49,153,000元(相當於57,429,000港元)，應付代價餘額已計入2016年12月31日之其他應付款項。

During the year, the Group has completed the negotiation of adjustments to the purchase consideration with the sellers. In accordance with the supplemental agreement agreed by the Group and the sellers, the purchase consideration for the acquisition was finalised at RMB54,482,000 (equivalent to approximately HK\$66,027,000), resulting in a decrease of RMB17,794,000 over the provisional value and increase in gain on bargain purchase of the same amount. The 2015 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was a reduction on the consideration payable of HK\$21,184,000 as at 31 December 2015, an increase in the gain on bargain purchase of HK\$21,564,000 and decrease in the foreign exchange gain of HK\$380,000 arising from the retranslation of consideration payable for the year ended 31 December 2015.

During the year, the Group paid RMB49,153,000 (equivalent to HK\$57,429,000) to the sellers and the rest of the consideration payable was included in other payable as at 31 December 2016.

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由於收購事項於截至2015年12月31日止年度進行且並無針對2015年1月1日入賬之結餘作出調整，因此，並無於2015年1月1日之綜合財務狀況表內呈列。

新疆騰翔於2015年12月15日(收購日期)之可識別資產及負債於收購日期之公允值如下：

As the acquisition took place during the year ended 31 December 2015 and no adjustments were made to the balances stated at 1 January 2015, the consolidated statement of financial position at 1 January 2015 is therefore not presented.

The provisional and finalised fair values of the identifiable assets and liabilities of Xinjiang Tengxiang as at 15 December 2015 (date of acquisition) were as follows:

			就收購事項確認之 臨時公允值 Provisional fair value recognised on acquisition 千港元 HK\$'000	就收購事項 確認之最終公允值 Finalised fair value recognised on acquisition 千港元 HK\$'000
	附註 Notes			
物業、廠房及設備	Property, plant and equipment	17	200,810	200,810
預付土地租賃款額	Prepaid land lease payment	16	31,363	31,363
存貨	Inventories		5,284	5,284
應收貿易賬款	Trade receivables		3,942	3,942
預付款項、按金及 其他應收款項	Prepayments, deposits and other receivables		118	118
可收回稅款	Tax recoverable		1,859	1,859
現金及現金等值項目	Cash and cash equivalents		428	428
應付貿易賬款	Trade payables		(35,087)	(35,087)
其他應付款項及應計負債	Other payables and accruals		(75,163)	(75,163)
附息銀行借貸	Interest-bearing bank borrowings		(38,781)	(38,781)
可識別資產淨值公允值 總額	Total identifiable net assets at fair value		94,773	94,773
綜合損益及其他全面 收入表確認的議價 收購收益	Gain on bargain purchase recognised in the consolidated statement of profit or loss and other comprehensive income		7,182	28,746
支付代價： 就收購事項應付賣方 之款項	Consideration satisfied by: Payable to the sellers in connection with the acquisition		87,591	66,027

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議價收購收益28,746,000港元(經重列)主要是由本集團與賣方經計及新疆騰翔之經營狀況及業務前景後，按一般商業條款公平磋商後釐定。

新疆騰翔之應收貿易賬款及其他應收賬款於收購日期的公允值與其合約總值相若，本公司董事預期不會有任何重大的購得應收賬款不可收回。

本集團就此收購事項產生交易成本1,758,000港元。此等成本已於去年之綜合損益表支銷並列入行政支出。

收購附屬公司之現金流量分析如下：

The gain on bargain purchase of HK\$28,746,000 (restated) was primarily attributable to arm's length negotiations between the Group and the sellers on normal commercial terms, having taken into account the operation and business prospect of Xinjiang Tengxiang.

The fair values of the trade receivables and other receivables of Xinjiang Tengxiang at the date of acquisition approximated to their gross contractual amounts and the directors of the Company do not expect any significant acquired receivables to be uncollectible.

The Group incurred transaction costs of HK\$1,758,000 for this acquisition. These cost have been expensed off and are included in administrative expenses in the consolidated statement of profit or loss for the prior year.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

		千港元 HK\$'000
計入投資活動現金流量的所收購之現金及銀行結餘及現金及等同現金等項目流入淨額	Cash and bank balances acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	428
計入經營業務現金流量的收購事項交易成本	Transaction costs of the acquisition included in cash flows from operating activities	(1,758)
		(1,330)

自收購以來，新疆騰翔於截至2015年12月31日止年度並無為本集團貢獻任何溢利，並為截至2015年12月31日止年度之綜合虧損中帶來虧損1,565,000港元。

由於新疆騰翔於截至2015年12月31日止年度的財務資料之前未經審核，猶如業務合併的收購日期是於期初一般披露合併實體的收入及損益並不可行。

Since the acquisition, Xinjiang Tengxiang did not contribute any profit to the Group's revenue for the year ended 31 December 2015 and caused a loss of HK\$1,565,000 to the consolidated loss for the year ended 31 December 2015.

As the financial information of Xinjiang Tengxiang for year ended 31 December 2015 had not been previously audited, it is impractical to disclose the revenue and profit or loss of the combined entity, as though the acquisition date for the business combination had been at the beginning of the prior year.

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45. 出售一間附屬公司

45. Disposal of a subsidiary

截至2015年12月31日止年度，該附屬公司於出售日期之負債淨額如下：

During the year ended 31 December 2015, the net liabilities of subsidiary at the date of disposal were as follows:

		千港元 HK\$'000
出售負債淨值：	Net liabilities disposed of:	
現金及現金等值項目	Cash and cash equivalents	8
其他應收賬款及按金	Other receivables and deposits	22
其他應付賬款及應計負債	Other payables and accruals	(197)
		(167)
出售一間附屬公司之收益	Gain on disposals of a subsidiary	179
		12
通過以下方式支付	Satisfied by	
現金	Cash	12
出售一間附屬公司所得現金流入淨額：	Net cash inflow from disposal of a subsidiary:	
已收現金代價	Cash consideration received	12
出售之銀行結餘及現金	Bank balances and cash disposed	(8)
		4

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For the year ended 31 December 2016

46. 附屬公司擁有權權益之變動

於截至2016年12月31日止年度內，本集團獲得江蘇湛藍科技開發有限公司的額外4.95%股本權益、江蘇龍騰化工有限公司的額外8.70%股本權益及永洋集團有限公司的額外15.00%股本權益。本集團因此等交易而確認約47,745,000港元非控股權益減少及約227,593,000港元其他儲備減少。

於截至2015年12月31日止年度內，由於本集團於2015年2月26日完成收購後獲得權智國際51.46%控股權益，故本集團於2015年3月5日作出強制性全面收購並於2015年3月26日完成。本集團於權智國際之控股權益因此增加至51.88%。此外，本集團亦獲取了江蘇湛藍科技開發有限公司之3.15%額外股本權益。由於上述交易，本集團確認減少非控股權益約8,580,000港元和增加其他儲備約5,797,000港元。

47. 訴訟與或然負債

參考本公司2014年10月9日之公告，內容提及對首智投資有限公司(「首智」)之民事訴訟，於本財務報表日期，據本公司所知悉，有關訴訟的傳訊令狀尚未送達首智。首智倘收到該法律文件後，將就有關追討尋求法律意見及就此應予採取的必要行動。董事會認為，該訴訟不會對本集團於業務、營運及財務情況構成重大不利影響。

46. Changes in Ownership Interest in Subsidiaries

During the year ended 31 December 2016, the Group gained 4.95% additional equity interest of Jiangsu Azureblue Technology Development Company Limited, 8.70% additional equity interest in Jiangsu Longteng Petrochemical Limited and 15.00% additional equity interest in Fullocean Group Limited. As a result of these transactions, the Group recognised a decrease in non-controlling interests of approximately HK\$47,745,000 and a decrease in other reserve of approximately HK\$227,593,000.

During the year ended 31 December 2015, as the Group gained 51.46% controlling interest in GSIL after the completion of acquisition on 26 February 2015, mandatory general offer were made by the Group on 5 March 2015 and completed on 26 March 2015. The Group's controlling interest in GSIL thereafter increased to 51.88%. In addition, the Group also gained additional 3.15% equity interest in Jiangsu Azureblue Technology Development Company Limited. As a result of these transactions, the Group recognised a decrease in non-controlling interests of approximately HK\$8,580,000 and an increase in other reserve of approximately HK\$5,797,000 respectively.

47. Litigations and Contingent Liabilities

Reference was made to the announcement of the Company dated 9 October 2014 regarding a civil claim against Capital Idea Investments Limited ("Capital Idea"). As of the date of the consolidated financial statement, to the best knowledge of the Company, the writ of summons of the litigation has not yet been served on Capital Idea. Upon receiving this legal document, Capital Idea will seek legal advice in relation to the claim and the necessary actions to be taken in this respect and will vigorously defend against the claim. The Board of the Company is of the view that this claim will not have a material adverse impact on the business, operation and financial position of the Group.

財務報表附註 Notes to the Financial Statements

截至2016年12月31日止年度
For the year ended 31 December 2016

48. 報告期後事項

於2016年8月3日，Long Xiang Enterprises Limited（為本公司之直接全資附屬公司，作為買方）與興富控股有限公司（由本公司之前執行董事楊玉川先生間接持有之公司，作為賣方）及Acronagrotrans Ltd（作為目標公司，其直接持有山東紅日之50.5%權益）訂立收購協議，據此，買方有條件同意購入而賣方有條件同意出售目標公司之全部股本權益，現金代價為1美元（相當於約7.76港元），根據有關條款及條件須於完成時支付。收購山東紅日之先決條件已獲達成，而有關決議案已於2017年3月29日提交董事會以供考慮及批准。有關交易有待完成，而根據收購協議之條款，山東紅日將於本集團中綜合入賬，自2017年4月1日起生效。

除已於本年報之其他部份內披露外，於報告期末後並無任何重大事項。

49. 比較數字

因一項業務合併之收購對價調整（已於財務報表附註44(c)內披露），比較金額已重列。另若干比較金額已作重新分類，以符合本年度之呈列方式。

50. 授權刊發綜合財務報表

董事會於2017年3月29日批准及授權刊發綜合財務報表。

48. Events after the Reporting Period

On 3 August 2016, Long Xiang Enterprises Limited (a direct wholly-owned subsidiary of the Company, as the Purchaser), entered into an acquisition agreement with Prosperous Rich Holdings Limited (a company indirectly held by the Company's former executive director, Mr. Yang Yuchuan, as the Vendor) and Acronagrotrans Ltd (as the Target Company, which directly holds 50.5% interests in Shandong Hongri), pursuant to which, the Purchaser conditionally agreed to buy, and the Vendor conditionally agreed to sell the entire equity interest in the Target Company, at the cash consideration of US\$1 (equivalent to approximately HK\$7.76), which is payable in accordance with the terms and conditions thereto at completion. The conditions precedent to the acquisition of Shandong Hongri have been satisfied and the resolution was passed to the Board for consideration and approval on 29 March 2017. The transaction is to be completed and Shandong Hongri will be consolidated into the Group with effect from 1 April 2017 according to the terms of the acquisition agreement.

Saved as disclose elsewhere in this Annual Report, there were no significant events that have occurred subsequent to the end of the reporting period.

49. Comparatives

The comparatives has been restated due to the adjusted purchase consideration for a business combination as disclosed in Note 44(c) to the financial statements. And certain comparative amounts have been reclassified to conform with current year's presentation.

50. Authorisation for Issue of Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 March 2017.

獨立核數師報告 Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

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

致世紀陽光集團控股有限公司股東
(於開曼群島註冊成立的有限公司)

**TO THE SHAREHOLDERS OF
CENTURY SUNSHINE GROUP HOLDINGS LIMITED**
(Incorporated in Cayman Islands with limited liability)

本核數師(以下簡稱「我們」)已審核列載於第71至196頁世紀陽光集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,此財務報表包括於2015年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他解釋。

We have audited the consolidated financial statements of Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 196, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

董事就綜合財務報表須承擔的責任

貴公司董事負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表,以及維持董事認為必須之相關內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表表達意見,僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定此等綜合財務報表是否存有任何重大錯誤陳述。

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

獨立核數師報告 Independent Auditors' Report

審核涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證能充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴集團於2015年12月31日的財務狀況及貴集團截至該日止年度的財務業績及現金流量，並已按照香港《公司條例》妥為編製。

國衛會計師事務所有限公司
香港執業會計師

黃思璋
執業證書編號：P05806

香港，2016年3月23日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 23 March 2016

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至2015年12月31日止年度
For the year ended 31 December 2015

		附註 Notes	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
收入	Revenue	7	2,515,602	2,072,519
銷售成本	Cost of sales		(1,729,567)	(1,412,575)
毛利	Gross profit		786,035	659,944
其他收入及收益	Other income and gains	9	42,799	15,055
銷售及市場推廣費用	Selling and marketing costs		(113,406)	(103,116)
行政開支	Administrative expenses		(139,598)	(63,302)
持作買賣投資的已變現 及未變現收益	Realised and unrealised gain on investments held for trading		6,875	3,291
應佔合資公司溢利 及虧損	Share of profits and losses of joint ventures		1,760	–
於一間合資公司之 投資減值	Impairment of investment in a joint venture		(180)	–
應佔聯營公司溢利 及虧損	Share of profits and losses of associates		(4)	–
財務費用	Finance costs	10	(87,390)	(44,186)
除所得稅前溢利	Profit before income tax		496,891	467,686
所得稅開支	Income tax expense	11	(155,006)	(128,045)
年內溢利	Profit for the year	12	341,885	339,641
其他全面開支，扣除 所得稅	Other comprehensive expenses, net of income tax			
其後可能重新分類至 損益之項目：	Items that may be reclassified subsequently to profit or loss:			
年內重估可供出售投資 產生之虧損淨額	Net loss arising on revaluation of available-for-sale investment during the year		(22,012)	(112,062)
換算海外業務所產生之 匯兌差額	Exchange differences arising from translation of foreign operations		(141,958)	(54,770)
年內其他全面開支，扣除 所得稅	Other comprehensive expenses for the year, net of income tax		(163,970)	(166,832)
年內全面收入總額	Total comprehensive income for the year		177,915	172,809

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至2015年12月31日止年度

For the year ended 31 December 2015

	附註 Notes	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
下列人士應佔年內溢利：	Profit for the year attributable to:		
本公司擁有人	Owners of the Company	303,489	287,910
非控股權益	Non-controlling interests	38,396	51,731
		341,885	339,641
下列人士應佔年內全面收入總額：	Total comprehensive income for the year attributable to:		
本公司擁有人	Owners of the Company	162,596	153,187
非控股權益	Non-controlling interests	15,319	19,622
		177,915	172,809
每股盈利：	Earnings per share:		(經重列) (restated)
— 基本	— basic	15(a) 7.19 仙cents	8.01 仙cents
— 攤薄	— diluted	15(b) 7.07 仙cents	7.79 仙cents

隨附附註屬本綜合財務報表的一部份。

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

綜合財務狀況表

Consolidated Statement of Financial Position

於2015年12月31日
As at 31 December 2015

		附註 Notes	2015 千港元 HK\$'000	2014 千港元 HK\$'000
非流動資產	Non-current assets			
土地使用權	Land use rights	16	172,739	140,986
物業、廠房及設備	Property, plant and equipment	17	1,863,009	1,442,559
投資物業	Investment properties	18	125,436	134,612
商譽	Goodwill	19	197,144	–
無形資產	Intangible assets	20	1,674	80
採礦權	Mining rights	21	512,075	549,498
支付購買專利款項	Payment for acquisition of patents		53,703	56,237
購買物業、廠房及設備的按金	Deposits for acquisition of property, plant and equipment		10,688	35,089
於合資公司之投資	Investments in joint ventures	23	4,290	–
於一間聯營公司之投資	Investment in an associate	24	18	–
可供出售投資	Available-for-sale investments	25	116,418	–
			3,057,194	2,359,061
流動資產	Current assets			
可供出售投資	Available-for-sale investments	25	10,842	30,391
存貨	Inventories	26	248,241	181,400
土地使用權	Land use rights	16	4,420	3,400
貿易及其他應收款項、預付款項及按金	Trade and other receivables, prepayments and deposits	27	607,036	383,779
可退回所得稅	Income tax recoverable		1,826	–
持作買賣投資	Investments held for trading	28	38,726	9,900
衍生金融資產	Derivative financial assets	29	7	243
應收一間合資公司款項	Amount due from a joint venture	23	885	–
銀行存款	Deposits with banks	30	263,260	86,351
現金及等同現金項目	Cash and cash equivalents	30	1,189,255	742,431
			2,364,498	1,437,895
減：流動負債	Less: Current liabilities			
貿易及其他應付款項	Trade and other payables	31	356,592	311,465
應付所得稅	Income tax payable		31,670	33,186
借貸	Borrowings	32	152,810	303,696
可換股債券	Convertible bonds	33	198,335	117,193
			739,407	765,540
流動資產淨值	Net current assets		1,625,091	672,355
資產總值減流動負債	Total assets less current liabilities		4,682,285	3,031,416

綜合財務狀況表

Consolidated Statement of Financial Position

於2015年12月31日
As at 31 December 2015

		附註 Notes	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
減：非流動負債	Less: Non-current liabilities			
可換股債券	Convertible bonds	33	-	177,687
遞延收入	Deferred revenue	34	69,552	70,333
借貸	Borrowings	32	1,153,062	291,718
遞延稅項負債	Deferred tax liabilities	35	116,333	125,037
			1,338,947	664,775
資產淨值	Net assets		3,343,338	2,366,641
本公司擁有人應佔股本及儲備	Capital and reserves attributable to owners of the Company			
股本	Share capital	36	101,986	67,910
儲備	Reserves		2,845,320	2,142,863
			2,947,306	2,210,773
非控股權益	Non-controlling interests		396,032	155,868
權益總額	Total equity		3,343,338	2,366,641

董事會於2016年3月23日批准及授權刊發載於第71至196頁之綜合財務報表，並由下列董事代表簽署：

The consolidated financial statements on pages 71 to 196 were approved and authorised for issue by the board of directors on 23 March 2016 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

隨附附註屬本綜合財務報表的一部份。

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

綜合權益變動表

Consolidated Statement of Changes in Equity

截至2015年12月31日止年度
For the year ended 31 December 2015

		本公司擁有人應佔													非控股 權益	總計
		股本	股份溢價	資本贖回 儲備 (附註(i))	重估儲備	資本儲備 (附註(ii))	法定儲備 (附註(iii))	購股權 儲備	外幣換算 儲備	可換股債券 權益儲備	其他儲備	保留盈利	小計	非控股 權益	總計	
		Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Capital reserve	Statutory reserve	Share option reserve	Translation reserve	Convertible bonds equity reserve	Other reserve	Retained earnings	Sub-total	Non- controlling interests	Total	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	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	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
於2014年1月1日	As at 1 January 2014	61,810	739,232	3,499	106,818	13,666	67,812	6,136	148,697	-	53,278	788,541	1,989,489	163,473	2,152,962	
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	-	287,910	287,910	51,73	339,641	
年內其他全面開支 (扣除所得稅)	Other comprehensive expenses for the year, (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
年內重估可供出售投資 產生之虧損淨額	Net loss arising on revaluation of available-for-sale investment during the year	-	-	-	(84,047)	-	-	-	-	-	-	-	(84,047)	(28,015)	(112,062)	
換算海外業務所產生之 匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(50,676)	-	-	-	(50,676)	(4,094)	(54,770)	
年內全面收入總額	Total comprehensive income for the year	-	-	-	(84,047)	-	-	-	(50,676)	-	-	287,910	153,187	19,622	172,809	
配發普通股	Allotment of ordinary shares	3,102	113,206	-	-	-	-	-	-	-	-	-	116,308	-	116,308	
已付末期股息	Final dividend paid	1,271	(12,990)	-	-	-	-	-	-	-	-	-	(11,719)	-	(11,719)	
已失效購股權	Share option lapsed	-	-	-	-	-	-	(50)	-	-	-	50	-	-	-	
轉撥至儲備	Transfer to reserve	-	-	-	-	-	39,187	-	-	-	-	(39,187)	-	-	-	
附屬公司擁有權益 之變動	Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	(102,305)	-	(102,305)	(27,227)	(129,532)	
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,727	47,741	-	-	-	-	(2,516)	-	-	-	-	46,952	-	46,952	
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	-	-	2,082	-	-	-	-	2,082	-	2,082	
發行可換股債券	Issue of convertible bonds	-	-	-	-	-	-	-	-	16,779	-	-	16,779	-	16,779	
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	67,910	887,189	3,499	22,771	13,666	106,999	5,652	98,021	16,779	(49,027)	1,037,314	2,210,773	155,868	2,366,641	
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	-	303,489	303,489	38,396	341,885	
年內其他全面開支 (扣除所得稅)	Other comprehensive expenses for the year, (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
年內重估可供出售投資 產生之虧損淨額	Net loss arising on revaluation of available-for-sale investment during the year	-	-	-	(17,124)	-	-	-	-	-	-	-	(17,124)	(4,888)	(22,012)	
換算海外業務所產生之 匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(123,769)	-	-	-	(123,769)	(18,189)	(141,958)	
年內全面收入總額	Total comprehensive income for the year	-	-	-	(17,124)	-	-	-	(123,769)	-	-	303,489	162,596	15,319	177,915	
根據公開發售發行 普通股	Issue of ordinary shares under open offer	29,062	545,015	-	-	-	-	-	-	-	-	-	574,077	-	574,077	
根據紅股發行發行 普通股	Issue of ordinary shares under bonus issue	4,359	(4,409)	-	-	-	-	-	-	-	-	-	(50)	-	(50)	
收購附屬公司	Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	96,536	-	96,536	
已付末期股息	Final dividend paid	-	(21,797)	-	-	-	-	-	-	-	-	-	(21,797)	-	(21,797)	
贖回可換股債券	Redemption of convertible bonds	-	-	-	-	-	-	-	-	(4,336)	-	4,336	-	-	-	
已失效購股權	Share option Lapsed	-	-	-	-	-	-	(2,128)	-	-	-	2,128	-	-	-	
轉撥至儲備	Transfer to reserve	-	-	-	-	-	46,142	-	-	-	-	(46,142)	-	-	-	
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,115	23,471	-	-	-	-	(1,199)	-	-	-	-	23,387	-	23,387	
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	-	-	2,528	-	-	-	-	2,528	-	2,528	
一間附屬公司進行 公開發售	Open offer of a subsidiary	-	-	-	-	-	-	-	-	-	(931)	-	(931)	136,889	135,958	
附屬公司擁有權益 之變動	Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	5,797	-	5,797	(8,580)	(2,783)	
註銷股份	Share cancellation	(460)	(8,614)	460	-	-	-	-	-	-	-	(460)	(9,074)	-	(9,074)	
於2015年12月31日	As at 31 December 2015	101,986	1,420,855	3,959	5,647	13,666	153,141	4,853	(25,748)	12,443	(44,161)	1,300,665	2,947,306	396,032	3,343,338	

綜合權益變動表

Consolidated Statement of Changes in Equity

截至2015年12月31日止年度

For the year ended 31 December 2015

附註：

notes:

- | | |
|--|--|
| (i) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥之本公司股份之面值。 | (i) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company. |
| (ii) 資本儲備指根據集團重組已收購及資本化之附屬公司股份面值，與用作交換有關股份而發行之本公司股份的面值，兩者間之差額。 | (ii) Capital reserve represents the difference between the nominal value of the shares of the subsidiaries that have been acquired and capitalised pursuant to a group reorganisation over the nominal value of the Company's Shares issued in exchange therefore. |
| (iii) 法定儲備主要為附屬公司按其中華人民共和國（「中國」）法定財務報表所列純利的10%及為若干安全生產活動撥提的資金。 | (iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities. |

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

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

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

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

隨附附註屬本綜合財務報表的一部份。

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

綜合現金流量表

Consolidated Statement of Cash Flows

截至2015年12月31日止年度
For the year ended 31 December 2015

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
	Note		
經營活動	Operating activities		
除所得稅前溢利	Profit before income tax	496,891	467,686
就下列項目作出調整：	Adjustments for:		
折舊及攤銷	Depreciation and amortisation	96,397	77,985
財務費用	Finance costs	87,390	44,186
出售物業、廠房及設備的 (收益)/虧損淨額	Net (gain)/loss on disposal of property, plant and equipment	(290)	76
持作買賣投資的已變現及 未變現收益	Realised and unrealised gain on investments held for trading	(6,875)	(3,291)
股息收入	Dividend income	(200)	(292)
利息收入	Interest income	(12,094)	(8,544)
股權結算股份付款之交易	Equity settled share-based payments	2,528	2,082
衍生金融資產公平值變動	Fair value change on derivative financial assets	236	61
應佔聯營公司虧損	Share of losses of an associate	4	-
撥回應收貿易款項撇賬額	Reversal of written off of trade receivables	(229)	-
存貨減值	Impairment of inventories	2,374	-
應收貿易款項減值	Impairment of trade receivables	206	-
無形資產減值	Impairment of intangible assets	599	-
出售一間附屬公司的收益	Gain on disposal of subsidiaries	(179)	-
臨時議價收購收益	Provisional gain on bargain purchase	(7,182)	-
應佔合資公司溢利	Share of profits of joint ventures	(1,760)	-
於一間合資公司投資減值	Impairment of an investment in a joint venture	180	-
營運資金變動前的經營 現金流量	Operating cash flows before movements in working capital	657,996	579,949
出售持作買賣投資的所得款項	Proceeds from disposal of investments held for trading	45,075	651
應收一間合資公司款項增加	Increase in amount due from a joint venture	(855)	-
購買持作買賣投資	Purchase of investments held for trading	(67,585)	(79)
存貨增加	Increase in inventories	(31,948)	(91,302)
貿易及其他應收款項、 預付款項及按金增加	Increase in trade and other receivables, prepayments and deposits	(205,616)	(88,146)
貿易及其他應付款項(減少)/增加	(Decrease)/increase in trade and other payables	(96,166)	39,289
經營業務所產生的現金 已付所得稅	Cash generated from operations Income tax paid	300,901 (158,677)	440,362 (117,452)
經營活動所產生的現金淨額	Net cash generated from operating activities	142,224	322,910
投資活動	Investing activities		
銀行存款增長	Increase in deposits with banks	(176,910)	(45,359)
購買物業、廠房及設備	Purchase of property, plant and equipment	(217,301)	(584,609)
購買物業、廠房及設備的按金	Deposits for acquisition of property, plant and equipment	(10,688)	(35,386)
有關出售一間附屬公司的現金 流入淨額	Net cash inflow in respect of the disposal of a subsidiary	4	-

綜合現金流量表

Consolidated Statement of Cash Flows

截至2015年12月31日止年度

For the year ended 31 December 2015

	Note	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
已收利息	Interest received	7,733	7,691
已收股息	Dividend received	200	292
出售物業、廠房及設備的 所得款項	Proceeds from disposal of property, plant and equipment	376	249
發展成本增加	Additions to development costs	(361)	-
收購附屬公司之現金流出淨額	Net cash outflow on acquisition of subsidiaries	42(a) (200,786)	-
支付購買可供出售投資款項	Payments to acquire available-for-sale investments	(111,582)	-
向一間其後購入成為附屬公司之公 司墊付貸款	Advance of loans to a company subsequently acquired as subsidiary	(45,116)	-
投資活動所用的現金淨額	Net cash used in investing activities	(754,431)	(657,122)
融資活動	Financing activities		
新造借款的所得款項	Proceeds from new borrowings	182,287	745,414
償還借貸	Repayment of borrowings	(318,321)	(444,941)
已付利息	Interest paid	(57,886)	(27,602)
已付末期股息	Final dividend paid	(21,797)	(11,719)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	23,387	46,952
發行可換股債券	Issue of convertible bonds	-	295,000
於附屬公司之權益擁有權變動之 現金流出淨額	Net cash outflow in respect of changes in ownership interest of subsidiaries	(64,840)	(64,767)
遞延收入增加	Increase in deferred revenue	2,486	46,387
配發普通股	Allotment of ordinary share	-	116,308
來自附屬公司之一名非控股股東的 貸款的所得款項	Proceeds from loan from a non-controlling shareholder of a subsidiary	82,000	-
應付一間附屬公司一名非控股股東 款項減少	Decrease in an amount due to a non-controlling shareholder of a subsidiary	(2,002)	-
發行上市從屬票據的所得款項	Proceeds from issue of listed subordinated note	699,314	-
支付贖回可換股債券款項	Payment for redemption of convertible bonds	(123,625)	-
根據公開發售發行普通股的所得款 項	Proceeds from issue of ordinary shares under open offer	574,077	-
根據公開發售發行一間附屬公司的 普通股的所得款項	Proceeds from issue of ordinary shares of a subsidiary under open offer	135,958	-
根據紅股發行發行普通股的成本	Issue cost of ordinary shares under bonus issue	(50)	-
就購回股份支付款項	Payment for share repurchases	(9,074)	-
融資活動所產生的現金淨額	Net cash generated from financing activities	1,101,914	701,032
現金及等同現金項目 增加淨額	Net increase in cash and cash equivalents	489,707	366,820
年初的現金及等同現金項目	Cash and cash equivalents at the beginning of the year	742,431	381,909
外幣匯率變動的影響	Effect of foreign exchange rate changes	(42,883)	(6,298)
年末的現金及等同現金項目	Cash and cash equivalents at the end of the year	1,189,255	742,431

隨附附註屬本綜合財務報表的一部份。

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

財務報表附註

Notes to the Financial Statements

截至2015年12月31日止年度

For the year ended 31 December 2015

1. 一般資料

世紀陽光集團控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事農業肥料業務、金屬鎂產品業務、煉鋼熔劑業務和電子產品業務。

本公司乃於2003年1月21日根據開曼群島公司法第22章(1961年法律3, 經綜合及修訂)在開曼群島註冊成立的獲豁免有限公司。本公司的股份於2004年2月17日於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市,並於2008年7月31日撤銷其於創業板的上市地位。自2008年8月1日起,本公司的股份已於聯交所主板上市。董事認為,本公司之最終控股公司為冠華國際有限公司,該公司為於英屬處女群島註冊成立之公司。

綜合財務報表均以港元(「港元」)為單位,與本公司的功能貨幣相同。除非另有說明,否則所有金額均以近千位(「千港元」)計值。

2. 應用新訂及經修訂香港財務報告準則

於本年度,本集團於本年度首次採納多項由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則修訂本,乃於2015年1月1日或之後開始之會計期間強制生效。

香港會計準則第19號(修訂本)定額福利計劃:僱員供款
香港財務報告準則2010年至2012年週期之年度改進
香港財務報告準則2011年至2013年週期之年度改進

採納上述經修訂準則及詮釋對此等財務報表並無重大財務影響。

1. General Information

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in fertiliser business, magnesium product business, metallurgical flux business and electronic product business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company's shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

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

2. Application of new and revised HKFRSs

In the current year, the Group has applied a number of amendments to HKFRSs issued by Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

Amendments to HKAS 19 Defined Benefits Plans:
Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

財務報表附註

Notes to the Financial Statements

截至2015年12月31日止年度

For the year ended 31 December 2015

各項修訂的性質及影響說明如下：

香港會計準則第19號(修訂本) 定額福利計劃：僱員供款

香港會計準則第19號(修訂本)適用於僱員或第三方向定額福利計劃供款。該等修訂簡化並非以僱員服務年資而定供款的會計處理，例如按薪金固定百分比計算的僱員供款。倘供款金額並非以服務年資而定，實體獲准將該等供款於提供相關服務期間作為服務成本確認為扣減。該等修訂對本集團並無任何重大影響。

香港財務報告準則 2010年至2012年及2011年至 2013年週期之年度改進

本集團已於本年度內首次應用香港財務報告準則2010年至2012年及2011年至2013年週期之年度改進。其中一項年度改進規定實體須披露管理層於應用香港財務報告準則第8號「營運分部」第12段所列綜合條件時所作判斷。本集團已將多個營運分部綜合為單一營運分部，並已根據有關修訂本於附註4作出規定披露。應用其他修訂本並無對於本集團綜合財務報表內所作披露或確認金額構成影響。

除上述者外，應用上述新訂及經修訂香港財務報告準則概無對目前或過往會計期間之業績及財務狀況之編製及呈列方式構成重大影響。因此，毋須就過往期間作出調整。

The nature and the impact of each amendment is described below:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

The Group has applied the amendments to HKFRSs included in the Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of HKFRS 8 Operation Segments. The Group has aggregated several operating segments into a single operating segment and made the required disclosures in Note 4 in accordance with the amendments. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

Save as described above, the application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

財務報表附註

Notes to the Financial Statements

截至2015年12月31日止年度

For the year ended 31 December 2015

此外，本公司已於報告期間內採納聯交所頒佈之聯交所證券上市規則（「上市規則」）修訂本，乃有關根據香港公司條例（第622章）披露財務資料。有關對財務報表之主要影響為對財務報表中若干資料之呈報及披露之影響。

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap.622) during the reporting period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

本集團並無提早應用下列已頒佈但未生效之新訂及經修訂準則、修訂本或詮釋。

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

香港財務報告準則第9號	財務工具 ²	HKFRS 9	Financial Instruments ²
香港財務報告準則第10號 及香港會計準則第28號 (2011年)(修訂本)	投資者與其聯營公司或 合資公司之間的資產 出售或注資 ⁴	Amendments to HKFRS 10, and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
香港財務報告準則第10號、 香港財務報告準則第12號 及香港會計準則第28號 (2011年)(修訂本)	投資實體：應用綜合入賬 的例外情況 ¹	Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
香港財務報告準則第11號 (修訂本)	收購於合資業務之權益之 會計法 ¹	Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations ¹
香港財務報告準則第14號	監管遞延賬戶 ³	HKFRS 14	Regulatory Deferral Accounts ³
香港財務報告準則第15號	來自客戶合約之收入 ²	HKFRS 15	Revenue from Contracts with Customers ²
香港會計準則第1號(修訂本)	披露措施 ¹	Amendments to HKAS 1	Disclosure Initiative ¹
香港會計準則第16號及 香港會計準則第38號 (修訂本)	澄清折舊及攤銷之可接受 方法 ¹	Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
香港會計準則第16號及 香港會計準則第41號 (修訂本)	農業：生產性植物 ¹	Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
香港會計準則第27號 (2011年)(修訂本)	獨立財務報表之權益法 ¹	Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements ¹
香港財務報告準則 2012年至2014年週期之 年度改進	多項香港財務報告準則之 修訂 ¹	Annual Improvements to HKFRSs 2012-2014 Cycle	Amendments to a number of HKFRSs ¹

¹ 於2016年1月1日或之後開始之年度期間生效

² 於2018年1月1日或之後開始之年度期間生效

³ 對於2016年1月1日或之後開始之年度財務報表首次採納香港財務報告準則之實體有效，因此不適用於本集團

⁴ 並無釐定強制生效日期，惟可提早採納

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 therefore is not applicable to the Group

⁴ No mandatory effective date is determined but is available for early adoption

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香港財務報告準則第9號金融工具

於2009年11月頒佈之香港財務報告準則第9號引入金融資產分類及計量之新規定。其後於2010年10月修訂之香港財務報告準則第9號包括對金融負債之分類及計量以及終止確認之規定，並於2013年11月修訂，以載入一般對沖會計的新規定。於2014年7月頒佈之香港財務報告準則第9號另一個經修訂版本主要加入a)有關金融資產之減值規定；及b)藉為若干簡單債務工具引入「透過其他全面收入按公平價值列賬」(「透過其他全面收入按公平價值列賬」)計量類別，對分類及計量規定作出有限修訂。

香港財務報告準則第9號之主要規定：

- 納入香港會計準則第39號金融工具：確認及計量範圍內之所有已確認金融資產，其後均被要求按攤銷成本或公平價值計量。特別是，旨在以收取合約現金流量之業務模式內所持有，且合約現金流量僅為支付本金及未償本金之利息為業務模式而持有之債項投資，一般於其後會計期間結束時按攤銷成本計量。於目的為同時收回合約現金流及出售金融資產之業務模式中持有之債務工具，以及條款令於特定日期產生之現金流純粹為支付本金及未償還本金之利息的債項工具，按透過其他全面收入一般按公平價值列賬之方式計量。所有其他債項投資及股權投資均於其後會計期間結束時按公平價值計量。此外，根據香港財務報告準則第9號，實體可以不可撤回地選擇於其他全面收益呈列股權投資（並非持作買賣用途）之其後公平價值變動，而一般僅於損益賬確認股息收入。

HKFRS 9 Financial Instruments

HKFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

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- 香港財務報告準則第9號規定，就按公平價值計入損益之金融負債之計量而言，因金融負債信貸風險有變而導致其公平價值變動之金額乃於其他全面收益內呈列，除非於其他全面收益確認該負債信貸風險變動之影響會產生或增加損益之會計錯配則作別論。因金融負債信貸風險有變而導致其公平價值變動其後不會重新分類至損益賬。根據香港會計準則第39號，指定為按公平價值計入損益之金融負債之全部公平價值變動金額均於損益賬中呈列。
- 就金融資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損；及
- 香港會計準則第39號項下新訂一般對沖會計規定保留三種目前可用的對沖會計機制類別。根據香港財務報告準則第9號，規定為合資格作對沖會計處理的各類交易提供更大的靈活性，特別是增加合資格作為對沖工具的工具類別以及合資格作對沖會計處理的非金融項目之風險成分類別。此外，成效測試已廢除，並由「經濟關係」原則取代。同時亦毋須追溯評估對沖成效。新規定同時引入增加披露有關實體風險管理活動的規定。
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

本公司董事正評估應用2014年經修訂香港財務報告準則第9號之潛在影響，於本集團作出詳盡檢討前就2014年經修訂香港財務報告準則第9號作出合理評估乃不切實際。

The directors of the Company is in the process of making an assessment of the potential impact of the application of 2014 Revised HKFRS 9 and it is not practicable to provide a reasonable estimate of the effect of 2014 Revised HKFRS 9 until the Group performs a detailed review.

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香港財務報告準則第15號來自客戶合約的收益

於2014年5月，香港財務報告準則第15號頒佈，其制定一項單一全面模式供實體用作將來自客戶合約所產生的收益入賬。於香港財務報告準則第15號生效後，將取代現時載於香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋的收益確認指引。

香港財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益的五個步驟：

- 第一步：識別與客戶訂立的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中的履約責任
- 第五步：於實體完成履約責任時（或就此）確認收益

根據香港財務報告準則第15號，實體於完成履約責任時（或就此）確認收益，例如，當特定履約責任相關的商品或服務的「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況的處理方法加入更明確的指引。此外，香港財務報告準則第15號要求更詳盡的披露。本公司董事預期，日後應用香港財務報告準則第15號可能會對本集團之綜合財務報表中所呈報金額及所作披露造成重大影響。然而，於本集團進行詳盡檢討前，就香港財務報告準則第15號之影響作合理估計乃不切實際。

HKFRS 15 Revenue from Contracts with Customers

In May 2014, 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, the 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.

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. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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香港財務報告準則第11號(修訂本)收購於合資業務之權益之會計法

香港財務報告準則第11號就構成香港財務報告準則第3號「業務合併」之合資業務收購之入賬方法提供指引。具體而言，該等修訂指出應採用香港財務報告準則第3號及其他準則(例如香港會計準則第12號所得稅有關於收購時確認遞延稅項，及香港會計準則第36號資產減值有關收購合資業務獲分派商譽之現金產生單位之減值測試)中有關業務合併會計處理方法的相關原則。只有在參與合資其中一方將一項現有業務注入合資業務時，組建合資業務方會應用相同的規定。

合資方亦須就披露香港財務報告準則第3號及其他須就業務合併準則所規定的相關資料。

有關修訂應追溯應用於2016年1月1日或之後開始之年度期間收購合資業務權益(合資業務之活動構成香港財務報告準則第3號所界定業務)。本公司董事並不預期應用有關香港財務報告準則第11號之修訂會對本集團進行有關交易之未來期間之綜合財務報表造成重大影響。

香港會計準則第1號(修訂本)披露措施

香港會計準則第1號(修訂本)就如何實際應用重大原則提供指引。

香港財務報告準則第1號於2016年1月1日或之後開始的年度期間生效。本公司董事預期應用該等香港財務報告準則第1號之修訂將不會對本集團之綜合財務報表造成重大影響。

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute business as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the Group's consolidated financial statements.

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香港會計準則第16號及香港會計準則第38號(修訂本)澄清折舊及攤銷之可接受方法

香港會計準則第16號修訂本禁止就物業、廠房及設備項目使用以收益為基礎之折舊法。香港會計準則第38號之修訂引入一項可推翻之假設，即收益並非無形資產攤銷之合適基準。此項假設僅可於以下兩種有限情況下被推翻：

- (a) 當無形資產是以收益來衡量；或
- (b) 當可證明收益與無形資產經濟利益之消耗存在高度關聯時。

有關修訂於2016年1月1日或之後開始的年度期間生效。目前，本集團分別就物業、廠房及設備以及無形資產之攤薄及攤銷使用直線法。本公司董事相信，直線法為反映有關資產之固有經濟利益消耗之最適合方法，因此，本公司董事預期，應用香港會計準則第16號及香港會計準則第38號之修訂不會對本集團之綜合財務報表造成重大影響。

香港會計準則第16號及香港會計準則第41號(修訂本)農業：生產性植物

香港會計準則第16號及香港會計準則第41號之修訂界定生產性植物並規定符合生產性植物定義之生物資產須按照香港會計準則第16號而非香港會計準則第41號入賬為物業、廠房及設備。種植生產性植物所得農產品繼續按香港會計準則第41號入賬。

由於本集團並無從事農業活動，故本公司董事預期，應用香港會計準則第16號及香港會計準則第41號之修訂不會對本集團之綜合財務報表造成重大影響。

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- (a) when the intangible asset is expressed as a measure of revenue; or
- (b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

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香港財務報告準則第10號及香港會計準則第28號(修訂本)投資者與其聯營公司或合資公司之間的資產出售或注資

香港財務報告準則第10號及香港會計準則第28號(修訂本)處理投資者與其聯營公司或合資公司之間的資產出售或注資。具體而言，有關修訂本列明失去附屬公司控制權(並無包含業務)之交易所產生收益或虧損乃以權益法入賬，並於母公司之損益賬確認，惟以與投資者於聯營公司或合資公司之權益並無關連者為限。同樣地，重新計量於任何前附屬公司(已成為使用權益法入賬之聯營公司或合資公司)保留之投資所產生損益乃按公平值於前母公司之損益賬確認，惟以與投資者在新聯營公司或合資公司之權益無關者為限。

有關修訂將追索應用於在2016年1月1日或之後開始之年度期間所進行交易。本公司董事預期，應用香港財務報告準則第10號及香港會計準則第28號之有關修訂可能會對本集團於進行有關交易之未來期間之綜合財務報表造成影響。

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)投資實體：應用綜合入賬的例外情況

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)澄清投資實體之附屬公司編製可供母公司實體閱覽之綜合財務報表的例如情況，即使投資實體根據香港財務報告準則第10號按公平值計量其附屬公司。有關修訂亦澄清投資實體須將附屬公司所提供有關前者之投資活動之服務綜合入賬之規定，僅以於其本身並非投資實體之附屬公司為限。

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

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本公司董事預期，應用香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)將不會對本集團之綜合財務報表造成重大影響，原因為本集團並非投資實體，且並無持有任何作為投資實體之控股公司、附屬公司、聯營公司或合資公司。

香港財務報告準則2012年至2014年週期之年度改進

香港財務報告準則2012年至2014年週期之年度改進包括多項香港財務報告準則之修訂，乃概述如下。

香港財務報告準則第5號(修訂本)引入香港財務報告準則第5號就實體將一項資產(或出售集團)由持作出售重新分類至可分派予擁有人(反之亦然)之具體指引。有關修訂澄清，有關變動應視為原有出售計劃之後續，因此香港財務報告準則第5號所載有關銷售計劃變動之規定並不適用。有關修訂亦澄清終止作為持作分派會計處理之指引。

香港財務報告準則第7號(修訂本)提供額外指引，澄清就有關轉讓資產之規定披露而言，服務合約是否持續涉及該項已轉讓資產。

香港會計準則第19號(修訂本)澄清用以貼現離職後福利責任之利率，應參考優質公司債券於報告期間結束時之回報率釐定。評估優質公司債券市場深度應按貨幣層面進行(即支付福利之相同貨幣)。就優質公司債券並無有深度市場的貨幣而言，則使用以該貨幣計值之政府債券於報告期間結束時之市場回報率。

本公司董事預期，應用該等修訂不會對本集團之綜合財務報表造成重大影響。

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

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3. 主要會計政策概要

於編製此等綜合財務報表時應用之主要會計政策載列如下。除非另有說明，此等政策已一致應用於所有呈列年度。

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例（「公司條例」）所規定之適用披露資料。

新香港公司條例有關賬目及董事會報告呈列及審計之條文於截至2015年12月31日止財政年度適用於本公司。此外，上市規則所載有關年度賬目之披露規定已參考新公司條例作出修訂，使之精簡與香港財務報告準則一致。因此，截至2015年12月31日止財政年度綜合財務報表內資料之呈列及披露方式已予更改，以遵守此等新規定。有關截至2014年12月31日止財政年度之比較資料已根據新規定於綜合財務報表內呈列或披露。根據前香港公司條例或上市規則在以往須予披露但根據新香港公司條例或經修訂上市規則毋須披露之資料，並無在本綜合財務報表中披露。

編製基準

除若干按公平值計量的金融工具外，誠如下文會計政策所釋，綜合財務報表已按歷史成本基準編製。歷史成本通常根據為換取資產支付的代價的公平值釐定。

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules is not disclosed in these consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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公平值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接觀察可得或使用另一種估值技術估計。估計資產或負債之公平值時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。在該等綜合財務報表中計量和／或披露的公平值均在此基礎上予以確定，惟香港財務報告準則第2號範圍內之以股份支付的交易、香港會計準則第17號範圍內之租賃交易及以及與公平值類似但並非公平值的計量（例如，香港會計準則第2號中的可變現淨值或香港會計準則第36號中的使用價值）除外。

此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及輸入數據對公平值計量之整體重要性分類為第1類、第2類及第3類，載述如下：

- 第1類輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第2類輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第1類內包括的報價除外）；及
- 第3類輸入數據是資產或負債的不可觀察輸入數據。

綜合基準

綜合財務報表包括本公司及本公司所控制的實體（包括特殊目的實體）及其附屬公司的財務報表。倘出現以下情況，則本公司已取得控制權：

- 可對投資對象行使權力；
- 因參與投資對象之業務而可獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響該等回報。

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

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倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本公司會重新評估其是否控制投資對象。

倘本公司於投資對象之投票權未能佔大多數，但只要投票權足以賦予本公司實際能力可單方面掌控投資對象之相關業務時，本集團即對投資對象擁有權力。在評估本集團於投資對象之投票權是否足以賦予其權力時，本公司考慮所有相關事實及情況，其中包括：

- 本公司持有投票權之規模相對於其他選票持有人持有投票權之規模及分散性；
- 本公司、其他選票持有人或其他人仕持有的潛在投票權；
- 其他合約安排產生之權利；及
- 於需要作出決定（包括先期股東大會上之投票模式）時表明本公司當前擁有或並無擁有指導相關活動之能力之任何額外事實及情況。

本公司於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收入及開支，按自本公司獲得控制權當日起至本公司失去附屬公司控制權當日止，計入綜合損益及其他全面收入報表內。

本公司擁有人及非控股股東權益應佔損益及其他全面收入各組成部分。即使會使非控股權益出現虧絀，一間附屬公司的全面收益及開支總額仍歸本公司擁有人及非控股股東權益所有。

如有需要，會對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司採用的會計政策一致。

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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所有本集團成員間集團內部交易有關資產及負債、權益、收益、開支及現金流已於編製綜合賬目時悉數抵銷。

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

附屬公司

附屬公司為本公司直接或間接控制之實體（包括結構性實體）。當本集團對參與投資對象業務之浮動回報承擔風險或享有權利以及能透過對投資對象之權力（即本集團獲賦予現有能以主導投資對象相關活動之既存權利）影響該等回報時，即取得控制權。

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象之權力時會考慮一切相關事實及情況，包括：

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

- (a) 與投資對象其他投票持有人之合約安排；
- (b) 其他合約安排所產生之權利；及
- (c) 本集團之投票權及潛在投票權。

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

附屬公司業績按已收取及應收取之股息列入本公司損益賬。本公司於附屬公司之投資按成本扣除任何減值列賬。

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivables. The Company's investments in subsidiaries are stated at cost less any impairment.

於聯營公司及合資公司的投資

聯營公司指本集團長期擁有合共不少於20%股本投票權且可對其行使重大影響力之企業。重大影響力指的是參與投資對象之財務及經營決策之權力，但不是控制或共同控制該等決策之權力。

Investment in Associates and Joint Ventures

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

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合資公司指一種合資安排，對安排擁有共同控制權之訂約方據此對合資公司之資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有控制，共同控制僅在有關活動要求享有控制權之訂約方作出一致同意之決定時存在。

本集團於聯營公司及合資公司之投資以權益會計法按本集團應佔資產淨值扣除任何減值虧損在綜合財務狀況表列賬。

本集團應佔聯營公司及合資公司之收購後業績及其他全面收益分別計入綜合損益及其他全面收益表。此外，倘於聯營公司或合資公司之權益直接確認出現變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合資公司交易所產生未變現收益及虧損按本集團於聯營公司或合資公司之投資對銷，惟倘未變現虧損有證據顯示所轉讓資產出現減值則除外。收購聯營公司或合資公司產生之商譽計入為本集團於聯營公司或合資公司投資之一部分。

倘於聯營公司之投資成為與合資公司之投資（反之亦然），則保留權益不會重新計量，而該項投資會繼續以權益法入賬。在所有其他情況下，於失去對聯營公司之重大影響力或對合資公司之共同控制權時，本集團按其公平值計量並確認任何保留投資。於失去重大影響力或共同控制權後之聯營公司或合資公司賬面值與保留投資公平值及出售事項所得款項之任何差異，於損益賬中確認。

當於聯營公司或合資公司之投資被分類為持作出售，則按香港財務報告準則第5號列賬。

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

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

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

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本集團於現有附屬公司之擁有權變動

本集團於附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，而作為股本交易入賬。本集團之權益及非控股權益之賬面值經調整以反映彼等於附屬公司之有關權益變動。非控股權益之面額與已付或已收代價之公平值間任何差額直接於權益中確認並歸屬於本公司擁有人所有。

當本集團失去附屬公司控制權時，出售損益按(i)已收代價的公平值及任何保留權益公平值的總額與(ii)附屬公司先前的資產(包括商譽)及負債和任何非控制權益賬面值的差額計算。倘附屬公司的若干資產按重估金額或公平值計量，且相關累計損益已於其他全面收益表確認並於權益累計，則之前於其他全面收益表確認並於權益累計的金額猶如本公司已直接出售有關資產(即重新分類至損益或直接轉撥至保留盈利)入賬。根據香港會計準則第39號「金融工具：確認及計量」，於失去控制權之日在前附屬公司保留的任何投資公平值視為首次確認公平值或(如適用)聯營公司或共同控制實體投資的首次確認成本，以供日後入賬處理。

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公平值計量，而計算方式為本集團轉撥的資產、本集團對被收購方的前擁有人產生的負債及本集團於交換被收購方的控制權所發行的股權於收購日期的公平值總和。與收購事項有關的成本於產生時在損益賬中確認。

於收購日期，已收購可識別資產及承擔負債按其公平值確認，惟下列項目除外：

- (i) 遞延稅項資產或負債及與僱員福利安排有關的負債或資產分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- (ii) 與被收購方或本集團以股份支付的交易重置被收購方以股份支付的交易有關的負債或股本工具於收購日根據香港財務報告準則第2號「以股份支付」計量；及
- (iii) 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產（或出售組合）並根據該準則計量。

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 value, except that:

- (i) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- (ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- (iii) 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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所轉撥的代價、與被收購方的任何非控股權益及收購方之前持有被收購方的股權的(如有)公平值的總和超出所收購的可識別資產及承擔的負債於收購日期的淨額的部份確認為商譽。倘(評估過後)本集團於被收購方的可識別資產淨值及承擔負債的公平值權益超出所轉撥的代價、於被收購方任何非控股權益的金額及收購方先前持有被收購方權益(如有)的公平值的總和,超出部份即時於損益賬中確認廉價購買收益。

代表擁有權權益並賦予其持有人於清盤時按比例分佔一間實體資產淨值之非控股權益初步按公平值或非控股權益按比例分佔被收購方可識別資產淨值之已確認金額計量。計量基準根據每項交易而作出。其他類型之非控股權益按其公平值或其他準則規定之其他計量基準計算。

本集團於一項業務合併轉讓的代價包括或然代價安排所產生的資產或負債,或然代價乃按收購日期之公平值計算,視為於業務合併中轉讓代價之一部份。合資格作為計量期間的調整的或然代價公平值變動乃予追溯調整,並對商譽或廉價購買收益作相應調整。計量期間的調整乃於計量期間內取得與收購日期已存在的事實及情況有關的額外資料而產生的調整。計量期間由收購日期起計不超過一年。

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 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 another measurement basis required by another standard.

When 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 being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

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就不合資格作為計量期間的調整之或然代價公平值變動，其後的會計處理方法視乎該或然代價的分類方式而定。屬於權益類別的或然代價不會於其後的報告日期重新計量，其後的結算則於權益列賬。屬於資產或負債類別的或然代價乃按照香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產（如適用）於其後的報告日期重新計量，相應的收益或虧損於損益確認。

倘業務合併分階段完成，本集團以往持有的被收購方股權乃重新計量為收購日期（即本集團取得控制權當日）的公平值，所產生的收益或虧損（如有）乃於損益確認。先前已於其他全面收益確認之收購日期前於被收購方之權益產生之數額重新分類至損益（此處理方式適用於該權益獲出售時）。

任何於收購日期前在其他全面收益確認並於權益累計的過往所持股權價值變動，於本集團取得被收購方控制權時重新分類至損益。

倘於合併產生之報告期末仍未完成業務合併之初步會計處理，本集團則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間（見上文）內作出調整，或確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

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, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, 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 fair value at the acquisition date (i.e. the date when the Group obtains control), 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.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

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 as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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收購附屬公司額外權益

當本集團增加其於本集團已控制企業之權益時，該收購所產生之商譽乃指收購額外權益之成本與本集團應佔可確定資產、負債及或然負債賬面淨值之增加的差額。收購額外權益之成本與所收購額外權益應佔可識別資產、負債及或然負債之賬面值的差額被確認為儲備變動(其他儲備)。此差額乃指自原收購日本集團於該附屬公司所增加權益應佔之差額。於出售附屬公司後，儲備會轉撥至保留盈利。

商譽

自收購業務產生之商譽指收購成本超過於收購日期本集團於相關業務之可資識別資產、負債及或然負債之公平值之權益之金額。該商譽以成本減任何累計減值虧損列賬。

就減值測試而言，收購所產生之商譽分配至預期將受惠於收購協同效益之各有關現金產生單位(「現金產生單位」)或現金產生單位組別。獲分配商譽之現金產生單位於每年及如有跡象顯示該單位可能已經減值時進行減值測試。就於財政年度因收購而產生之商譽而言，獲分配商譽之現金產生單位於該財政年度結束之前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值時，減值虧損首先分配作減低該單位獲分配之任何商譽之賬面值，其後根據該單位中各項資產賬面值之比例分配予該單位之其他資產。商譽之任何減值虧損直接於損益確認。商譽之減值虧損不會於隨後期間撥回。

Acquisition of Additional Interest in a Subsidiary

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the net carrying amount of the identifiable assets, liabilities and contingent liabilities acquired. The difference between the cost of additional interest acquired and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). The difference represents the difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained earnings.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units ("CGUs"), or groups of CGU, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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於出售相關現金產生單位時，釐定出售損益金額時計入應佔資本化商譽之金額。

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

收入確認

收入乃按已收或應收代價之公平值計算，指於一般業務過程中已售貨品之應收款項扣除折扣及銷售相關稅項。

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

貨品銷售收入於交付貨品及轉移所有權後確認。

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

來自金融資產(不包括透過損益以公平值計量的金融資產)之利息收入按未償還本金額及適用實際利率以時段比例累積計算，該利率為確實地將金融資產之預計可使用年內之估計未來現金收入貼現至該資產初始確認時之賬面淨值之貼現率。

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

來自投資(包括透過損益以公平值計量之金融資產)之股息收入於股東收取款項之權利獲確立後確認。

Dividend income from investment including financial assets at fair value through profit or loss is recognised when the shareholders' right to receive payment have been established.

租賃收入於租賃期內按直線法確認。

Rental income is recognised on a straight-line basis over the lease terms.

上述未有提及之任何其他收入，於收取或應收時確認。

Any other income not mentioned above is recognised whenever it is received or receivable.

政府撥款

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

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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物業、廠房及設備

物業、廠房及設備(包括用作生產或供應貨物或服務,或行政用途的永久業權土地及樓宇,在建工程除外)按成本減其後累計折舊及累計減值虧損列賬。

永久業權土地不計算折舊。折舊乃按物業、廠房及設備(在建工程及永久業權土地除外)之估計可使用年期以直線法(經考慮其估計殘值)將其成本撇銷。

在建工程包括建造以供生產或本身運用的物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。當在建工程完成及可供擬定用途,則撥入物業、廠房及設備的適當分類。此等資產以其他物業資產的相同基準,當資產可供擬定用途時開始計算折舊。

物業、廠房及設備於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於項目取消確認的期間內計入期內損益。

投資物業

投資物業指持作賺取租金及/或資本增值的物業。於初始確認時,投資物業以成本計算。成本包括任何關連的直接開支。於初始確認後,投資物業以成本扣除往後累積折舊及任何累積減值虧損列出。投資物業的折舊經計及其估計剩餘價值後採用直線法於租賃期中將成本撇銷。

Property, Plant and Equipment

Property, plant and equipment, including freehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line methods.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease term and after taking into account of their estimated residual value, using the straight-line method.

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投資物業於出售或當投資物業永久不再使用時或預期不會藉其出售而產生未來經濟效益時，則終止確認。終止確認該資產所產生的任何損益（按出售所得款項淨額與資產賬面值的差額計算）會在該項目終止確認的期間計入期內損益。

土地使用權

為獲得土地使用權支付的款項被視為預付經營租賃款項。土地使用權按成本減累積攤銷及任何累計減值虧損後列賬，而攤銷以直線法按權利的期限或各實體獲授予土地使用權的期限（以較短者為準）於損益中扣除。

就租賃分類而言，租賃土地及樓宇中土地及樓宇部份乃分開計算，除非租金支出無法可靠地在土地及樓宇部份之間作出分配，則在此情況下，整份租賃一般作為財務租賃處理及作為物業、廠房及設備入賬。倘能可靠地分配租金，則土地的租賃權益作為經營租賃入賬，並按直線法於租賃期內攤銷。

租賃

如租賃條款將主權絕大部份風險及收益轉嫁給承租人，則該等租賃被視為財務租賃。所有其他租賃則被視為經營租賃。

本集團作為出租人

經營租賃的租金收入乃按有關租賃年期以直線法在損益確認。

本集團作為承租人

經營租賃款項按直線法於相關租賃期確認為開支。作為訂立經營租賃獎勵的已收及應收利益則會按租賃年期以直線法確認為扣減租金支出。

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land Use Rights

Payment for obtaining land use rights is considered as prepaid operating lease payment. Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses, amortisation is charged to profit or loss over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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無形資產

於業務合併中收購的無形資產

在業務合併中收購的無形資產，若符合無形資產的定義，而公平值能可靠地計量，則須與商譽分開識別及確認。有關無形資產的成本確認為其於收購日期的公平值。

於首次確認後，具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產以直線法按其估計可使用年期計提攤銷。或者，擁有無限使用年期的資產可按成本減任何其後累計減值虧損列賬。

技術知識

購入技術知識的開支撥作資本，並按自技術知識可使用日期起計分五年估計可使用年期以直線法攤銷。

研究及開發開支

研究活動開支於產生期間確認為費用。

由發展項目（或由一項在發展階段期間的內部項目）內部所產生的無形資產，只會在以下全部已被證明的情況下方會予以確認：

- 具可行性技術以完成無形資產並使其將可供使用或出售；
- 有意向完成及使用或出售之無形資產；
- 具能力可使用或出售之無形資產；
- 無形資產如何產生可能的將來經濟利益；

Intangible Assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Technical Know-how

Expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 5 years, from the date when the technical know-how is available for use.

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

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- 有足夠之技術、財政及其他資源可完成發展項目並使用或出售之無形資產；及
- 有能力確實地計量無形資產在其發展階段時所應佔的費用。

就內部產生的無形資產初始確認的金額為由無形資產首次符合上述確認要求的日期起所涉的開支總額。倘並無內部產生的無形資產可予確認，開發開支則會於產生期間的損益賬內扣除。

於初始確認後，內部產生的無形資產乃按與獨立購買的無形資產相同的基準，以成本扣除累計攤銷及累計減值虧損（如有）計算。

終止確認無形資產

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

採礦權

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

外幣

編製本集團旗下各個別實體的財務報表時，以該實體的功能貨幣以外貨幣（外幣）進行的交易按交易日期的匯率以其功能貨幣（即該實體經營業務所在主要經濟環境的貨幣）列賬。於各報告期末，以外幣結算的貨幣項目按該日的匯率重新換算。以外幣計值

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during the development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Derecognition of Intangible Assets

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

Mining Rights

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

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing

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並以公平值列賬之非現金項目於公平值獲釐定當日按當前比率重新換算。按過往成本以外幣結算的非貨幣項目不會重新換算。

結算貨幣項目及換算貨幣項目時產生的匯兌差額於產生期間在損益確認。重新換算非貨幣項目產生的匯兌差額按公平值納入有關期間的損益內。

就綜合財務報表呈報方式而言，本集團海外業務的資產及負債按報告期末的匯率換算為本集團的呈報貨幣（即港元），而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在此情況下，則採用交易日期的匯率換算。所產生匯兌差額（如有）於其他全面收益確認並於（如適用，按非控股權益應佔之）股本（匯兌儲備）累計。

於出售海外業務（即出售本集團於海外業務的全部權益或涉及失去對一家從事海外業務的附屬公司的控制權的出售、涉及失去對一家從事海外業務的共同控制實體的共同控制權的出售、或失去對一家從事海外業務的聯營企業的重大影響力的出售）時，就本公司擁有人應佔該業務之權益而累計之所有匯兌差額重新分類至損益。

因2005年1月1日或之後收購海外業務而產生之所購入可識別資產之商譽及公平值調整已按作為該海外業務的資產及負債處理，並按報告期末匯率重新換算，所產生的匯兌差額於其他全面收益中確認並在權益中累計。

at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of nonmonetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

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借貸成本

直接歸屬於收購、建築或生產合資格資產的借貸成本，而該等資產需要較長時間才能準備好供擬定用途使用或銷售，則該借貸成本則加入該等資產的成本，直至該等資產大致可供擬定用途使用或銷售。

所有其他借貸成本於產生之期內在損益確認。

退休福利費用

退休金計劃

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Pension schemes

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

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

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

向界定供款退休金計劃的供款於僱員提供服務後而符合領取有關供款的資格時列作支出扣除。

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並一般於購入後三個月內到期，且價值變動風險微不足道之短期及高度流通投資，另扣除須按要求償還及構成本集團現金管理一部份之銀行透支。

股份付款交易

授予僱員的購股權

就須待達成指定歸屬條件的購股權的授出而言，參照授出當日已授出購股權的公平值而釐定已收取服務的公平值，於歸屬期間按直線法支銷，而股本（僱員報酬儲備）則相應增加。

於報告期末，本集團修訂預期最終歸屬的購股權估計數目。倘原先估計數目有所修訂（如有），則於歸屬期間修訂估計的影響在損益確認，並於僱員報酬儲備中作相應的調整。

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

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Cash and Cash Equivalents

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

Share-based Payment Transactions

Share Options Granted to Employees

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

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

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就授出日期已即時歸屬的購股權而言，已授出購股權的公平值隨即於損益支銷。

購股權獲行使時，先前於僱員報酬儲備中確認之數額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日仍未獲行使，先前於僱員報酬儲備中確認之數額將轉撥至保留盈利。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

當期應付的稅項乃按本年度的應課稅溢利計算。由於應課稅溢利不包括於其他年度應課稅或可扣稅的收入或開支，亦不包括毋須課稅或不可扣稅的項目，故此應課稅溢利與綜合損益及其他全面收益表所載溢利並不相同。本集團的當期稅務負債乃按於報告期末已生效或實質上已生效的稅率計算。

遞延稅項為就財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的所有可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中初始確認(業務合併除外)的其他資產及負債所產生，則不會確認該等資產及負債。

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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由附屬公司的投資所產生的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的撥回而暫時差額於可見將來應不會撥回的情況除外。遞延稅項資產只會就因該等有關投資及利息所產生之可扣減的暫時差額，在有足夠的應課稅溢利可能出現以致暫時差額的利益被利用，且預期在可見未來將可被撥回時確認。

於各報告期末均審閱遞延稅項資產之賬面值，並在沒可能有足夠應課稅盈利收回全部或部份資產時作調減。

遞延稅項負債及資產乃按預期於負債獲償還或資產獲變現期間適用的稅率（以報告期末已生效或實質上已生效的稅率（及稅法）為基準）計算。遞延稅項負債及資產的計量反映本集團於報告期末，預期將要收回或償還其資產及負債的賬面值的稅務後果。即期及遞延稅項於損益中被確認，惟倘有關之事項在其他全面收益或直接在權益中被確認之情況下，遞延稅項亦會於其他全面收益或直接於權益中各自地被確認。

存貨

存貨按成本與可變現淨值兩者的較低者列賬。電子產品的成本以先進先出法計算；如為在製品及製成品，成本包括直接物業、直接勞工及適當部份的間接開支，至於其他存貨，成本以加權平均法計算。可變現淨值指存貨之估計售價減完成之所有估計成本以及出售所需之成本。

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out basis for electronic product and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost is calculated using the weighted average method for the other inventories. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make sale.

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金融工具

當集團個體成為工具合約條款的一方時，會確認金融資產及金融負債。

金融資產和金融負債在初始確認時會以公平值進行計量。直接歸屬於購置或發行金融資產和金融負債（按公平值計入損益的金融資產及金融負債除外）的交易費用在初始確認時計入或扣自各金融資產或金融負債（視何者適用而定）的公平值。直接歸屬於購置按公平值計入損益的金融資產或金融負債的交易費用立即在損益賬中確認。

金融資產

金融資產分為以下類別，包括按公平值計入損益的金融資產、貸款及應收款項、持至到期投資及可供出售金融資產。分類視乎金融資產的性質及目的，並於初次確認時釐訂。所有一般性購買或銷售金融資產按交易日期基準確認及取消確認。一般性購買或銷售為按於市場規定或慣例確立的時間期限內交付資產的金融資產的購買或銷售。

實際利息法

實際利息法乃計算債務工具的攤銷成本以及分配相關期間的利息收入的方法。實際利率乃於初始確認時按債務工具的預計年期或適用的較短期間內準確貼現估計未來收取的現金（包括構成實際利率一部份的所有已付或已收的費用、交易成本及其他溢價或折讓）至賬面淨值的利率。

就債務工具而言，利息收入按實際利息基準確認。

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sales financial assets. The classification depends on the nature and purpose of financial assets and is determined at time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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按公平值計入損益（「按公平值計入損益」）的金融資產

按公平值計入損益的金融資產指持作買賣投資。

金融資產會被歸類為持作買賣，倘：

- 購入主要為於不久將來銷售；或
- 構成本集團合併管理的金融工具的確定組合的一部份及具有最近實際短期獲利模式；或
- 金融資產為未被指定的衍生工具及可有效作為對沖工具。

按公平值計入損益的金融資產將按公平值計量，而重新計量產生之公平值之變動將在其產生期間直接在損益確認。於損益確認之收益或虧損淨額包括金融資產賺取之任何股息或利息。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，且並無在活躍市場計算報價。於初始確認後，貸款及應收款項（包括貿易及其他應收款項、銀行存款、現金及等同現金項目、應收附屬公司款項及應收一間合資公司款項）採用實際利息法計算其攤銷成本，減任何已識別減值虧損列賬（見下文金融資產減值的會計政策）。

利息收入按實際利率確認，惟終止確認之影響微不足道的短期應收款項則除外。

Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

Financial assets at FVTPL represent investments held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits with banks, cash and cash equivalents, amounts due from subsidiaries and amount due from a joint venture) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discontinuing is immaterial.

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持作到期投資

持作到期投資包括有固定或可確定付款金額及有固定期限而本集團有明確意向和能力持至到期日的非衍生金融資產。於初始確認後，持作到期投資按實際利率法減任何可識別減值虧損後以攤銷成本計值（見下文金融資產減值之會計政策）。

可供出售金融資產

可供出售金融資產為非衍生工具，其為指定可供出售或不獲分類為按公平值計入損益的金融資產、貸款及應收款項或持作到期之投資。

於各報告期末，可供出售金融資產乃按公平值計量。公平值變動於其他全面收益確認，並於重估儲備項下累計，直至金融資產投資獲出售或釐定已減值為止，屆時先於重估儲備累計盈虧會重新分類至損益。

就並無活躍市場報價及公平值不能可靠計量之可供出售股本投資以及與投資無報價股本掛且必須以交付該無報價股本投資結付之衍生工具而言，於報告期末乃以成本減已識別減值虧損計量。

金融資產的減值

金融資產（不包括按公平值計入損益的金融資產）於各報告期末以減值指標予以評估。當有客觀證據顯示，於金融資產首次確認後發生一項或以上事件，影響其估計未來現金流量，則金融資產出現減值。

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

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至於本集團所有金融資產，減值的客觀證據可能包括：

- 發行人或對手方出現重大財務困難；或
- 違反合約，如利息或本金付款失責或拖欠；或
- 借款人可能面臨破產或進行財務重組。
- 因財政困難而導致金融資產失去活躍市場。

對於若干類別的金融資產，例如貿易應收款項，個別獲評估為並無減值的資產其後共同就減值進行評估。一組應收款項減值的客觀證據可能包括本集團過往收回款項及延遲還款數目增加的經驗及與拖欠貿易應收款項相關的國家或當地經濟狀況出現可觀察變動。

按攤銷成本列賬的金融資產，其減值虧損金額為資產賬面值與按金融資產的原實際利率折現估計未來現金流量後的現值兩者的差額。

就按成本計值的金融資產而言，減值虧損的金額以資產的賬面值與估計未來現金流量的現值（以類似金融資產的當前市場回報率折現）之間的差額計量。該等減值虧損不會於其後期間撥回。

金融資產的賬面值按所有金融資產直接蒙受的減值虧損減少，惟貿易應收款項則透過使用撥備賬削減賬面值。撥備賬賬面值的變動於損益確認。當貿易應收款項視為不可收回時，則與撥備賬撇銷。其後收回以往撇銷的款項記入損益。撥備賬的賬面值變動於損益確認。

For all of the Group's financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of 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 current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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對於按攤銷成本計量的金融資產，倘減值虧損的款項於其後期間減少，而減幅能客觀證明與確認減值虧損後所發生的事件有關，則以往確認的減值虧損透過損益撥回，惟減值撥回當日的資產賬面值不得超過如無確認減值時的原攤銷成本。

在分類為可供出售的股權投資的情況下，客觀證據包括投資公平值大幅或長期跌至低於成本。「大幅」會因應投資原成本評估，而「長期」會考慮公平值低於其原成本的時間。如果存在減值證據，累積虧損（按收購成本與當時公平值兩者之間的差額，減投資先前在損益內確認的減值虧損計量）會從其他全面收益轉出，並在損益內確認。分類為可供出售股權工具之減值虧損，不會在損益中撥回。其公平值如果在減值後增加，會直接在其他全面收益中確認。

金融負債及股本

集團實體發行的金融負債及股本工具根據所訂立合約安排的性質以及金融負債及股本工具的定義進行分類。

其他金融負債

本集團之金融負債一般分類為其他金融負債（包括貿易及其他應付款項以及借貸），並其後採用實際利息法按攤銷成本計量。

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial Liabilities and Equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Other Financial Liabilities

The Group's financial liabilities are generally classified into other financial liabilities, including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

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實際利息法

實際利息法乃計算金融負債的攤銷成本以及分配相關期間的利息開支的方法。實際利率乃按金融負債的預計年期或適用的較短期間內準確貼現估計未來的現金付款(包括構成實際利率一部份之已付或已收所有費用、交易成本以及其他溢價或折扣)至初始確認時之賬面淨值的利率。

利息開支按實際利息基準確認。

股本工具

股本工具為證明於本集團資產的剩餘權益(經扣除其所有負債)的任何合約。本公司發行之股本工具按已收所得款項列賬，扣除直接發行成本。

本公司購回本身的股本工具於權益中直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

可換股債券

本公司發行之複合工具(可轉換票據)之組成部份乃根據合約安排之實際性質以及金融負債、股本工具及衍生金融工具之定義而獨立歸類為金融負債、股本及衍生工具。以定額現金或另一金融資產交換本公司本身定額數目之股本工具之方式結算之轉換權為股本工具。

於發行日期，負債部份之公平值乃採用有關同類非可轉換工具通行之市場利率作出估算。該金額乃按實際利息法以攤銷成本確認為負債，直至於轉換時或工具到期日被註銷為止。

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that from an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity Instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertible Bonds

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

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

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分類為股本的轉換權乃透過從整體複合工具之公平值中扣減負債部份金額而釐定。其將於扣除所得稅影響後在股本中確認及入賬，且隨後不可重新計量。此外，分類為股本之轉換權將一直保留於股本內，直至轉換權獲行使為止，在該情況下，在股本中確認之結餘將轉撥至股份溢價。倘轉換權於可轉換票據到期日仍未獲行使，在股本中確認之結餘將轉撥至保留盈利。在轉換權獲轉換或到期時，不會在損益確認任何收益或虧損。

與發行可轉換票據相關之交易成本乃按分配所得款項總額之比例分配至負債及股本部份。與股本部份相關之交易成本乃直接於損益扣除。與負債部份相關之交易成本乃計入負債部份之賬面值，並按可轉換票據之期限採用實際利率法攤銷。

財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的條款如期付款時，發行人須向持有人支付指定金額以補償其所遭受虧損的合約。

本集團所發行的財務擔保合約初步按公平值計量，倘並無指定為按公平值計入損益處理，則隨後按以下較高者計量：

- 根據香港會計準則第37號撥備、或然負債及或然資產所釐定之合約責任金額；及
- 初始確認的金額扣除（倘適用）按收入確認政策確認的累計攤銷。

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

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

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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終止確認

當自資產收取資產現金流量的合約權利屆滿，或金融資產已轉讓且本集團已將其於金融資產擁有權的絕大部份風險及回報轉移至另一實體，則會終止確認金融資產。倘本集團並無轉讓或保留其於擁有權的絕大部份風險及回報，並繼續控制已轉讓資產，則本集團會確認其於資產的保留權益以及其或須支付款項的相關負債。倘本集團保留其於已轉讓金融資產擁有權的絕大部份風險及回報，則本集團會繼續確認金融資產及以已收取之所得款項確認為有抵押貸款。

於全面取消確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收入確認並於權益累計之累計損益之總和之差額，將於損益中確認。

除全面取消確認外，於取消確認金融資產時，（即本集團保留購回部份已轉讓資產之選擇權或保留不會導致保留擁有權絕大部份風險及回報之餘下權益，及本集團保留控制權），本集團會將金融資產之過往賬面值，按於轉讓日期之相對公平值於其確認為繼續參與之部份及不再確認之部份兩者間作出分配，而分配至不再確認部份之賬面值與就不再確認部份所收代價及已於其他全面收入確認之所獲分配任何累計收益或虧損之總和間差額，乃於損益內確認。已於其他全面收入確認之累計收益或虧損，將按繼續確認之部份及不再確認之部份之相對公平值在兩者間作出分配。

當有關合約所訂明的責任獲解除、註銷或屆滿時，金融負債會被終止確認。被終止確認的金融負債的賬面值與已付或應付代價間差額會於損益確認。

Derecognition

The Group derecognises a financial asset when the contractual rights to receive cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specific in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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商譽以外之有形及無形資產減值虧損

於各報告期末，本集團均會審閱其有形資產及無形資產之賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如出現任何該等跡象，則會估計資產之可收回金額，以釐定減值虧損(如有)之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。在可得出合理一貫分配基準之情況下，公司資產亦分配至個別現金產生單位，否則將分配至可得出合理一貫分配基準之最小現金產生單位組別。

具有無限可使用年期之無形資產及尚不可供使用之無形資產至少每年及於出現可能減值之跡象時進行減值測試。

可收回金額為公平值減去出售成本後與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃使用稅前折現率折現至其現值，折現率反映目前資金時間值之市場估量及並未調整其估計未來現金流量之資產相關特定風險。

倘資產(或現金產生單位)之可收回金額估計將低於其賬面值，則資產(或現金產生單位)之賬面值減至其可收回金額。減值虧損即時於損益確認。

倘某項減值虧損其後撥回，則該項資產的賬面值須增至其可收回金額的經修訂估計數額，惟增加後的賬面值不得超過以往年度資產並無確認減值虧損而釐定的賬面值。撥回減值虧損將即時在損益中確認。

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

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撥備

當本集團因過往事件而須承擔現時之法定或推定責任，並且履行該責任可能要求資源流出及有關責任之金額能可靠估計時，即會確認撥備。

倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於報告期末之現值。隨時間流逝而產生的貼現現值增加將計損益的融資成本內。

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

關連人士交易

在下列情況下，有關人士將被視為與本集團有關連：

- (1) 倘屬以下人士，即該人士或該人士之直系親屬與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (2) 倘符合下列任何條件，即實體與本集團有關連：
 - (i) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
 - (ii) 一間實體為另一實體的聯營公司或合資公司(或另一實體為成員公司之集團旗下成員公司之聯營公司或合資公司)。

Provision

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

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

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

Related Parties Transactions

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

- (1) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (2) 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).

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| <p>(iii) 兩間實體均為同一第三方的合資公司。</p> <p>(iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司。</p> <p>(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的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關連。</p> <p>(vi) 實體受(1)所識別人士控制或受共同控制。</p> <p>(vii) 於(1)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員；及</p> <p>(viii) 該實體或該實體所屬集團之任何成員公司為本集團或本集團之母公司提供主要管理人員服務。</p> <p>一名人士的家族的密切成員指可能影響該名人士或被該名人士影響的家族成員，從而影響該名人士或其家族的密切成員與實體的交易，包括：</p> <p>(a) 該名人士的子女、配偶或同居者；</p> <p>(b) 該名人士或其配偶或其同居者的子女；及</p> <p>(c) 該名人士或其配偶或其同居者的家屬。</p> | <p>(iii) Both entities are joint ventures of the same third party.</p> <p>(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.</p> <p>(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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.</p> <p>(vi) The entity is controlled or jointly controlled by a person identified in (1).</p> <p>(vii) A person identified in (1) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and</p> <p>(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.</p> <p>Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:</p> <p>(a) that person's children and spouse or domestic partner;</p> <p>(b) children of that person's spouse or domestic partner; and</p> <p>(c) dependants of that person or that person's spouse or domestic partner.</p> |
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關連人士之間轉讓資源或責任的交易，乃視為關連人士交易。

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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分部報告

經營分部及綜合財務資料所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團多數最高行政管理層提供的財務報表中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部份條件，則可以合計為一個報告分部。

4. 關鍵會計判斷及估計不明朗因素的主要來源

於應用於附註3所述之本集團之會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。所作出之估計及相關假設乃以過往經驗及其他被視為相關之因素為基準。實際業績可能與該等估計有異。

估計及相關假設乃以持續基準被審閱。倘對會計估計之修訂僅影響進行修訂之期間，則於該期間確認，或倘修訂會影響目前及未來期間，則會於目前及未來期間確認。

估計不明朗因素的主要來源

以下為於報告期末極可能導致本集團資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不明朗因素的其他主要來源。

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 most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or 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.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

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

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(a) 投資物業、採礦權、物業、廠房及設備和無形資產按成本列賬的可供出售金融資產的減值的估計

根據附註3所述的會計政策，倘任何事件或情況改變顯示資產的賬面值不能收回，則本集團會評估投資物業、採礦權、物業、廠房及設備、無形資產及按成本列賬的可供出售投資有否出現減值。現金產生單位的可收回金額指資產之公平值減銷售成本或其可使用價值（以較高者為準）。公平值減銷售成本或其可使用價值之計算方法需要作出估計。於本年度，本集團並無就投資物業、採礦權、物業、廠房及設備以及按成本列賬的可供出售投資計提減值撥備，並就無形資產計提減值撥備約600,000港元（2014年：零港元）。

(b) 投資物業、物業、廠房及設備、無形資產和採礦權的可使用年期的估計

本集團的管理層為其投資物業、採礦權、廠房及設備及無形資產釐定估計可使用年期及相關折舊／攤銷費用。此估計以相似性質及功能的投資物業、物業、廠房及設備及無形資產過往經驗的實際可使用年期及獨立技術顧問所釐定的礦產資源為基準，其可因科技創新及競爭者對市況作出反應而有很大差距。倘可使用年期較之前估計年期短，管理層將提高折舊／攤銷費用，或註銷或撇銷已棄置或出售的技術上過時或非策略性的資產。

(a) Estimated Impairment of Investment Properties, Mining Rights, Property, Plant and Equipment, Intangible Assets and Available-for-sale Financial Assets Carried at Cost

The Group evaluates whether investment properties, mining rights, property, plant and equipment, intangible assets and available-for-sale investment carried at cost have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of CGUs represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. During the year, the Group did not provide any impairment for investment properties, mining rights, property, plant and equipment and available-for-sale investments carried at cost and provided approximately of HK\$600,000 for intangible assets (2014: HK\$Nil).

(b) Estimated Useful Lives of Investment Properties, Property, Plant and Equipment, Intangible Assets and Mining Rights

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

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For the year ended 31 December 2015

本集團於截至2015年及2014年12月31日止年度內並無更改投資物業、物業、廠房及設備、無形資產以及採礦權之估計可使用年期。

During the years ended 31 December 2015 and 2014, the Group did not change the estimated useful lives of investment properties, property, plant and equipment, intangible assets and mining rights.

(c) 估計存貨減值

本集團管理層於各報告期末按逐項貨品基準審閱存貨清單。管理層主要根據最近的發票價格及目前市況估計有關項目的可變現淨值。於本年度，本集團就存貨計提減值撥備約2,374,000港元（2014年：零港元）。

(c) *Estimated Impairment of Inventories*

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. During the year, the Group has provided approximately of HK\$2,374,000 for impairment of inventories (2014: HK\$Nil).

(d) 所得稅

本集團於多個司法權區均須繳納所得稅。若干交易及計算方法存在不明朗之最終稅項決定。本集團以額外稅項會否到期之估計就預期稅項事宜確認負債。倘該等事宜之最終稅務結果有別於首次記錄之金額，有關差額將於作出決定之期間影響當期及遞延稅項撥備。

(d) *Income Tax*

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

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(e) 貿易及其他應收款項之減值

貿易及其他應收款項之減值乃根據持續評估未收回應收款項之估計可收回程度及賬齡分析，以及按管理層判斷釐定。本集團之收款不時會出現延誤。當貿易及其他應收款項之可收回性存疑而導致對其償付能力有所減損時，則需要進行撥備。若干應收款項可能會於最初時被確認為可收回，但其後可能無法收回及導致其後於綜合損益及其他全面收益表中將有關應收款項撇銷。倘未能為可收回性出現變化之貿易及其他應收款項作出撥備，則可能會對本集團之營運業績構成影響。於本年度，本集團就貿易及其他應收款項計提減值撥備約206,000港元（2014年：零港元）。

(f) 商譽減值

本集團最少每年一次釐定商譽是否出現減值，須估計商譽獲分配之現金產生單位之使用價值。估計使用價值要求本集團對現金產生單位之預期未來現金流量作出估計，亦須選擇合適之貼現率以計算該等現金流量之現值。所採用之估計未來現金流量及／或貼現率變動將引致對以往作出之估計減值撥備進行調整。

於2015年12月31日的商譽賬面值為197,144,000港元，而年內並無確認商譽減值虧損。

(e) Impairment of Trade and Other Receivables

The impairment of trade and other receivables are based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgment. From time to time, the Group may experience delays in collection. Where recoverability of trade and other receivables are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivables to the consolidated statement of profit or loss and other comprehensive income. Changes in the collectability of trade and other receivables for which provisions are not made could affect our results of operations. During the year, the Group has provided approximately of HK\$206,000 for impairment on trade and other receivables (2014: HK\$Nil).

(f) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

The carrying amount of goodwill as at 31 December 2015 was HK\$ 197,144,000 and no impairment loss for goodwill was recognised during the year.

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(g) 保證撥備

本集團就若干產品提供一至兩年保證，並對性能未如理想者予以維修及替換。釐定保證開支時需要大量判斷。本集團按過去24個月內所出售產品而產生之實際維修及替換成本估計保證開支。倘所產生保證開支與實際撥備不同，差額可能會對產生額外保證開支期間之損益造成影響。於本年度，本集團已就產品保證計提撥備約249,000港元（2014年：零港元）。

(h) 開發成本

開發成本乃根據財務報表附註3研究及開發開支之會計政策撥充資本。於釐定將撥充資本之金額時，管理層需要作出與資產預期未來產生之現金、將應用之貼現率及預期利益期間相關之假設。

(g) Warranty provision

The Group gives warranties of one to two years on certain products and undertakes to repair or replace items that fail to perform satisfactorily. Significant judgement is required when determining the warranty expenses. The Group estimates the warranty expenses based on the actual repair and item replacement costs incurred for the products sold in the last 24 months. Where the warranty expenses incurred are different from the original provision, the difference would impact on profit or loss in the period in which the additional warranty expenses are incurred. During the year, the Group had provided approximately HK\$ 249,000 for product warranty provision (2014 HK\$ Nil).

(h) Development costs

Development costs are capitalised in accordance with the accounting policy for research and development expenditure in Note 3 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

5. 金融工具**(a) 金融工具類別****5. Financial instruments****(a) Categories of Financial Instruments**

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
金融資產	Financial assets		
貸款及應收款項(包括 銀行存款以及現金 及等同現金項目)	Loans and receivables (including deposits with banks and cash and cash equivalents)	1,970,042	1,181,942
可供出售投資	Available-for-sale investment	127,260	30,391
衍生金融資產	Derivative financial assets	7	243
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	38,726	9,900
		2,136,035	1,222,476
金融負債	Financial liabilities		
攤銷成本	Amortised cost	1,826,496	1,156,391
		1,826,496	1,156,391

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(b) 財務風險管理目標及政策

本集團的主要金融工具包括持作買賣投資、可供出售投資、貿易及其他應收款項、應收合資公司款項、銀行存款、現金及等同現金項目、貿易及其他應付款項、借貸及可換股債券。金融工具詳情於個別附註披露。與該等金融工具有關的風險包括外匯風險、利率風險、其他價格風險、信貸風險及流動資金風險。以下載列如何緩和該等風險的政策。本集團的整體風險管理計劃著重於不可預測的金融市場和尋求最大程度地降低本集團財務表現所遭受的潛在不利風險。

(i) 外匯風險

鑑於本集團大部份業務交易、資產及負債主要以各附屬公司的功能貨幣計值，故此所承受的外匯風險微不足道。本集團目前並無就外幣交易、資產及負債訂立外匯對沖政策。本集團將密切監測其外匯風險，並在需要時考慮對沖重大外幣風險。

(ii) 利率風險

本集團須面對有關銀行存款及借貸之公平值利率風險(詳情分別參閱附註30及32)。

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include investments held for trading, available-for-sale investments, trade and other receivables, amount due from a joint ventures, deposits with banks, cash and cash equivalents, trade and other payables, borrowings and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign Exchange Risk

The Group has minimal exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency hedging significant foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to deposits with banks and borrowings (see Notes 30 and 32 respectively for details).

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敏感度分析

倘若於2015年12月31日之銀行存款及現金及等同現金項目及借貸利率較實際利率上升／下降10個基點（年利率0.1%）（2014年：10個基點），本集團的年度溢利將因銀行存款及借貸的公平值上升／下降而增加／減少約257,000港元（2014年：233,000港元）。

由於管理層認為本集團面臨的上述公平值利率風險並非重大，因此於年內管理層並無採取息率掉期或其他對沖措施。

本集團亦須面對有關按當前市場比率計值之銀行結餘之現金流利率風險。然而，由於銀行結餘全部均為短期性質，因此本集團面對之風險屬輕微。

(iii) 其他價格風險

本集團透過其於上市股本證券及非上市投資基金之投資承受股本價格風險。管理層透過維持不同風險投資組合以管理此風險。本集團其他價格風險主要集中於在中國上市之股本工具及金融機構報價之基金投資。

敏感度分析

以下敏感度分析根據報告日須面對之股本價格風險釐定。

Sensitivity Analysis

If interest rates on deposits with banks and cash and cash equivalents and borrowings as at 31 December 2015 had been 10 basis points (0.1% per annum) (2014: 10 basis points) higher/lower than the actual effective interest rate, the Group's profit for the year would have been approximately HK\$257,000 (2014: HK\$233,000) higher/lower as a result of a increase/decrease in fair value of deposits with banks and borrowings.

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest-rate swaps or other hedging activities are undertaken by management during the year.

The Group is also exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

(iii) Other Price Risk

The Group is exposed to equity price risk through its investments in listed equity securities and unlisted investments in funds. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's other price risk is mainly concentrated on equity instruments listed in the PRC and on fund investment quoted by the financial institutions.

Sensitivity Analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

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倘各工具之價格上升／下降10%（2014年：10%），本集團之年度溢利將增加／減少約3,873,000港元（2014年：999,000港元），反映持作買賣投資之公平值之變動。

倘各自股本工具之價格上升／下降10%（2014年：10%），本集團之其他全面收入總額將增加／減少約11,996,000港元（2014年：3,039,000港元），反映可供出售投資之公平值變動。

(iv) 信貸風險

茲因交易對方未能履行於報告期末就各類已確認金融資產的責任，本集團須承受的最高信貸風險為於綜合財務狀況表列賬之該等資產的賬面值。

本集團僅與認可及信貸記錄良好的第三方進行交易。本集團的政策是所有欲以信貸期作交易的客戶須參與信貸驗證程序。此外，本集團會持續監察應收結餘。

就本集團其他金融資產（包括現金及等同現金項目）所產生之信貸風險而言，本集團因對方拖欠還款而須面對的信貸風險有限，此乃由於對方擁有良好信貸評級，而本集團預期不會因該等實體的未分配墊款／按金而引起重大損失。

If the prices of the respective equity instruments has been 10% (2014: 10%) higher/lower, the Group's profit for the year would increase/decrease by approximately HK\$3,873,000 (2014: HK\$990,000) as a result of the changes in fair value of investments held for trading.

If the prices of respective instruments has been 10% (2014: 10%) higher/lower, the Group's other comprehensive income would increase/decrease by approximately HK\$11,996,000 (2014: HK\$3,039,000) as a result of the changes in fair value of available-for-sale investment.

(iv) Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group which comprise cash and cash equivalents, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good credit standing and the Group does not expect to incur significant loss for unallocated advances/deposits from these entities.

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本集團並無高度集中的信貸風險。本集團訂有既定政策確保向具有良好信貸記錄的客戶銷售產品。本集團的銀行存款及存放於金融機構之存款均存放於無重大信貸風險的優質金融機構。

由於有關金融機構並無拖欠付款記錄，故董事認為本集團存放於銀行及金融機構的存款不會存在重大信貸風險。

(v) 流動資金風險

本集團奉行審慎的流動資金風險管理，即意味著維持足夠現金及有價證券、透過款額充裕的信貸融資以維持可供動用資金，以及結算市場頭寸的能力。本集團致力保持可供動用的足夠信貸額度，藉以維持資金供應的靈活性。

下表顯示本集團將以淨額基準結算的金融負債，此乃按照相關的到期組別，根據由報告期末至合約到期日的剩餘時間進行分析。表內所披露的金額為合約性未折現的現金流量。由於折現的影響並不重大，因此在此12個月內到期的結餘確認相等於其賬面值。

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Group's deposits with bank and deposits placed with financial institutions are placed in high quality financial institutions without significant exposure to credit risk.

The directors consider that there is no significant credit risk in respect of the Group's deposits with banks and deposits placed with financial institutions as the financial institutions have no record of default payment.

(v) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping adequate facilities available.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months upon recognition equal their carrying balances, as the impact of discounting is not significant.

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2015年

2015

		未貼現現金流 Undiscounted cashflow				
		加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項	Trade and other payables	-	322,289	-	322,289	322,289
借貸	Borrowings	5.57	224,816	1,268,403	1,493,219	1,305,872
可換股債券	Convertible bonds	15.72	202,285	-	202,285	198,335
			749,390	1,268,403	2,017,793	1,826,496

2014年

2014

		未貼現現金流 Undiscounted cashflow				
		加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項	Trade and other payables	-	266,097	-	266,097	266,097
借貸	Borrowings	5.32	303,696	291,718	595,414	595,414
可換股債券	Convertible bonds	15.70	115,000	180,000	295,000	294,880
			684,793	471,718	1,156,511	1,156,391

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(c) 公平值計量

本附註提供資料說明本集團為各項金融資產及金融負債釐定公平值的方法。

(i) 根據經常性基準按公平值計量的本集團金融資產及金融負債的公平值

本集團部份金融資產及金融負債於各報告期末按公平值計量。下表所載資料說明如何釐定該等金融資產及金融負債的公平值(尤其是所用估值技術及輸入數據)。

(c) Fair Value Measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

金融資產	於以下日期的公平值		公平值級別	估值方法及主要輸入數據
	2015年12月31日	2014年12月31日		
Financial assets	31 December 2015	31 December 2014	Fair value hierarchy	Valuation techniques and key inputs
1) 持作買賣的非衍生金融資產(附註28) Held for trading non-derivative financial assets (Note 28)	於香港及中國上市股本證券： 38,726,000港元 Listed equity securities in Hong Kong and the PRC: HK\$38,726,000	於香港境外上市股本證券： 9,900,000港元 Listed equity securities outside Hong Kong: HK\$9,900,000	第1類 Level 1	活躍市場所報買入價 Quoted bid prices in an active market
2) 上市可供出售投資(附註25) Listed available-for-sale investment (Note 25)	於香港境外上市股本證券： 10,842,000港元 Listed equity securities outside Hong Kong: HK\$10,842,000	於香港境外上市股本證券： 30,391,000港元 Listed equity securities outside Hong Kong: HK\$30,391,000	第1類 Level 1	活躍市場所報買入價 Quoted bid prices in an active market
3) 上市可供出售投資(附註25) Listed available-for-sale investment (Note 25)	香港債務工具：109,118,000港元 Debt instruments in Hong Kong: HK\$109,118,000	不適用 Not applicable	第1類 Level 1	活躍市場所報買入價 Quoted prices in active market
4) 衍生金融資產(附註29) Derivative financial assets (Note 29)	資產：7,000港元 Asset: HK\$7,000	資產：243,000港元 Asset: HK\$243,000	第2類 Level 2	二項式期權定價模式 Binomial Option Pricing Model

兩個年度內並無在第1類及第2類之間的轉移。

There were no transfers between Levels 1 and 2 in both years.

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(ii) 並非根據經常性基準按公平值計量的本集團金融資產及金融負債的公平值

董事認為，於綜合財務報表確認的金融資產及金融負債的賬面值與其公平值相若，惟本集團賬面值約為198,335,000港元的可換股債券的公平值約為197,739,000港元除外。

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

Except the Group's convertible bonds with carrying amount of approximately HK\$198,335,000 which have fair value of approximately HK\$197,739,000, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximately their fair values.

		於2015年12月31日 的公平值級別			
		Fair value hierarchy as at 31 December 2015			
		第1類	第2類	第3類	總計
		Level 1	Level 2	Level 3	Total
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
金融資產	Financial assets				
持作買賣投資	Investments held for trading	38,726	-	-	38,726
衍生金融資產	Derivative financial assets	-	7	-	7
可供出售投資	Available-for-sale investments				
上市股本證券	Listed equity securities	10,842	-	-	10,842
債務工具	Debt instruments	109,118	-	-	109,118
總計	Total	158,686	7	-	158,693

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		於2014年12月31日 的公平值級別 Fair value hierarchy as at 31 December 2014			
		第1類 Level 1 千港元 HK\$' 000	第2類 Level 2 千港元 HK\$' 000	第3類 Level 3 千港元 HK\$' 000	總計 Total 千港元 HK\$' 000
金融資產	Financial assets				
持作買賣投資	Investments held for trading	9,900	-	-	9,900
衍生金融資產	Derivative financial assets	-	243	-	243
可供出售投資	Available-for-sale investments				
上市股本證券	Listed equity securities	30,391	-	-	30,391
總計	Total	40,291	243	-	40,534

包含在上述第2類的金融資產的公平值按公認定價模式之二項期權定價模式釐定。其最重要的輸入數據為股價、波幅、屆滿時間、轉換價及股息率。

The fair values of the financial assets included in the level 2 above have been determined in accordance with generally accepted pricing models based on a Binominal Option Pricing Model, with the most significant inputs being the share price, volatility, time to maturity, conversion price and dividend yield.

6. 資金風險管理

本集團的資金管理目標是保障本集團能繼續營運的能力，藉以為股東和其他股東提供回報，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本退還、發行新股或出售資產以減低債務。

本集團利用負債比率監察其資本。此比率按照借貸總值除以資產總值計算。資產總值已列於綜合財務狀況表內。

6. Capital Risk Management

The Group's 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 benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets as shown in the consolidated statement of financial position.

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截至2015年12月31日止年度，本集團的策略為將負債比率維持在50%內。於2015年及2014年12月31日的負債比率如下：

During the year ended 31 December 2015, the Group's strategy is to maintain a gearing ratio within 50%. The gearing ratios at 31 December 2015 and 2014 were as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
借貸總額	Total borrowings	1,504,207	890,294
資產總值	Total assets	5,421,692	3,796,956
負債比率	Gearing ratio	27.7%	23.4%

7. 收入

本集團主要從事農業肥料業務，金屬鎂產品業務、煉鋼熔劑業務及電子產品業務。本集團於年內之收入分析如下：

7. Revenue

The Group is principally engaged in fertiliser business, magnesium product business, metallurgical flux business and electronic product business. An analysis of the Group's revenue for the year is as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
銷售農業肥料產品	Sales of fertiliser products	1,523,281	1,277,282
銷售金屬鎂產品	Sales of magnesium products	760,502	696,904
銷售煉鋼熔劑產品	Sales of metallurgical flux products	72,913	98,333
銷售電子產品	Sales of electronic products	158,906	-
		2,515,602	2,072,519

8. 分部資料

就資源調配及分部表現評估向本公司行政總裁(主要營運決策者)報告之資料側重於經營類別。本集團根據香港財務報告準則第8號經營及申報的分部如下：

8. Segment Information

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- 農業肥料業務
- 金屬鎂產品業務
- 煉鋼熔劑業務
- 電子產品業務

- Fertiliser business
- Magnesium product business
- Metallurgical flux business
- Electronic product business

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有關本集團之可報告分部於下文呈報。

Information regarding the Group's reportable segments is presented below.

分部收入及業績

本集團按可報告分部之收入及業績分析如下。

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

截至2015年12月31日止年度：

For the year ended 31 December 2015:

		農業肥料 業務 Fertiliser business 千港元 HK\$' 000	金屬鎂產品 業務 Magnesium product business 千港元 HK\$' 000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$' 000	電子產品業務 Electronic product business 千港元 HK\$' 000	合計 Total 千港元 HK\$' 000
分部收入	Segment revenue	1,523,281	760,502	87,070	158,906	2,529,759
分部間收入	Inter-segment revenue	-	-	(14,157)	-	(14,157)
來自外部客戶 的收入	Revenue from external customers	1,523,281	760,502	72,913	158,906	2,515,602
分部業績	Segment results	368,606	258,087	27,952	(650)	653,995
其他收入及收益	Other income and gains		7,182			49,495
中央行政費用	Central administrative costs					(120,964)
出售一間附屬公司 之收益	Gain on disposal of a subsidiary					179
應佔合資公司溢利 及虧損	Share of profit and losses of joint ventures					1,760
於一間合資公司 之投資減值	Impairment of investment in a joint venture					(180)
應佔聯營公司溢利 及虧損	Share of profits and losses of associates					(4)
財務費用	Finance costs					(87,390)
除所得稅前溢利	Profit before income tax					496,891

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截至2014年12月31日止年度：

For the year ended 31 December 2014:

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	合計
		Fertiliser business	Magnesium product business	Metallurgical flux business	Total
		千港元 HK\$' 000	千港元 HK\$' 000	千港元 HK\$' 000	千港元 HK\$' 000
分部收入	Segment revenue	1,277,282	696,904	113,766	2,087,952
分部間收入	Inter-segment revenue	-	-	(15,433)	(15,433)
來自外部客戶 的收入	Revenue from external customers	1,277,282	696,904	98,333	2,072,519
分部業績	Segment results	308,662	224,540	23,626	556,828
其他收入及收益	Other income and gains				15,055
中央行政費用	Central administrative costs				(60,011)
財務費用	Finance costs				(44,186)
除所得稅前溢利	Profit before income tax				467,686

上文呈列之分部收入，乃代表外部客戶所產生之收入。分部間交易均按公平基準訂立。

可報告分部之會計政策與本集團會計政策相同。分部業績指於並無分配中央行政費用（包括董事薪酬、其他收入及收益、出售一間附屬公司之收益、應佔合資公司溢利及虧損、於一間合資公司之投資減值、應佔聯營公司溢利及虧損、財務費用及所得稅開支）情況下各分部之業績。此為向主要營運決策者報告以供其調配資源及評估分部表現之方式。

Segment revenue reported above represents revenue generated from external customers. Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income and gains, gain on disposal of a subsidiary, share of profit and losses of joint ventures, impairment of investment in a joint venture, share of profits and losses of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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分部資產及負債

於2015年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	電子產品 業務	分部合計	未分配	合計
		Magnesium Fertiliser business	product business	Metallurgical flux business	Electronic product business	Total segments	Unallocated	Total
		千港元	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	HK\$'000
分部資產	Segment assets	954,080	1,772,216	692,714	210,163	3,629,173	1,792,519	5,421,692
分部負債	Segment liabilities	124,189	605,048	155,686	239,308	1,124,231	954,123	2,078,354
資本開支	Capital expenditure	145,118	61,593	19,249	1,808	227,768	582	228,350

於2014年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

		農業肥料 業務	金屬鎂產品 業務	煉鋼熔劑 業務	分部合計	未分配	合計
		Magnesium Fertiliser business	product business	Metallurgical flux business	Total segments	Unallocated	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
分部資產	Segment assets	753,405	1,243,504	744,287	2,741,196	1,055,760	3,796,956
分部負債	Segment liabilities	236,803	514,503	175,960	927,266	503,049	1,430,315
添置非流動資產	Additions to non-current assets	220,358	406,621	55,891	682,870	1,453	684,323

為達成監察分部表現及於分部間調配資源之目標：

- 除投資物業、銀行存款、現金及等同現金項目和其他企業使用資產，包括物業、廠房及設備、無形資產和其他應收款項外，所有資產均分配至可報告分部；及

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2015 and capital expenditure for the year then ended by reportable segments are as follows:

The segment assets and liabilities as at 31 December 2014 and capital expenditure for the year then ended by reportable segments are as follows:

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment properties, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment, intangible assets and other receivables; and

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- 除企業用途之借貸及其他應付款項外，所有負債均分配至可報告分部。

資本開支包括對物業、廠房及設備的添置和購買物業、廠房及設備的按金。除對若干物業、廠房及設備作為行政用途添置外，所有資本開支均分配至分部。

截至2015年12月31日止年度，本集團收購附屬公司非流動資產之資本開支見附註42之呈列。

其他分部資料

截至2015年12月31日止年度：

- all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to property, plant and equipment and deposits for acquisition of property, plant and equipment. Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

During the year ended 31 December 2015, the Group's capital expenditure related to non-current assets from acquisition of subsidiaries was stated in Note 42.

Other Segment Information

For the year ended 31 December 2015:

	農業肥料業務	金屬鎂產品業務	煉鋼熔劑業務	電子產品業務	未分配	合計	
	Fertiliser business	Magnesium product business	Metallurgical flux business	Electronic product business	Unallocated	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	
物業、廠房及設備和投資物業折舊	Depreciation of property, plant and equipment and investment properties	43,785	11,731	10,428	5,945	6,996	78,885
土地使用權、採礦權及無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	226	2,197	13,808	904	377	17,512
開發成本減值	Impairment of development costs	-	-	-	599	-	599
存貨減值	Impairment of inventories	-	-	-	2,374	-	2,374
產品保證撥備	Product warranty provision	-	-	-	249	-	249
撥回未動用產品保證撥備	Reversal of unutilised product warranty provision	-	-	-	(500)	-	(500)
撥回貿易應收款項減值	Reversal of impairment of trade receivables	-	-	-	(229)	-	(229)
貿易應收款項減值	Impairment of trade receivables	-	-	-	206	-	206
出售物業、廠房及設備的收益	Gain on disposal of property, plant and equipment	-	(169)	(37)	(2)	(82)	(290)
持作買賣投資的已變現及未變現收益	Realised and unrealised gain on investments held for trading	-	-	-	-	(6,875)	(6,875)
所得稅開支	Income tax expense	89,040	57,386	5,643	(37)	2,974	155,006

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截至2014年12月31日止年度：

For the year ended 31 December 2014:

	農業肥料業務 Fertiliser business 千港元 HK\$' 000	金屬產品業務 Magnesium product business 千港元 HK\$' 000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$' 000	未分配 Unallocated 千港元 HK\$' 000	合計 Total 千港元 HK\$' 000	
物業、廠房及設備和 投資物業折舊	Depreciation of property, plant and equipment and investment properties	35,950	10,306	10,434	5,046	61,736
土地使用權、採礦權及 無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	229	2,401	13,300	319	16,249
出售物業、廠房及設備 的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(44)	-	320	(200)	76
持作買賣投資的已變現 及未變現收益	Realised and unrealised gain on investments held for trading	-	-	-	3,291	3,291
所得稅開支	Income tax expense	74,735	48,858	4,307	145	128,045

地區資料

截至2015年及2014年12月31日止年度，本集團主要於中國營運及本集團主要收入均來自中國，而於2015年12月31日及2014年12月31日，本集團大部份非流動資產均位於中國。概無披露本集團按地區劃分的業績及資產分析。

主要客戶資料

由於截至2015年及2014年12月31日止年度並無對任何單一客戶之銷售超過本集團總收入之10%，因此並無有關主要客戶的資料呈列。

Geographical Information

During the years ended 31 December 2015 and 2014, the Group mainly operated in the PRC and most of the Group's revenue are derived from the PRC and most of non-current assets of the Group are located in the PRC as at 31 December 2015 and 31 December 2014. No analysis of the Group's result and assets by geographical area is disclosed.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2015 and 2014.

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9. 其他收入及收益

9. Other Income and Gains

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
利息收入	Interest income	12,094	8,544
股息收入	Dividend income	200	292
租金收入	Rental income	-	4,766
雜項收入	Sundry income	7,692	361
銷售廢料	Sales of scrap materials	11,679	1,092
服務費收入	Service fee income	3,773	-
臨時議價收購收益 (附註42(b))	Provisional gain on bargain purchase (Note 42(b))	7,182	-
出售一間附屬公司之收益	Gain on disposal of a subsidiary	179	-
		42,799	15,055

10. 財務費用

10. Finance Costs

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
可換股債券之利息開支	Interest expenses on convertible bonds	37,703	23,157
上市後償票據之利息開支	Interest expenses on listed subordinated notes	27,835	-
須於5年內全數償還之 借貸的利息	Interest on borrowings wholly repayable within 5 years	14,086	16,319
須於5年後全數償還之 借貸的利息	Interest on borrowings wholly repayable after 5 years	17,390	6,729
借貸成本總額	Total borrowing costs	97,014	46,205
減：已於合資格資產 成本資本化之金額	Less: amount capitalised in the cost of qualifying assets	(9,624)	(2,019)
		87,390	44,186

借入資金之加權平均資本化比率為每年5.53% (2014年：每年2.00%)。

The weighted average capitalisation rate of fund borrowed generally is 5.53% per annum (2014: 2.00% per annum)

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11. 所得稅開支

於綜合損益及其他全面收益表內扣除／(計入)的所得稅開支數額指：

11. Income Tax Expense

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

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
即期稅項	Current tax		
– 香港利得稅	– Hong Kong Profits Tax	2,974	–
– 中國企業所得稅	– PRC Enterprise Income Tax	155,474	131,278
– 其他	– Others	13	–
		158,461	131,278
遞延稅項(附註35)	Deferred taxation (Note 35)	(3,455)	(3,233)
		155,006	128,045

(a) 香港利得稅

香港利得稅乃按截至2015年及2014年12月31日止年度之估計應課稅溢利之16.5%計算。由於2014年香港應課稅溢利已被過往年度之稅項虧損全數抵扣，故並無就年內溢利繳納任何稅項。

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2015 and 2014. No tax is payable on the profit for 2014 arising in Hong Kong since assessable profit is wholly absorbed by tax losses brought forward.

(b) 中國企業所得稅

中國企業所得稅乃按截至2015年及2014年12月31日止年度之估計應課稅溢利之25%計算。

(b) The PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2015 and 2014.

(c) 海外所得稅

本公司乃根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，並據此獲豁免繳納開曼群島所得稅。本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，並獲豁免繳納英屬處女群島所得稅。

(c) Overseas Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, are exempted from British Virgin Islands income tax.

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本集團的除所得稅前溢利與以中國企業的標準稅率25%計算的理論數額的差別如下：

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using a tax rate of 25%, the standard income tax rate of the PRC enterprises, as follows:

		2015		2014	
		千港元		千港元	
		HK\$'000	%	HK\$'000	%
除所得稅前溢利	Profit before income tax	496,891		467,686	
按適用所得稅率25% (2014年：25%) 計算的稅項支出	Tax charge at applicable income tax rate of 25% (2014: 25%)	124,223	25.0	116,921	25.0
於其他司法權區經營的 附屬公司的不同稅率之 影響	Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,103)	(0.2)	(1,519)	(0.3)
毋須課稅的收入之 稅務影響	Tax effect of income not taxable for tax purpose	(6,593)	(1.3)	(11,830)	(2.5)
應佔合資公司虧損 不可扣稅之稅項開支之 稅務影響	Share of losses of joint ventures Tax effect of expenses not deductible for tax purpose	(290)	(0.1)	-	-
先前年度超額撥備	Over-provision of tax in prior year	-	-	(6)	0.0
使用先前未確認之 稅務虧損	Utilisation of previous unrecognised tax losses	(1,911)	(0.4)	(3,149)	(0.7)
未確認之估計稅項虧損 的稅務影響	Tax effect of estimated tax losses not recognised	6,591	1.3	6,886	1.5
所得稅開支	Income tax expense	155,006	31.2	128,045	27.4

於2015年12月31日，本集團未確認稅項虧損約723,989,000港元（2014年：90,354,000港元）可結轉以抵銷未來應課稅溢利。約265,249,000港元（2014年：72,710,000港元）之稅項虧損將於與其有關之評估年度起計五年後到期，而約458,740,000港元（2014年：17,644,000港元）之稅項虧損則可無限期結轉。由於認為未必有日後之應課稅溢利可與未動用的稅項虧損對銷，故該等稅項虧損之遞延稅項收益並未確認。

As at 31 December 2015, the Group has unrecognised tax losses of approximately HK\$723,989,000 (2014: HK\$90,354,000), which can be carried forward to offset future taxable profit. Tax losses of approximately HK\$265,249,000 (2014: HK\$72,710,000) will expire after five years from the year of assessment they relate to while tax losses of approximately HK\$458,740,000 (2014: HK\$17,644,000) can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not considered probable that future taxable profit will be available to utilise the unused tax losses.

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12. 年內溢利

年內溢利已扣除／(抵免)下列費用：

12. Profit for the Year

Profit for the year has been arrived at after charging/(crediting):

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
工資及薪金	Wages and salaries	185,686	90,813
授予董事及僱員之購股權	Share options granted to directors and employees	2,528	2,082
支付定額供款退休計劃款項	Payment to defined contribution retirement plans	7,038	1,887
總員工成本 (包括董事薪酬)	Total staff costs (including directors' emoluments)	195,252	94,782
核數師薪酬	Auditors' remuneration	1,833	1,028
折舊及攤銷	Depreciation and amortisation	96,397	77,985
出售物業、廠房及設備之 (收益)／虧損	Net (gain)/loss on disposal of property, plant and equipment	(290)	76
持作買賣投資的 已變現收益	Realised gain on investments held for trading	(2,196)	(166)
持作買賣投資的 未變現收益	Unrealised gain on investments held for trading	(4,679)	(3,125)
存貨成本確認為支出	Cost of inventories recognised as an expense	1,524,007	1,256,519
土地及樓宇之經營租約租金	Operating lease rentals in respect of land and buildings	3,005	2,614
於一間合資公司之 投資減值	Impairment of investment in a joint venture	180	-
開發成本減值	Impairment of development costs	599	-
存貨減值	Impairment of inventories	2,374	-
產品保證撥備	Product warranty provision	249	-
撤銷貿易應收款項減值	Reversal of written off of trade receivables	(229)	-
貿易應收款項減值	Impairment of trade receivables	206	-
研究及開發支出	Research and development expenses	18,634	-
臨時議價收購收益	Provisional gain on bargain purchase	(7,182)	-

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附註：

- (a) 中國規則及法例訂明，本集團為其中國僱員向一項由政府營辦的退休計劃供款，該計劃屬於定額供款計劃。根據當地政府的規定，本集團按僱員薪金約14%向該計劃供款，並且除年度供款之外，本集團概無日後實際支付養老金或退休後福利之責任。該項由政府營辦的退休計劃負責退休僱員的全部養老金責任。

本集團已為其香港僱員安排強積金計劃。強積金計劃屬於定額供款計劃，由獨立信託人管理。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入之5%按月向該計劃供款。自2014年6月1日起，本集團及僱員供款之上限為每月1,500港元。

截至2015年12月31日止年度，本集團向上述養老金計劃作出的供款總額約7,038,000港元（2014年：1,887,000港元）。於2015年12月31日，本集團並無權利獲得任何沒收供款可用於減少本集團未來的供款（2014年：零港元）。

note:

- (a) As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Group contributes approximately 14% of the employees' salary as specified by the local government, and the Group has no future obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations to retired employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Since 1 June 2014, both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month.

During the year ended 31 December 2015, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$7,038,000 (2014: HK\$1,887,000). As at 31 December 2015, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions (2014: HK\$Nil).

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13. 董事、主要行政人員及僱員薪酬及最高薪酬人士

(a) 董事薪酬

截至2015年12月31日止年度各董事之薪酬載列如下：

13. Directors', Chief Executives' and Employees' Emoluments and Individuals with Highest Emoluments

(a) Directors' Emoluments

The emoluments of each director for the year ended 31 December 2015 is set below:

	袍金	薪金	購股權	僱主的退休金 計劃供款	合計	
	Fees	Salaries	Share	Employer's contribution to pension scheme	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	
執行董事及行政總裁	Executive director and CEO					
池文富	Chi Wen Fu	-	1,300	42	18	1,360
執行董事	Executive directors					
沈世捷	Shum Sai Chit	-	650	32	18	700
池碧芬	Chi Bi Fen	-	650	32	18	700
楊玉川	Yang Yuchuan	-	650	818	18	1,486
非執行董事	Non-executive director					
郭孟勇	Guo Mengyong	35	-	10	-	45
獨立非執行董事	Independent non-executive directors					
鄭炳文	Kwong Ping Man	75	-	10	-	85
盛洪	Sheng Hong	35	-	10	-	45
劉智傑	Lau Chi Kit	240	-	273	-	513
		385	3,250	1,227	72	4,934

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截至2014年12月31日止年度各董事
之薪酬載列如下：The emoluments of each director for the year ended 31
December 2014 is set below:

		袍金	薪金	購股權	僱主的退休金 計劃供款	合計
		Fees	Salaries	Share	Employer's contribution to pension scheme	Total
		千港元	千港元	options	千港元	千港元
		HK\$' 000	HK\$' 000	千港元	HK\$' 000	HK\$' 000
執行董事及行政總裁 Executive director and CEO						
池文富	Chi Wen Fu	-	1,300	79	17	1,396
執行董事 Executive directors						
沈世捷	Shum Sai Chit	-	650	59	17	726
池碧芬	Chi Bi Fen	-	650	59	17	726
楊玉川	Yang Yuchuan	-	650	-	17	667
非執行董事 Non-executive director						
郭孟勇	Guo Mengyong	35	-	20	-	55
獨立非執行董事 Independent non-executive directors						
鄭炳文	Kwong Ping Man	75	-	20	-	95
盛洪	Sheng Hong	35	-	20	-	55
劉智傑 ¹	Lau Chi Kit ¹	161	-	-	-	161
廖開強 ²	Liu Hoi Keung ²	18	-	7	-	25
		324	3,250	264	68	3,906

¹ 於2014年4月29日獲委任¹ Appointed on 29 April 2014² 於2014年4月28日退任² Retired on 28 April 2014

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(b) 五位最高薪酬人士

於年內，本集團5位最高薪酬人士包括2位（2014年：3位）本公司董事，有關董事酬金的分析已於上文披露。年內應付予餘下之3位（2014年：2位）人士之酬金如下：

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included 2 (2014: 3) directors of the Company whose directors' emoluments are disclosed in the above analysis. The emoluments payable to the rest 3 (2014: 2) individuals during the year are as follows:

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
基本薪金、購股權、 其他津貼及實物利益	Basic salaries, share options, other allowances and benefits in kind	3,357	1,844
退休金費用一定額 供款計劃	Pension costs-defined contribution plan	106	33
		3,463	1,877

該3位（2014年：2位）最高薪酬人士的薪酬屬於以下範疇：

The emoluments of the 3 (2014: 2) individuals with the highest emoluments are within the following bands:

		人數	
		Number of individuals	
		2015	2014
零至1,000,000港元	Nil – HK\$1,000,000	1	1
1,000,001港元至 2,000,000港元	HK\$1,000,001 – HK\$2,000,000	2	1
		3	2

(c) 截至2015年及2014年12月31日止年度，本集團並無向任何本公司董事及五位最高薪酬人士支付酬金作為加入本集團或加入本集團時的獎勵，或作為離職補償。於截至2015年及2014年12月31日止年度，概無本公司董事及五位最高薪酬人士同意放棄或已放棄領取任何酬金。

(c) During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There was no director of the Company and the five highest paid individuals agreed to waive or waived any emoluments during the years ended 31 December 2015 and 2014.

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14. 股息

14. Dividend

a) 年內應付本公司權益股東的股息：

a) Dividends payable to equity shareholders of the Company attributable to the year:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
擬派末期股息每股普通股	Proposed final dividend of 1.3 HK cents		
1.3港仙(2014年： 0.50港仙)	(2014: 0.50 HK cents) per ordinary share	59,774	14,528

擬派末期股息有待股東於本公司在2016年5月19日舉行之股東週年大會上批准。

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 19 May 2016.

b) 年內已批准及支付本公司權益股東的上年度應付股息：

b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
年內確認為分派的股息 (附註)：	Dividend recognised as distribution during the year (note):		
2014年宣派及派付的末 期股息每股普通股 0.50港仙(2013年： 2.00港仙)	2014 final dividend declared and paid of 0.50 HK cents (2013: 2.00 HK cents) per ordinary share	21,797	56,201

分派217,967,890股普通股為2014紅股，基準為每持有20股現有普通股份獲發1股新股份(2013年：無紅股)。

2014 Bonus issue of 217,967,890 ordinary shares was distributed on the basis of 1 new share for every 20 existing ordinary shares (2013: No Bonus Issue).

附註：

note:

基於(1)於2015年3月23日，600,000股普通股因行使購股權而發行，及(2)於2015年6月1日，1,453,119,268股普通股因公開發售而發行，詳情載於本公司日期為2015年5月8日之公開發售章程，此乃早於截至2014年12月31日止年度之末期股息記錄日期(即2015年6月17日)，因此，派付之末期股息多於截至2014年12月31日止年度擬派股息。

For the reasons of (1) On 23 March 2015, 600,000 ordinary shares were issued pursuant to the exercise of share options and (2) on 1 June 2015, 1,453,119,268 ordinary shares were issued pursuant to the Open Offer, details of which are set out in the Prospectus of the Company dated 8 May 2015, before the record date of the final dividend for the year ended 31 December 2014, i.e. 17 June 2015. As such, final dividend paid was more than the proposed dividend for the year ended 31 December 2014.

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15. 每股盈利

(a) 基本

每股基本盈利是根據本公司擁有人應佔年內溢利，除以年內已發行普通股加權平均數計算。

用作計算每股基本盈利及每股攤薄盈利之已發行普通股加權平均數已因應2015年6月1日之公開發售及2015年6月29日之紅股發行而作出調整。據此，截至2014年12月31日止年度之每股基本及攤薄盈利已重列。

15. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for the issue of shares pursuant to open offer on 1 June 2015 and bonus issue on 29 June 2015. Accordingly, the basic and diluted earnings per share for the year ended 31 December 2014 have been restated.

		2015	2014 (經重列) (restated)
本公司擁有人應佔年內溢利(千港元)	Profit for the year attributable to owners of the Company (HK\$' 000)	303,489	287,910
已發行普通股加權平均數(千股)	Weighted average number of ordinary shares in issue (thousand shares)	4,219,571	3,593,967
每股基本盈利(每股港仙)	Basic earnings per share (HK cents per share)	7.19	8.01

(b) 攤薄

每股攤薄盈利是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有兩類攤薄性潛在普通股：購股權及可換股債券。

就購股權而言，本公司按尚未行使購股權所附之認購權貨幣值，計算若按公平值(以本公司期內之股份平均市場價值釐定)能購入的股份數目。按上文所述計算的股份數目，與假設行使購股權後所發行的股份數目作一比較。

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and convertible bonds.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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由於本公司的尚未行使可換股債券具反攤薄效應，故本公司的尚未行使可換股債券並未獲計入每股攤薄盈利的計算中。

The Company's outstanding convertible bonds were not included in the calculation of diluted earnings per share because the effect of which were anti-dilutive.

		2015	2014 (經重列) (restated)
本公司擁有人應佔年內溢利(千港元)	Profit for the year attributable to owners of the Company (HK\$' 000)	303,489	287,910
已發行普通股加權平均數(千股)	Weighted average number of ordinary shares in issue (thousand shares)	4,219,571	3,593,967
就購股權作出調整(千股)	Adjustment for share options (thousand shares)	72,364	100,216
每股攤薄盈利的普通股加權平均數(千股)	Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	4,291,935	3,694,183
每股攤薄盈利(每股港仙)	Diluted earnings per share (HK cents per share)	7.07	7.79

16. 土地使用權

本集團於土地使用權中之權益指預付經營租賃付款，其賬面淨值分析如下：

16. Land Use Rights

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
在中國，根據各項持有：中期租約	In the PRC, held on: Medium term leases	177,159	144,386
流動資產	Current assets	4,420	3,400
非流動資產	Non-current assets	172,739	140,986
		177,159	144,386

於2015年12月31日，賬面值為約114,167,000港元(2014年：139,958,000港元)之土地使用權已作為銀行借貸之抵押(附註32)。

As at 31 December 2015, land use rights with a carrying amount of approximately HK\$114,167,000 (2014: HK\$139,958,000) have been pledged to secure bank borrowings (Note 32).

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17. 物業、廠房及設備

17. Property, Plant and Equipment

		租賃土地及樓宇 (附註(i)) Leasehold land and buildings (note (i))	租賃物業裝修 Leasehold improvements	廠房及機器 Plant and machinery	傢俬及 辦公室設備 Furniture and office equipment	工具及模具 Tooling and moulds	汽車 Motor vehicles	船舶 Ship	在建工程 (附註(ii)) Construction in-progress (note (ii))	總計 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
成本	Cost									
於2014年1月1日	As at 1 January 2014	163,601	24,181	516,532	8,518	-	10,115	894	497,698	1,221,539
添置	Additions	611	-	5,723	177	-	724	-	585,763	592,998
轉撥	Transfers	4,929	-	39,158	-	-	-	-	(44,087)	-
出售	Disposals	-	-	(667)	-	-	(1,437)	-	-	(2,104)
匯兌調整	Exchange alignment	(4,048)	(570)	(13,041)	(201)	-	(220)	(21)	(17,100)	(35,201)
於2014年12月31日 及2015年1月1日	As at 31 December 2014 and 1 January 2015	165,093	23,611	547,705	8,494	-	9,182	873	1,022,274	1,777,232
收購附屬公司 (附註42(a)及(b))	Acquisition of subsidiaries (Note 42(a) & (b))	226,831	1,871	86,870	4,905	2,857	2,344	-	-	325,678
添置	Additions	35,748	-	60,493	729	390	3,136	-	151,712	252,208
轉撥	Transfers	102,621	-	185,427	-	-	-	-	(288,048)	-
出售	Disposals	-	-	(148)	(386)	(126)	(1,902)	(473)	-	(3,035)
匯兌調整	Exchange alignment	(20,129)	(1,068)	(36,178)	(787)	(60)	(457)	(20)	(40,593)	(99,292)
於2015年12月31日	As at 31 December 2015	510,164	24,414	844,169	12,955	3,061	12,303	380	845,345	2,252,791
累計折舊及減值	Accumulated depreciation and impairment									
於2014年1月1日	As at 1 January 2014	44,331	23,601	203,679	7,359	-	5,986	536	-	285,492
年內折舊	Charge for the year	3,235	295	53,339	430	-	973	176	-	58,448
出售時撇銷	Eliminated on disposal	-	-	(546)	-	-	(1,233)	-	-	(1,779)
匯兌調整	Exchange alignment	(1,111)	(570)	(5,494)	(181)	-	(118)	(14)	-	(7,488)
於2014年12月31日 及2015年1月1日	As at 31 December 2014 and 1 January 2015	46,455	23,326	250,978	7,608	-	5,608	698	-	334,679
年內折舊	Charge for the year	8,626	929	61,564	1,079	1,648	1,647	150	-	75,643
出售時撇銷	Eliminated on disposal	-	-	(142)	(386)	(126)	(1,846)	(449)	-	(2,949)
匯兌調整	Exchange alignment	(2,318)	(1,026)	(13,654)	(347)	-	(221)	(19)	-	(17,585)
於2015年12月31日	As at 31 December 2015	52,763	23,229	298,746	7,954	1,522	5,188	380	-	389,782
賬面淨值	Net carrying values									
於2015年12月31日	As at 31 December 2015	457,401	1,185	545,423	5,001	1,539	7,115	-	845,345	1,863,009
於2014年12月31日	As at 31 December 2014	118,638	285	296,727	886	-	3,574	175	1,022,274	1,442,559

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附註：

notes:

- (i) 本集團的租賃土地及樓宇於報告期末的賬面值分析如下：

- (i) The carrying amount of the Group's leasehold land and buildings at the end of the reporting period are analysed as follows:

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
香港中期租約	Medium term leases in Hong Kong	7,245	-
中國中期租約	Medium term leases in the PRC	450,156	118,638
		457,401	118,638

- (ii) 於2015年12月31日，利息費用約9,624,000港元（2014年：2,019,000港元）被資本化及計入在建工程。有關在建工程之分析如下：

- (ii) As at 31 December 2015, interest expenses of approximately HK\$9,624,000 (2014: HK\$2,019,000) was capitalised and included in construction-in-progress. An analysis of construction-in-progress is as follows:

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
租賃土地及樓宇	Leasehold land and buildings	160,132	99,501
廠房及機器	Plant and machinery	685,213	922,773
		845,345	1,022,274

- (iii) 於2015年12月31日，賬面值為約163,650,000港元（2014年：160,334,000港元）之租賃土地及樓宇、廠房及設備已作為銀行借貸之抵押（附註32）。

- (iii) As at 31 December 2015, leasehold land and buildings and plant and machinery with a carrying amount of approximately HK\$163,650,000 (2014: HK\$160,334,000) have been pledged to secure bank borrowings (Note 32).

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於本年度之物業、廠房及設備之使用年期如下：

– 租賃土地及樓宇	租賃期內或34年，以最少者為準
– 物業裝修	2至5年
– 廠房及機器	4至25年
– 傢俬及辦公室設備	4至34年
– 汽車	4至7年
– 船舶	5年
– 工具及模具	2年

The useful lives of property, plant and equipment adopted for the current year are as follows:

– Leasehold land and buildings	Over the shorter of lease terms or 34 years
– Leasehold improvements	2 to 5 years
– Plant and machinery	4 to 25 years
– Furniture and office equipment	4 to 34 years
– Motor vehicles	4 to 7 years
– Ship	5 years
– Tooling and moulds	2 years

18. 投資物業

18. Investment Properties

		千港元 HK\$'000
成本	Cost	
於2014年1月1日	As at 1 January 2014	168,169
匯兌調整	Exchange alignment	(4,109)
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	164,060
匯兌調整	Exchange alignment	(7,392)
於2015年12月31日	As at 31 December 2015	156,668
累計折舊	Accumulated depreciation	
於2014年1月1日	As at 1 January 2014	26,846
年內折舊	Charge for the year	3,288
匯兌調整	Exchange alignment	(686)
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	29,448
年內折舊	Charge for the year	3,242
匯兌調整	Exchange alignment	(1,458)
於2015年12月31日	As at 31 December 2015	31,232
賬面淨值	Net carrying values	
於2015年12月31日	As at 31 December 2015	125,436
於2014年12月31日	As at 31 December 2014	134,612

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投資物業指與雲霄物業第一期、第二期及第三期有關的樓宇。

The investment properties represent the buildings related to phase one, phase two and phase three of the Yunxiao properties.

上述投資物業於租賃期內以直線法折舊。

The above investment properties are depreciated on a straight line basis over the lease term.

於2015年12月31日，概無投資物業已作為銀行借貸之抵押（2014年：134,612,000港元）。

As at 31 December 2015, no investment properties (2014: HK\$134,612,000) have been pledged to secure bank borrowings.

於2015年12月31日，本集團投資物業之公平值約為138,924,000港元（2014年：161,311,000港元）。估值由與本集團概無關連之獨立合資格估值師作出。根據管理層參考獨立合資格估值師發出之估值報告後作出之評估結果，本集團之投資物業於2015年及2014年12月31日之賬面值沒有減值。

The fair value of the Group's investment properties at 31 December 2015 was approximately HK\$138,924,000 (2014: HK\$161,311,000). The valuation was performed by independent qualified valuers not connected with the Group. Based on the result of management's assessment by making reference to the valuation report issued by the independent qualified valuers, there is no impairment on the carrying amount of the Group's investment properties as at 31 December 2015 and 2014.

於截至2015年12月31日止年度，投資物業並無產生任何租金收入。

During the year ended 31 December 2015, no rental income was generated from investment properties.

於截至2014年12月31日止年度，投資物業所產生之租金收入為5,278,000港元，租金回報率為4.4厘。投資物業的租金收入（經扣減直接支出約512,000港元）約為4,766,000港元。

During the year ended 31 December 2014, rental income of HK\$5,278,000 and rental yield of 4.4% were generated from the investment properties. The rental income from investment properties less direct outgoings of approximately HK\$512,000 amounted to approximately HK\$4,766,000.

上述投資物業的賬面值包括：

The carrying amounts of investment properties shown above comprise:

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
在中國，根據各項持有：	In the PRC, held on:		
中期租約	Medium term lease	125,436	134,612

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19. 商譽

19. Goodwill

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
於1月1日	At 1 January	-	-
收購附屬公司(附註42)	Acquisition of subsidiaries (Note 42)	197,144	-
於12月31日	At 31 December	197,144	-

分配至本集團現金產生單位之商譽按以下業務分部識別：

Goodwill is allocated to the Group's cash-generating units identified according to business segment as follows:

		2015	2014
		千港元	千港元
		HK\$'000	HK\$'000
金屬鎂產品業務	Magnesium product business	197,144	-

截至2015年12月31日止年度，收購權智國際有限公司（「權智國際」股份代號：601）51.46%權益所產生之商譽更多資料見附註42。收購權智國際之業務策略在於通過獨立的上市平台物色金屬鎂產業新的商機，藉以專注於金屬鎂產品業務，及尤其是鎂循環經濟產業及鎂合金的相關業務之未來發展。該現金產生單位的可收回金額乃使用經本公司董事批准之財政預算為基準之五年期現金流量釐定，年除稅前貼現率為7.81%。預算期間的現金流量預測乃根據整個預算期間內相同的預期毛利率及原材料價格通脹釐定。有關計算使用價值的其他主要假設涉及現金流入／流出的估計（包括預算銷售額及毛利率），而有關估計乃根據該單位過往的表現及本公司董事就市場發展的預期作出。本公司董事相信，任何該等假設的合理變動均不會導致賬面值總額超出可收回金額總額。

During the year ended 31 December 2015, goodwill was resulted from the acquisition of 51.46% equity interest of Group Sense (International) Limited ("GSIL") (stock code: 601) (Please refer to Note 42 for detailed information). The business strategy of acquisition of GSIL is to identify new business opportunities in the magnesium industry on a separate listing platform to focus on the magnesium product business and in particular future development of chain model of circular economy in magnesium and magnesium product related business. The recoverable amount of this CGU is determined based on a value in use calculation which use cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, and a pre-tax discount rate of 7.81% per annum. Cash flow projections during the budget period are based on the same expected gross margins and raw material price inflation the budget period. Other key assumptions for the value in use calculation relate to the estimation of cash inflow/outflow which include budgeted sales and gross profit margin, such estimation is based on the unit's past performance and the expectation of the directors of the Company for the market development. The directors of the Company believes that any reasonable change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

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20. 無形資產

20. Intangible Assets

		技術知識 Technical know-how 千港元 HK\$'000	會所會籍 Club membership 千港元 HK\$'000	開發成本 Development costs 千港元 HK\$'000	商標 Trademark 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本	Cost					
於2014年1月1日、 2014年12月31日及 2015年1月1日	As at 1 January 2014, 31 December 2014 and 1 January 2015	3,687	80	9,092	-	12,859
收購附屬公司 (附註42(a))	Acquisition of subsidiaries (Note 42(a))	-	-	1,560	1,006	2,566
添置	Addition	-	-	361	-	361
匯兌調整	Exchange alignment	-	-	(55)	-	(55)
於2015年12月31日	As at 31 December 2015	3,687	80	10,958	1,006	15,731
累計攤銷及減值	Accumulated amortisation and impairment					
於2014年1月1日、 2014年12月31日及 2015年1月1日	As at 1 January 2014, 31 December 2014 and 1 January 2015	3,687	-	9,092	-	12,779
年內攤銷	Amortisation for the year	-	-	511	168	679
年內減值	Impairment for the year	-	-	599	-	599
於2015年12月31日	As at 31 December 2015	3,687	-	10,202	168	14,057
賬面淨值	Net carrying values					
於2015年12月31日	As at 31 December 2015	-	80	756	838	1,674
於2014年12月31日	As at 31 December 2014	-	80	-	-	80

計算攤銷所用使用年期如下：

開發成本 : 3至5年
商標 : 5年

The following useful lives are used in the calculation of amortisation:

Development costs : 3 to 5 years
Trademark : 5 years

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21. 採礦權

21. Mining Rights

		千港元 HK\$' 000
成本	Cost	
於2014年1月1日	As at 1 January 2014	611,694
匯兌調整	Exchange alignment	(14,946)
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	596,748
匯兌調整	Exchange alignment	(26,884)
於2015年12月31日	As at 31 December 2015	569,864
累計攤銷及減值	Accumulated amortisation and impairment	
於2014年1月1日	As at 1 January 2014	35,416
年內折舊	Charge for the year	12,816
匯兌調整	Exchange alignment	(982)
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	47,250
年內折舊	Charge for the year	13,196
匯兌調整	Exchange alignment	(2,657)
於2015年12月31日	As at 31 December 2015	57,789
賬面淨值	Net carrying values	
於2015年12月31日	As at 31 December 2015	512,075
於2014年12月31日	As at 31 December 2014	549,498

餘額代表中國江蘇省東海縣的蛇紋石礦及中國吉林省白山市之白雲石礦的兩項採礦權，而兩項採礦權均已按產量及礦石儲量攤銷。

於2015年12月31日，並無任何採礦權已作為銀行借貸之抵押（2014年：491,689,000港元）。

The balance represents two mining rights, the Serpentine mine located in Donghai County of Jiangsu Province, the PRC and the dolomite mine located in Baishan City of Jilin Province, the PRC, which are amortised by the production quantity over the ore reserve.

As at 31 December 2015, none of mining rights (2014: HK\$491,689,000) have been pledged to secure bank borrowings.

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22. 主要附屬公司

(a) 於2015年12月31日，本集團的主要附屬公司之詳情如下：

22. Principal Subsidiaries

(a) Particulars of the Group's principal subsidiaries as at 31 December 2015 are as follow:

公司名稱 Name	註冊成立地點及 法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益 Proportion of ownership interest held by the Company				持有的投票權比例 Proportion of voting power held	
				直接 Directly		間接 Indirectly			
				2015	2014	2015	2014	2015	2014
白山市天安金屬礦業有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售金屬鎂相關產品 Manufacturing and sale of magnesium-related products in the PRC	註冊及繳足股本人民幣280,332,000元 Registered and paid up capital of RMB280,332,000	-	-	78.19%	78.19%	78.19%	78.19%
世紀陽光生態科技有限公司 Century Sunshine Ecological Technology Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	1,000股普通股每股面值1.00港元 1,000 ordinary shares of HK\$1.00 each	-	-	100.00%	100.00%	100.00%	100.00%
世紀陽光(漳州)生態科技有限公司 Century Sunshine (Zhangzhou) Ecological Technology Limited	中國，有限責任公司 The PRC, limited liability company	於中國投資控股 Investment holding in the PRC	註冊及繳足股本30,000,000港元 Registered and paid up capital HK\$30,000,000	-	-	100.00%	100.00%	100.00%	100.00%
中國稀鎂科技控股有限公司 China Rare Earth Magnesium Technology Holdings Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	10,310股普通股每股面值1港元 10,310 ordinary shares of HK\$1 each	-	-	78.19%	78.19%	78.19%	78.19%
江蘇藍藍科技開發有限公司 Jiangsu Azureblue Technology Development Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售複合(混)類肥料及生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	註冊及繳足股本人民幣163,620,000元 Registered and paid up capital of RMB163,620,000	-	-	95.05%	91.90%	95.05%	91.90%
江蘇龍騰化工有限公司 Jiangsu Longteng Petrochemical Limited	中國，有限責任公司 The PRC, limited liability company	於中國進行蛇紋石加工、開採及銷售 Processing, exploration and sales of serpentine in the PRC	註冊及繳足股本人民幣14,160,000元 Registered and paid up capital of RMB14,160,000	-	-	91.30%	91.30%	91.30%	91.30%
Ming Xin Developments Limited	英屬處女群島，有限責任公司 British Virgin Islands, limited liability company	於香港投資控股 Investment holding in Hong Kong	100股普通股每股面值1美元 100 ordinary shares of US\$1 each	-	-	100.00%	100.00%	100.00%	100.00%
上海鐵研金屬材料有限公司 (附註ii) (note ii)	中國，有限責任公司 The PRC limited liability company	於中國進行鎂合金產品的研發和銷售 Research and sales of magnesium alloys in the PRC	註冊及繳足股本人民幣5,000,000元 Registered and paid up capital of RMB5,000,000	-	-	100.00%	-	100.00%	-
江西天瑞豐收化工有限公司 (附註ii) (note ii)	中國，有限責任公司 The PRC, Limited Liabilities	於中國製造及銷售複合(混)類肥料及生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	已發行及繳足股本人民幣42,774,000元 Issued and fully paid RMB42,774,000	-	-	100.00%	-	100.00%	-
權智(國際)有限公司 (附註ii, iii, iv及v) Group Sense (International) Limited (note ii, iii, iv & v)	百慕達，有限責任公司 Bermuda, limited liability company	於百慕達從事投資控股 Investment holdings in Bermuda	每股0.10港元之已發行及繳足股本1,437,195,029股 Issued and fully paid up capital of 1,437,195,029 of HK\$0.10 each	-	-	51.88%	-	51.88%	-
新疆翔翔鎂製品有限公司 (附註ii及v) Xinjiang Tengxiang Magnesium Products Company Limited (note ii & v)	中國，有限責任公司 The PRC, limited liabilities company	於中國製造及銷售鎂相關製品 Manufacturing and sales of magnesium related product in the PRC	註冊及繳足股本人民幣208,204,000元 Registered and paid up capital of RMB208,204,000	-	-	51.88%	-	51.88%	-

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附註：

- (i) 於報告期末，概無附屬公司有任何已發行並尚未償還之債務證券。
- (ii) 於截至2015年12月31日止年度註冊成立。
- (iii) 於截至2015年12月31日止年度收購。
- (iv) 權智(國際)有限公司(「權智國際」)為於百慕達註冊成立之有限公司，其股份於聯交所主板上市(股份代號：601)。權智國際及其附屬公司(「權智國際集團」)主要從事設計、製造及銷售原件設計生產產品、電子辭典產品及個人通訊產品，提供電子生產服務及金屬鎂相關產品之生產及貿易。
- (v) 未經國衛會計師事務所有限公司審核。

上表載列董事認為對年度業績有重大影響或構成本集團淨資產重大部份的本公司主要附屬公司。董事認為詳列其他附屬公司的資料會使篇幅過於冗長。

notes:

- (i) None of the subsidiaries had any debt securities issued outstanding at the end of the reporting period.
- (ii) Incorporated during the year ended 31 December 2015.
- (iii) Acquired during the year ended 31 December 2015.
- (iv) Group Sense (International) Limited ("GSIL") is incorporated in Bermuda with limited liability and its shares and its shares are listed in the Main board of the Stock Exchange (stock code: 601). The principal activity of GSIL and its subsidiaries ("GSIL Group") was involved in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, the provision of electronic manufacturing services and manufacture and trading of magnesium related products.
- (v) Not audited by HLB Hodgson Impey Cheng Limited.

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

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(b) 擁有重大非控股權益的非全
資附屬公司詳情：(b) Detail of non-wholly owned
subsidiaries that have material
non-controlling interests

公司名稱 Name of Company	註冊成立及 營業地點 Place of incorporation and operation	非控股權益持有 之所有權益及 投票權比例 Proportion of ownership interests and voting rights held by non- controlling interests	分配予非控股權益之虧損 Loss allocated to non-controlling interests		累計非控股權益 Accumulated non-controlling interests	
			2015 千港元 HK\$'000	2014 千港元 HK\$'000	2015 千港元 HK\$'000	2014 千港元 HK\$'000
權智(國際) 有限公司 Group Sense (International) Limited	百慕達 Bermuda	48.12%	11,895	-	216,794	-

以下為擁有重大非控股權益之本集團附屬公司的財務資料概要。以下財務資料概要乃指集團內公司間對銷前金額。

Summarised financial information in respect of each of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

權智(國際)有限公司

Group Sense (International) Limited

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
流動資產	Current assets	471,514	-
非流動資產	Non-current assets	374,520	-
流動負債	Current liabilities	(278,424)	-
非流動負債	Non-current liabilities	(110,199)	-
本公司擁有人應佔權益	Equity attributable to owners of the Company	240,617	-
非控股權益	Non-controlling interests	216,794	-

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		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
收入	Revenue	158,906	–
開支	Expenses	(183,591)	–
期內虧損	Loss for the period	(24,685)	–
本公司擁有人應佔虧損	Loss attribute to owners of the Company	(12,790)	–
非控股權益應佔虧損	Loss attribute to non-controlling interests	(11,895)	–
期內虧損	Loss for the period	(24,685)	–
本公司擁有人應佔 全面虧損總額	Total comprehensive loss attributable to owners of the Company	(16,947)	–
非控股權益應佔全面 虧損總額	Total comprehensive loss attributable to non-controlling interests	(15,751)	–
期內全面虧損總額	Total comprehensive loss for the period	(32,698)	–
已付非控股權益股息	Dividend paid to non-controlling interests	–	–
經營活動所用現金流淨額	Net cash flows from operating activities	55,597	–
投資活動所用現金流淨額	Net cash flows used in investing activities	(378,121)	–
融資活動所用現金流淨額	Net cash flows from financing activities	352,581	–
現金流入淨額	Net cash inflow	30,057	–

23. 於合資公司之投資

23. Investments in Joint Ventures

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
攤佔資產淨值	Share of net assets	3,713	–
應收一間合資公司款項 – 非流動性	Amounts due from a joint venture – non-current	577	–
		4,290	–
應收合資公司款項 – 流動性	Amount due from a joint venture – current	885	–

計入於合資公司投資之應收合資公司款項為無抵押、免息且毋須於報告期末起計十二個月內償還，故於綜合財務狀況表內顯示為非流動。

The amounts due from joint ventures included in investments in joint ventures are unsecured, interest-free and are not repayable within twelve months from the end of the reporting period and are therefore shown in the consolidated statement of financial position as non-current.

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應收一間合資公司款項885,000港元(2014年：無)計入本集團流動資產，為無抵押、免息及須於要求時收回。

The amount due from a joint venture of HK\$885,000 (2014: Nil) included in the Group's current assets, are unsecured, interest-free and recoverable on demand.

本集團重大合資公司詳情如下：

Particulars of the Group's material joint ventures are as follows:

名稱 Name	所持有已發行 股份詳情 Particulars of issued shares held	註冊成立地點及 業務 Place of registration and business	以下各項之百分比 Percentage of			主要業務 Principal activities
			所有權權益 Ownership interest	投票權 Voting power	應佔溢利 Profit sharing	
重慶新標醫療設備有限公司 (附註i & ii) Chongqing New Standard Medical Equipment Co., Ltd (note i & ii)	RMB5,401,550 人民幣 5,401,550元	中國 PRC	19.78	20	19.78	製造及銷售電子 醫療器械 Manufacture and trading of electronic medical Appliances
深圳創新易購有限公司 (附註i & ii) Shenzhen Innovation Trading Co., Ltd. (note i & ii)	RMB15,000 人民幣15,000元	中國 PRC	50	50	50	網上銷售電子產品 Online trading of electronic products

附註：

- (i) 未經國衛會計師事務所有限公司審核。
(ii) 上述於合資公司之投資由本公司間接持有。

notes:

- (i) Not audited by HLB Hodgson Impey Cheng Limited.
(ii) The above investments in joint ventures are indirectly held by the Company.

下表列示本集團個別不重大之合資公司之彙總財務資料：

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
期內應佔合資公司溢利	Share of the joint ventures' profit for the period	1,760	—
期內應佔合資公司全面收益總額	Share of the joint ventures' total comprehensive income for the period	1,760	—
本集團於合資公司投資之賬面值總額	Aggregate carrying amount of the Group's investments in the joint ventures	3,713	—

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24. 於一間聯營企業之投資

24. Investment in an Associate

	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
應佔資產淨值	18	-
Share of net assets		

一間聯營企業詳情如下：

Particulars of an associate are as follows:

名稱 Name	所持有已發行股份詳情 Particulars of issued shares held	註冊成立地點及業務 Place of registration and business	本集團所有權權益百分比 Percentage of ownership interest attributable to the Group	主要業務 Principal activities
廣州中智電子設備有限公司 (附註)(note)	人民幣3,000,000元 RMB3,000,000	中國 PRC	30	暫停業務 Dormant

附註：

note:

未經國衛會計師事務所有限公司審核。

Not audited by HLB Hodgson Impey Cheng Limited.

於一間聯營公司投資之變動如下：

The movement of investment in an associate is as follows:

	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
於年初	-	-
收購附屬公司(附註42(a))	22	-
應佔聯營公司溢利及虧損	(4)	-
	18	-
At the beginning of year		
Acquisition of subsidiaries (Note 42(a))		
Share of profits and losses of associate		

本集團於該聯營企業之持股為通過本公司全資附屬公司所持有之股份。

The Group's shareholdings in the associate comprises equity shares held through wholly-owned subsidiaries of the Company.

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25. 可供出售投資

25. Available-for-sale Investments

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
上市投資	Listed investments		
– 澳洲之上市股本證券， 按公平值(附註i)	– Equity securities listed in Australia, at fair value (note i)	10,842	30,391
於香港之投資	Investments in Hong Kong		
– 債務工具(附註ii及iv)	– Debt instruments (note ii & iv)	109,118	–
– 非上市股本證券(附註iii)	– Unlisted equity securities (note iii)	7,300	–
		127,260	30,391
就申報目的分析為：	Analysed for reporting purposes as:		
流動資產	Current assets	10,842	30,391
非流動資產	Non-current assets	116,418	–
		127,260	30,391

附註：

notes:

- (i) 可供出售投資指本集團於澳洲之上市證券投資。本集團持有TTG Fintech Limited(「TTG」)14,744,000股股份。本公司董事楊玉川先生由2011年12月至2015年3月為TTG之非執行董事。

上市股本證券投資之公平值乃參考活躍市場之買入價而釐定。

- (ii) 本集團所持有之上市可續回債務工具固定年利率介於5.625%至8.125%，按半年支付。本集團對該餘額並無持有抵押品。

債務工具之公平值乃參照活躍市場之報價釐定。

- (i) The amount represents the Group's investment in listed securities in Australia. The Group held 14,744,000 shares of TTG Fintech Limited ("TTG"). Mr. Yang Yuchuan, a director of the Company, is a non-executive director of TTG for the period from December 2011 to March 2015.

Fair values of the investments in listed equity securities are determined by reference to bid prices quoted in active markets.

- (ii) The amount represents the Group's investment in listed redeemable debt instruments with fixed interest range from 5.625% to 8.125% per annum, payable semi-annually. The Group holds no collateral over this balance.

Fair values of the investments in debt instruments are determined by reference to bid price quoted in active markets.

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- (iii) 該金額指於香港註冊成立之私人實體所發行非上市股本證券之投資。

於2015年12月31日，非上市股權投資因以合理公平價值估算範圍之差異有重大波幅且出現眾多估計的機率無法合理評估，故董事認為公平值不能可靠地衡量，而以成本減去減值虧損列值。

- (iv) 截至2015年12月31日止年度，於其他全面開支總額中確認之重估可供出售投資產生之虧損淨額約22,012,000港元（2014年：約112,062,000港元）。

- (iii) The amount represents Group's investments in unlisted equity securities issued by private entities incorporate in Hong Kong.

As at 31 December 2015, the unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates was so significant and the probabilities of the various estimates cannot be reassembly assessed that the directors are of the opinion that their fair value cannot be measured reliably.

- (iv) For the year ended 31 December 2015, the net loss arising on revaluation of available-for-sale investments recognised in other comprehensive expenses amounted to approximately HK\$22,012,000 (2014: approximately HK\$112,062,000).

26. 存貨

26. Inventories

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
原料	Raw materials	147,617	95,391
在製品	Work in progress	10,970	1,524
製成品	Finished goods	89,654	84,485
		248,241	181,400

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27. 貿易及其他應收款項、預付款項及按金 **27. Trade and Other Receivables, Prepayments and Deposits**

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
應收貿易款項	Trade receivables	472,719	314,934
減值	Impairment	(206)	-
		472,513	314,934
應收票據(附註i)	Bills receivables (note i)	4,597	28,641
預付款項及按金	Prepayments and deposits	90,394	30,619
其他應收款項(附註ii)	Other receivables (note ii)	34,075	7,310
存放於財務機構之存款	Deposits placed with financial institutions	5,457	2,275
		607,036	383,779

附註：

notes:

(a) 於2015年12月31日，應收票據約4,597,000港元(2014年：28,641,000港元)將於報告期末六個月(2014年：六個月)內到期。所有應收票據均以人民幣計值。

(i) As at 31 December 2015, bills receivables of approximately HK\$4,597,000 (2014: HK\$28,641,000) will be matured within six months (2014: six months) after the end of the reporting period. All the bills receivables are denominated in RMB.

(b) 於2015年12月31日，其他應收款項主要包括中國的可收回增值稅約為13,799,000港元(2014年：1,448,000港元)，預付廣告開支約為2,392,000港元及應收利息約為5,256,000港元。

(ii) As at 31 December 2015, other receivables mainly comprised of value-added tax recoverable in the PRC of approximately HK\$13,799,000 (2014: HK\$1,448,000), prepaid advertising expenses of approximately HK\$2,392,000 and interest receivables of approximately HK\$5,256,000.

於2015年12月31日，概無其他應收款項為已逾期及須減值。(2014年：零港元)

As at 31 December 2015, none of the other receivables are past due and impaired. (2014: HK\$Nil)

貿易及其他應收款項、預付款項及按金以下列貨幣計值：

Trade and other receivables, prepayments and deposits were denominated in the following currencies:

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
人民幣	RMB	566,017	377,749
港元	HK\$	27,676	6,030
其他貨幣	Other currencies	13,343	-
		607,036	383,779

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於2015年12月31日，本集團應收貿易款項的賬齡分析(按發票日期呈列)如下：

As at 31 December 2015, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
30日以內	Within 30 days	153,993	142,784
31至60日	31 to 60 days	134,466	87,955
61至90日	61 to 90 days	148,799	64,703
超過90日	Over 90 days	35,255	19,492
		472,513	314,934

本集團給予貿易客戶之信貸期一般不超過180日(2014年：不超過180日)。

The Group allows a credit period normally not more than 180 days (2014: not more than 180 days) to its trade customers.

並無逾期及減值的貿易應收款項涉及無近期拖欠記錄的不同類別客戶。已逾期但未減值的貿易應收款項乃與一批與本集團有良好交易記錄的多名客戶有關。由於信貸質素並無重大變動及結餘仍然視為可以完全收回，根據過往經驗，管理層認為並無必要就該等結餘作出減值撥備。本集團概無就該等結餘持有任何抵押品。

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the 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 balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

就貿易應收款項的減值撥備變動如下：

The movements in the provision for impairment of trade receivables are as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
於年初	At the beginning of year	-	-
已確認減值虧損	Impairment losses recognised	206	-
於年終	At the end of year	206	-

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上述應收貿易賬款減值撥備包括個別經減值應收貿易賬款之撥備206,000港元(2014年:零),其總賬面值為206,000港元(2014年:零)。個別經減值應收貿易賬款與客戶拖欠或遲繳款項有關,預期僅可收回此等應收賬款之一部份。

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$206,000 (2014: Nil) with a gross carrying amount of HK\$206,000 (2014: Nil). The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

逾期但未減值之貿易應收款項賬齡分析如下:

Ageing analysis of trade receivables which are past due but not impaired:

合計	未逾期 且未減值	逾期但未減值			
		90日 以內	91至180日	181至365日	
Total	Neither past due nor impaired	Past due but not impaired			
千港元 HK\$' 000	千港元 HK\$' 000	<90 days 千港元 HK\$' 000	91-180 days 千港元 HK\$' 000	181-365 days 千港元 HK\$' 000	
2015	472,513	437,258	30,592	2,763	1,900
2014	314,934	295,442	14,712	1,953	2,827

於釐定貿易應收款項的可收回程度時,本集團考慮由首次授出信貸日期起直至報告期結束止期間,貿易應收款項的信貸質素是否出現變動。由於客戶基礎龐大且概無關連,故信貸風險的集中程度有限。

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

28. 持作買賣投資

28. Investments Held for Trading

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
上市證券	Listed securities		
- 於香港上市之股本證券, 按公平值	- Equity securities listed in Hong Kong at fair value	26,563	-
- 於中國上市之股本證券, 按公平值	- Equity securities listed in the PRC at fair value	12,163	9,900
		38,726	9,900

公平值乃參考市場所報買入價釐定。

Fair values are determined with reference to quoted market bid price.

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29. 衍生金融資產

29. Derivative Financial Assets

		千港元 HK\$' 000
於2014年1月1日	As at 1 January 2014	-
發行可換股債券	Issue of convertible bonds	304
公平值變動	Fair value changes	(61)
於2014年12月31日 及2015年1月1日	As at 31 December 2014 and 1 January 2015	243
公平值變動	Fair value changes	(236)
於2015年12月31日	As at 31 December 2015	7

衍生金融資產乃指可換股債券所含允許本集團行使提前贖回權之提早贖回選擇權衍生工具。公平值於初始確認時及於本報告期末使用二項式期權定價模式計量。

Derivative financial assets represent the early redemption option derivatives embedded in convertible bonds which allows the Group exercise the early redemption rights. The fair value is measured using the Binomial Option Pricing Model at initial recognition and at the end of the reporting period.

可換股債券詳情於綜合財務報表附註33披露。

Details of the convertible bonds were disclosed in Note 33 to the consolidated financial statements.

30. 銀行存款和現金及等同現金項目

30. Deposits with Banks and Cash and Cash Equivalents

於2015年12月31日，到期日超過三個月但少於一年之銀行存款263,260,000港元（2014年：86,351,000港元）之固定年利率為2.76厘至4.05厘（2014年：1.9厘至2.76厘）。銀行存款以人民幣計值。

As at 31 December 2015, the fixed interest rate on deposits with banks of HK\$263,260,000, (2014: HK\$86,351,000), with maturity over three months but less than one year, was ranging from 2.76% to 4.05% (2014: 1.9% to 2.76%) per annum. The deposits with banks were denominated in RMB.

於2015年12月31日，銀行存款約24,580,000港元（2014年：24,994,000港元）已作為銀行借貸之抵押（附註32）。

As at 31 December 2015, deposits with banks of approximately HK\$24,580,000 (2014: HK\$24,994,000) have been pledged to secure bank borrowings (Note 32).

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於報告期末，現金及等同現金項目包括以下項目：

At the end of the reporting period, cash and cash equivalents comprise of the followings:

		本集團 The Group	
		2015 千港元 HK\$'000	2014 千港元 HK\$'000
短期銀行存款	Short-term bank deposits	392,775	513,169
銀行現金及手頭現金	Cash at bank and on hand	796,480	229,262
		1,189,255	742,431

於報告期末，短期銀行存款之實際加權利率為1.07厘（2014年：1.47厘）；該等存款之平均到期日期均少於三個月（2014年：三個月）。

At the end of the reporting period, the weighted effective interest rate on short-term bank deposits was 1.07% (2014: 1.47%); these deposits have an average maturity of less than three months (2014: three months).

現金及等同現金項目按以下貨幣計值：

Cash and cash equivalents were denominated in the following currencies:

		2015 千港元 HK\$'000	2014 千港元 HK\$'000
人民幣	RMB	401,426	375,751
港元	HK\$	495,577	332,800
其他	Others	292,252	33,880
		1,189,255	742,431

將以人民幣計值之現金及等同現金項目匯出中國須受中國政府實施的外匯管制所規限。

The remittance of cash and cash equivalents denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

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31. 貿易及其他應付款項

31. Trade and Other Payables

		2015	2014
		千港元	千港元
		HK\$' 000	HK\$' 000
應付貿易款項	Trade payables	104,520	135,831
預收款項	Receipts in advance	33,358	45,368
撥備(附註i)	Provision (note i)	945	-
應計款項及其他應付款項 (附註ii)	Accruals and other payables (note ii)	217,769	130,266
		356,592	311,465

附註：

notes:

- (i) 本集團就若干電子產品向其客戶提供2至3年保修服務，根據保修條款，有缺陷的產品將獲得修理或更換。保修撥備數額將根據銷量及修理及退貨之過往經驗進行估計。估算基準乃持續進行檢討及視情況進行修訂。

- (i) The Group provides 2 to 3 year warranties to its customer on certain of its electronic products, under which faulty products are repaired or replaced. The amount of provision is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

產品保修撥備之變動如下：

The movements in the provision for product warranty are as follow:

		產品保證 Product warranties 千港元 HK\$' 000
於2015年1月1日	At 1 January 2015	-
收購附屬公司	Acquisition of subsidiaries	1,648
額外撥備	Additional provision	249
期內動用之金額	Amounts utilised during the period	(449)
撥回未動用金額	Reversal of unutilised amount	(500)
匯兌調整	Exchange alignment	(3)
於2015年12月31日	At 31 December 2015	945

- (ii) 於2015年12月31日，應計款項及其他應付款項主要包括收購一間附屬公司額外權益之應付代價約87,591,000港元(相當於人民幣72,275,000元)(2014年：64,984,000港元)、收購物業、廠房及設備之應付款項約14,323,000港元(2014年：12,653,000港元)以及其他應付稅項約15,555,000港元(2014年：6,855,000港元)。

- (ii) As at 31 December 2015, accruals and other payables mainly comprised of consideration payable for acquisition of a subsidiary of approximately HK\$87,591,000 (equivalent to RMB72,275,000) (2014: HK\$64,984,000), payable for acquisition of property, plant and equipment of approximately HK\$14,323,000 (2014: HK\$12,653,000) and other tax payable of approximately HK\$15,555,000 (2014: HK\$6,855,000).

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於2015年12月31日，本集團應付貿易款項之賬齡分析(按發票日期呈列)如下：

As at 31 December 2015, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
30日以內	Within 30 days	83,409	72,395
31至60日	31 to 60 days	5,127	21,691
61至90日	61 to 90 days	5,694	36,083
超過90日	Over 90 days	10,290	5,662
		104,520	135,831

採購貨品之平均信貸期為60日至90日(2014年：90日)。本集團設有財務風險管理政策，以確保所有應付款項於信貸期內償付。

The average credit period on purchases of goods is 60 to 90 days (2014: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

32. 借貸

32. Borrowings

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
銀行借貸	Bank borrowings	331,476	403,673
其他借貸(附註ii)	Other borrowings (note ii)	193,736	191,741
上市後償票據(附註iii)	Listed subordinated notes (note iii)	670,660	–
來自附屬公司之一位非控股股東貸款(附註iv)	Loan from a non-controlling shareholder of a subsidiary (note iv)	110,000	–
		1,305,872	595,414
借貸：	Borrowings:		
一年以內	Within one year	152,810	303,696
一年以上但不超過五年	More than one year but not exceeding five years	1,068,051	182,520
超過五年	More than five years	85,011	109,198
		1,305,872	595,414
減：列作流動負債之款項	Less: Amounts shown under current liabilities	(152,810)	(303,696)
		1,153,062	291,718
借貸：	Borrowings:		
有抵押	Secured	525,212	532,929
無抵押(附註iii、iv及v)	Unsecured (notes iii, iv & v)	780,660	62,485
		1,305,872	595,414

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借貸按以下貨幣計值

Borrowings were denominated in the following currencies:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
人民幣	RMB	229,040	323,673
港元	HK\$	207,589	80,000
美元	US\$	198,583	191,741
新加坡元	SGD	670,660	–
		1,305,872	595,414

附註：

notes:

- (i) 於2015年12月31日，銀行借貸由分別約163,650,000港元、114,167,000港元、零港元、零港元及24,580,000港元(2014年：160,334,000港元、139,958,000港元、134,612,000港元、491,689,000港元及24,994,000港元)之本集團物業、廠房及設備、土地使用權、投資物業、探礦權及銀行存款作抵押。於2015年12月31日，有抵押借款約38,096,000港元以一間附屬公司前股東提供之公司擔保及一間附屬公司前董事提供之個人擔保作擔保。於2014年12月31日，有抵押借款約56,237,000港元已由本公司一名董事提供之個人擔保作擔保。

於2015年12月31日，本集團獲授之銀行信貸約24,000,000港元乃以本集團一間附屬公司提供之公司擔保作擔保。

於2015年12月31日，銀行借貸之加權平均實際利率為4.66厘(2014年：5.32厘)。

- (ii) 根據一項由本公司屬下非全資附屬公司與國際金融公司(「國際金融公司」)於2014年5月30日訂立的貸款協議，國際金融公司已向該附屬公司授出25,000,000美元之貸款。該協議於2015年12月7日修訂和重列，授出的貸款由25,000,000美元增至27,000,000美元。

該貸款按倫敦銀行同業拆息加3.5厘之年利率計息，並按貸款協議所載的預期還款日期償還。

國際金融公司授出之貸款以下列各項作抵押：
(i)本公司作出之企業擔保；及(ii)質押由冠華國際有限公司(「冠華」，為主要股東)擁有之本公司股份。

此外，本公司董事兼控股股東池文富先生(透過其於冠華之權益)向國際金融公司承諾維持其於本公司之最低持股量。本集團及該附屬公司遵守若干契約，其中包括貸款協議訂明之若干財務契約。

- (i) As at 31 December 2015, the borrowings were secured by property, plant and equipment, land use rights, investment properties, mining rights and deposits with banks of the Group amounting to approximately HK\$163,650,000, HK\$114,167,000, HK\$Nil, HK\$Nil and HK\$24,580,000 (2014: HK\$160,334,000, HK\$139,958,000, HK\$134,612,000, HK\$491,689,000 and HK\$24,994,000) respectively. As at 31 December 2015, the secured borrowings of approximately HK\$38,096,000 were guaranteed by the corporate guarantee of an ex-shareholder of a subsidiary and a personal guarantee of a subsidiary. As at 31 December 2014, the secured borrowing of approximately HK\$56,237,000 was guaranteed by the personal guarantee of a director of the Company.

As at 31 December 2015, banking facilities of approximately HK\$24,000,000 granted to the Group were guaranteed by the corporate guarantee of a subsidiary of the Group.

The weighted average effective interest rate of bank borrowing and other borrowings as at 31 December 2015 was 4.66% (2014: 5.32%).

- (ii) Pursuant to a loan agreement entered into by a non-wholly owned subsidiary of the Company and International Finance Corporation ("IFC") on 30 May 2014, IFC had granted a loan of US\$25,000,000 to the subsidiary. The agreement was amended and restated on 7 December 2015 with increase in the loan granted from US\$25,000,000 to US\$27,000,000.

The loan bears interest at LIBOR plus 3.5% per annum and the amounts due are based on the scheduled repayment dates set out in the loan agreements.

The loan granted by IFC was secured by (i) corporate guarantee given by the Company; and (ii) pledges of shares in the Company as owned by Alpha Sino International Limited ("Alpha Sino"), the substantial shareholder.

In addition, Mr. Chi Wen Fu, a director and controlling shareholder of the Company (through his interest in Alpha Sino), has given an undertaking to IFC to maintain a minimum level of shareholding in the Company. The Group and the subsidiary had also complied with certain covenants, including, among other things, certain financial covenants, under the loan arrangement.

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於2015年12月31日，國際金融公司已向該附屬公司授出25,000,000美元（約193,736,000港元）（2014年：25,000,000美元（約191,741,000港元）），而549,280,000股股份（2014年：344,868,000股股份）（約佔同日本公司已發行股本12%（2014年：12%））已由冠華進行質押，作為所授出貸款的擔保。

As at 31 December 2015, US\$25,000,000 (approximately HK\$193,736,000) (2014: US\$25,000,000 (approximately HK\$191,741,000)) has been granted to the subsidiary by IFC and 549,280,000 shares (2014: 344,868,000), representing approximately 12% (2014:12%) of the issued share capital of the Company at the same date, has been pledged by Alpha Sino as security for the loan granted.

- (iii) 此指本公司於2015年6月4日及2015年8月3日發行面值為75,000,000新加坡元及50,000,000新加坡元之第一批及第二批7.2厘後償票據（屬多種幣種中期票據計劃項下）之賬面值。該票據於新加坡交易所上市，並將於2018年6月4日到期。上市後償票據之加權平均實際利率為7.22厘。上市後償票據由本公司多間附屬公司擔保。
- (iv) 來自一間附屬公司之非控股股東貸款為無抵押、不計息並毋須於12個月內還款。
- (v) 於2014年12月31日，本集團獲授之無抵押借貸約62,485,000港元由本公司作擔保。此借貸已於本年度全數償還。

- (iii) This represents the carrying amount of the first tranche and second tranche of 7.2% subordinated notes with the face value of SGD75 million and SGD50 million (under the Multicurrency Medium Term Note Programme) which was issued on 4 June 2015 and 3 August 2015 by the Company. The notes are listed on the Singapore Stock Exchange and will mature on 4 June 2018. The weighted average effective interest rate of listed subordinated notes is 7.22%. The listed subordinated notes are guaranteed by various subsidiaries of the Company.
- (iv) The loan from a non-controlling shareholder of a subsidiary is unsecured, non-interest-bearing and not repayable within 12 months.
- (v) As at 31 December 2014, the unsecured borrowings of approximately HK\$62,485,000 granted to the Group were guaranteed by the Company. During the year, the loan was fully repaid.

本集團借貸之賬面值及公平值如下：

The carrying amount and fair value of the Group's borrowings are as follows:

		賬面值		公平值	
		Carrying amount		Fair value	
		2015	2014	2015	2014
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
借貸	Borrowings	1,305,872	595,414	1,305,872	595,414

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33. 可換股債券

可換股債券負債部份之賬面值如下：

33. Convertible Bonds

The carrying values of the liability component of the convertible bonds are as follows:

		可換股債券1 Convertible Bonds 1	可換股債券2 Convertible Bonds 2	合計 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2014年1月1日	As at 1 January 2014	-	-	-
發行可換股票據	Issue of convertible notes	110,664	167,861	278,525
已扣除估算利息開支	Imputed interest expense charged	9,181	13,976	23,157
已付利息	Interest paid	(2,652)	(4,150)	(6,802)
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	117,193	177,687	294,880
已扣除估算利息開支	Imputed interest expense charged	8,955	28,748	37,703
已付及應付利息開支 還款	Interest expense paid and payable Repayment	(2,523)	(8,100)	(10,623)
於2015年12月31日	As at 31 December 2015	-	198,335	198,335

附註：

- (i) 於2014年6月27日，本公司發行本金額為115,000,000港元之可換股債券（「可換股債券1」）以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券1之到期日為發行日期起計滿一年之日期。

可換股債券1可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券。

可換股債券1包含兩個部份：負債部份及權益部份。負債部份分類為流動負債，採用實際利息法按攤銷成本列賬。確認負債部份後之剩餘價值分類為權益部份。

負債部份於初始確認時之實際年利率為15.66厘。

權益部份於權益「可換股債券權益儲備」中呈列。

本金額為115,000,000港元之可換股債券1已於2015年6月到期時全數贖回。

notes:

- (i) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 1") with the principal amount of HK\$115,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 1 is the date falling 1 year from the date of issue.

Conversion may occur at any time before maturity date of the Convertible Bonds 1. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date.

The Convertible Bonds 1 contains two components: liability component and equity component. The liability component is classified as current liabilities and carried at amortised costs using effective interest method. The residual value after recognising the liability component is classified as equity component.

The effective interest rate of the liability component on initial recognition is 15.66% per annum.

The equity component is presented in equity heading "convertible bonds equity reserve".

Convertible Bonds 1 with the principal amount of HK\$115,000,000 were fully redeemed upon maturity in June 2015.

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附註：

- (ii) 於2014年6月27日，本公司發行本金額為180,000,000港元之可換股債券（「可換股債券2」）以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券2之到期日為自可換股債券2發行日期起計兩年屆滿之日（「期限」）。可換股債券2持有人提前30日向本公司發出事先書面通知後，可將到期日自期限最後一日起延長一年。

可換股債券2可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券，或於本公司根據債券工具之條款及條件行使贖回權時予以贖回。

可換股債券2包含四個部份：衍生金融資產部份（附註29）、衍生金融負債部份、負債部份及權益部份。負債部份分類為非流動負債，採用實際利息法按攤銷成本列賬。提前贖回選擇權分類為衍生金融資產。延長選擇權分類為衍生金融負債，且其於初始確認時及本報告期末使用二項式期權定價模式計量之公平值均等於零港元。剩餘價值分類為權益部份，並於權益「可換股債券權益儲備」中呈列。

負債部份於初始確認時之實際年利率為15.72厘。

Greenhouse Century Limited為可換股債券2之持有人。根據經調整轉換價0.96998港元，估計於可換股債券獲悉數轉換時，本公司將配發及發行185,570,836股股份。詳情請參閱本公司日期為2014年6月20日、2015年5月29日及2015年6月29日之公佈。

notes:

- (ii) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 2") with the principal amount of HK\$180,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 2 is two years commencing from the date of issue of the Convertible Bonds 2 (the "Term"). The maturity date shall, upon prior notice in writing by the holder(s) of the Convertible Bonds 2 to the Company thirty days in advance, be extended for another one year from the last day of the Term.

Conversion may occur at any time before maturity date of the Convertible Bonds 2. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date or redeem when the Company exercises the redemption rights as pursuant to the terms and conditions of the bond instrument.

The Convertible Bonds 2 contains four components: derivative financial assets component (Note 29), derivative financial liability component, liability component and equity component. The liability component is classified as current liabilities and carried at amortised costs using effective interest method. The early redemption option is classified as derivative financial assets. The extension option is classified as derivative financial liabilities and its fair value measured using Binomial Option Pricing Model at initial recognition and at the end of the reporting period were both equal to HK\$Nil. The residual value is classified as equity component and presented in equity heading "convertible bonds equity reserve".

The effective interest rate of the liability component on initial recognition is 15.72% per annum.

Greenhouse Century Limited is the holder of the Convertible Bonds 2. Based on the adjusted conversion price of HK\$0.96998, it is estimated that 185,570,836 Shares will be allotted and issued upon full conversion of the Convertible Bonds. For details, please refer to the announcements of the Company dated on 20 June 2014, 29 May 2015 and 29 June 2015.

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34. 遞延收入

34. Deferred Revenue

	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
已收與資產有關的政府撥款 Government grants received related to assets	69,552	70,333

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於2012年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助（「資助」）以改善其生產科技及提高物業、廠房及設備的產能。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Company Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

截至2015年12月31日止年度，本集團收取部份資助約為2,486,000港元（相當於人民幣2,000,000元）（2014年：約為46,387,000港元（相當於人民幣36,780,000元））。

During the year ended 31 December 2015, the Group has received part of the Assistance of HK\$2,486,000 (equivalent to RMB2,000,000) (2014: approximately HK\$46,387,000 (equivalent to RMB36,780,000)).

所收資助或成為應收款項，初始確認為遞延收入及其後以扣減折舊法開支，按該項折舊資產可用年期於損益賬確認。

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

35. 遞延稅項

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

35. Deferred Taxation

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements during the year are as follows:

遞延稅項負債

Deferred Tax Liabilities

		採礦權		土地使用權		物業、廠房及設備		無形資產		總計	
		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000	2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
於1月1日	As at 1 January	107,699	112,873	16,800	17,624	538	955	-	-	125,037	131,452
收購附屬公司 (附註42(a))	Acquisition of subsidiaries (Note 42(a))	-	-	-	-	82	-	166	-	248	-
計入綜合損益及其他 全面收益表	Credited to the consolidated statement of profit or loss and other comprehensive income	(2,557)	(2,439)	(391)	(397)	(474)	(397)	(33)	-	(3,455)	(3,233)
匯兌調整	Exchange alignment	(4,751)	(2,735)	(741)	(427)	(5)	(20)	-	-	(5,497)	(3,182)
於12月31日	As at 31 December	100,391	107,699	15,668	16,800	141	538	133	-	116,333	125,037

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36. 本公司股本

36. Share Capital of the Company

		股份數目 Number of shares	股本 Share capital
	附註 notes	千股 '000	千港元 HK\$'000
法定：	Authorised:		
每股面值0.02港元之 普通股	Ordinary shares of HK\$0.02 each		
於2014年1月1日、 2014年12月31日及 2015年1月1日	As at 1 January 2014, 31 December 2014 and 1 January 2015	5,000,000	100,000
增加	Increase (i)	5,000,000	100,000
於2015年12月31日	As at 31 December 2015	10,000,000	200,000
已發行及繳足：	Issued and fully paid:		
於2014年1月1日	As at 1 January 2014	2,600,671	61,810
配發普通股	Allotment of ordinary shares	155,077	3,102
按以股代息計劃發行之 普通股	Issue of ordinary shares upon scrip dividend scheme	63,546	1,271
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	86,345	1,727
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	2,905,639	67,910
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options (ii)	55,761	1,115
根據公開發售發行普通股	Issue of ordinary shares under open offer (iii)	1,453,119	29,062
根據紅股發行發行普通股	Issue of ordinary shares under bonus issue (iv)	217,968	4,359
註銷已發行股份	Cancellation of issued shares (v)	(23,000)	(460)
於2015年12月31日	As at 31 December 2015	4,609,487	101,986

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截至2015年12月31日止年度

For the year ended 31 December 2015

附註：

- (i) 於2015年4月23日，本公司通過增發額外5,000,000,000股股份將法定股本由100,000,000港元（分為5,000,000,000股股份）增加至200,000,000港元（分為10,000,000,000股股份），增發股份與全部現有股份享有同等地位。
- (ii) 於截至2015年12月31日止年度內，本公司按加權平均行使價每股0.4194港元發行及分配合共55,761,148股股份。詳情請參閱附註38。
- (iii) 於2015年6月1日，本公司透過按合資格股東於2015年5月28日每持有兩股現有股份獲發發售股份之基準按每股0.40港元之價格進行公開發售，發行1,453,119,268股新股份。詳情載於本公司於2015年5月8日刊發之售股章程。
- (iv) 於2015年6月29日，本公司透過按合資格股東於2015年6月17日每持有二十股現有股份獲配發紅股之基準進行紅股發行，發行217,967,890股新股份。詳情載於本公司之相關公佈。
- (v) 於年內，本公司以總代價9,074,000港元（未計費用）按每股0.39港元之加權平均價格於聯交所購回23,000,000股本公司每股面值0.02港元之普通股。購回之股份已於年內註銷。因此，本公司之已發行股本面值相應削減。購回股份應付之溢價已於本公司股份溢價帳支銷。上述購回為董事會根據股東授權而進行，藉以提高本公司之每股資產淨值及每股盈利。

notes:

- (i) On 23 April 2015, the Company increased the authorized share capital from HK\$100,000,000 (divided into 5,000,000,000 shares) to HK\$200,000,000 (divided into 10,000,000,000 shares) by the creation of an additional 5,000,000,000 shares, which will rank pari passu with all existing shares.
- (ii) During the year ended 31 December 2015, the Company issued and allotted an aggregate of 55,761,148 shares at a weighted average exercise price HK\$0.4194 per share. For more details, please refer to Note 38.
- (iii) On 1 June 2015, the Company issued 1,453,119,268 new Shares by way of open offer at HK\$0.40 per share on the basis of every two existing Shares held by qualifying shareholders as at 28 May 2015. Details are stated in the Company's prospectus issued on 8 May 2015.
- (iv) On 29 June 2015, the Company issued 217,967,890 new Shares by way of bonus issue on the basis of every twenty existing Shares held by qualifying shareholders as at 17 June 2015. Details are stated in the Company's relevant announcements.
- (v) During the year, the Company repurchased 23,000,000 ordinary shares of HK\$0.02 each of the Company at an aggregated consideration of approximately HK\$9,074,000 before expenses at weighted average price HK\$0.39 per share on the Stock Exchange. The repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on the repurchase was charged against the share premium account of the Company. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earning per share of the Company.

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截至2015年12月31日止年度
For the year ended 31 December 2015

37. 本公司財務狀況表及儲備

(a) 財務狀況表

於2015年12月31日

37. Statement of Financial Position and Reserves of the Company

(a) Statement of Financial Position

As at 31 December 2015

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
非流動資產	Non-current assets		
物業、廠房及設備	Property, plant and equipment	637	1,142
於附屬公司之投資	Investments in subsidiaries	2,108	2,108
可供出售之投資	Available-for-sale investments	109,118	–
		111,863	3,250
流動資產	Current assets		
貿易及其他應收款項、預付款項及按金	Trade and other receivables, prepayments and deposits	10,452	1,172
持作買賣之投資	Investments held for trading	26,563	–
衍生金融資產	Derivative financial assets	7	243
應收附屬公司款項	Amounts due from subsidiaries	1,750,674	1,300,601
銀行存款	Deposits with banks	238,680	–
現金及等同現金項目	Cash and cash equivalents	339,539	21,288
		2,365,915	1,323,304
減：流動負債	Less: Current liabilities		
貿易及其他應付款	Trade and other payables	6,353	2,047
應付附屬公司款	Amounts due to subsidiaries	1,789	–
應付所得稅	Income tax payable	1,872	–
財務擔保合約	Financial guarantee contracts	95	81
可換股債券	Convertible bonds	198,335	117,193
		208,444	119,321
流動資產淨值	Net current assets	2,157,471	1,203,983
資產總值減流動負債	Total assets less current liabilities	2,269,334	1,207,233
減：非流動負債	Less: Non-current liabilities		
可換股債券	Convertible bonds	–	177,687
借貸	Borrowings	670,660	–
		670,660	177,687
資產淨值	Net assets	1,598,674	1,029,546
本公司擁有人應佔股及儲備	Capital and reserves attributable to owners of the Company		
股本	Share capital	101,986	67,910
儲備	Reserves	1,496,688	961,636
權益總額	Total equity	1,598,674	1,029,546

董事會於2016年3月23日批准及授權刊發本財務報表，並由下列董事代表簽署：

The financial statement was approved and authorised for issue by the board of directors on 23 March 2016 and was signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

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For the year ended 31 December 2015

(b) 儲備

(b) Reserve

		股本	股份溢價	資本贖回 儲備	可換股債券 儲備	購股權儲備	重估儲備	保留盈利	總額
		Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Share option reserve	Revaluation reserve	Retained earnings	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2014年1月1日	As at 1 January 2014	61,810	739,232	3,499	-	6,136	-	45,006	855,683
年內溢利	Profit for the year	-	-	-	-	-	-	3,461	3,461
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	-	-	-
年內全面收入總額	Total comprehensive income for the year	-	-	-	-	-	-	3,461	3,461
配發普通股	Allotment of ordinary shares	3,102	113,206	-	-	-	-	-	116,308
已失效購股權	Share option lapsed	-	-	-	-	(50)	-	50	-
發行可換股債券	Issue of convertible bonds	-	-	-	16,779	-	-	-	16,779
已付末期股息	Final dividend paid	1,271	(12,990)	-	-	-	-	-	(11,719)
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,727	47,741	-	-	(2,516)	-	-	46,952
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	2,082	-	-	2,082
於2014年12月31日及 2015年1月1日	As at 31 December 2014 and 1 January 2015	67,910	887,189	3,499	16,779	5,652	-	48,517	1,029,546
年內溢利	Profit for the year	-	-	-	-	-	-	2,520	2,520
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	(2,463)	-	(2,463)
年內全面收入總額	Total comprehensive income for the year	-	-	-	-	-	(2,463)	2,520	57
已付末期股息	Final dividend paid	-	(21,797)	-	-	-	-	-	(21,797)
贖回可換股債券	Redemption of convertible bonds	-	-	-	(4,336)	-	-	4,336	-
已失效購股權	Share option lapsed	-	-	-	-	(2,128)	-	2,128	-
股權結算股份付款之 交易	Equity settled share-based transactions	-	-	-	-	2,528	-	-	2,528
根據公開發售所發行 之普通股	Issue of ordinary shares under open offer	29,062	545,015	-	-	-	-	-	574,077
根據紅股發行所發行 之普通股	Issue of ordinary shares under bonus issue	4,359	(4,409)	-	-	-	-	-	(50)
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,115	23,471	-	-	(1,199)	-	-	23,387
註銷股份	Share cancellation	(460)	(8,614)	460	-	-	-	(460)	(9,074)
於2015年12月31日	As at 31 December 2015	101,986	1,420,855	3,959	12,443	4,853	(2,463)	57,041	1,598,674

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截至2015年12月31日止年度
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38. 購股權

於2008年12月3日，本公司股東批准購股權計劃（「該計劃」）。根據該計劃，本公司可授出購股權予本集團董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴（「合資格參與者」），以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i)股份於購股權提呈日期於聯交所每日報價表所列於主板的收市價；(ii)股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板的平均價；及(iii)股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

購股權僅於合資格參與者自購股權授出日期至指定之行使期內仍於本集團服務方可行使。

38. Share Options

On 3 December 2008, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group from the grant date of the share options up to the designated exercise date.

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2015年

2015

	於2015年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	就公開發售及 紅股發行 作出之調整 (附註)	於2015年 12月31日持有	行使價 (附註) 港元
	Held at 1 January 2015	Options granted during the year	Options exercised during the year	Options lapsed during the year	Adjustments for Open Offer and Bonus Issue (note)	Held at 31 December 2015	Exercise price (note) HK\$
(A) 僱員							
Employees	67,700,000	-	(49,899,963)	(5,933,394)	17,419,878	29,286,521	0.39129
	27,400,000	-	(1,300,000)	(19,167,435)	7,612,514	14,545,079	0.62606
	-	13,500,000	(3,061,185)	-	3,750,691	14,189,506	0.78258
(B) 董事							
Directors							
池文富 Chi Wen Fu	20,000,000	-	-	-	5,556,580	25,556,580	0.39129
沈世捷 Shum Sai Chit	9,000,000	-	-	-	2,500,461	11,500,461	0.39129
池碧芬 Chi Bi Fen	15,000,000	-	-	-	4,167,435	19,167,435	0.39129
楊玉川 Yang Yuchuan	-	15,000,000	-	-	4,167,435	19,167,435	0.78258
郭孟勇 Guo Mengyong	3,000,000	-	-	-	833,487	3,833,487	0.39129
鄭炳文 Kwong Ping Man	5,000,000	-	-	-	1,389,145	6,389,145	0.39129
盛洪 Sheng Hong	4,000,000	-	(1,500,000)	-	1,111,316	3,611,316	0.39129
劉智傑 Lau Chi Kit	-	5,000,000	-	-	1,389,145	6,389,145	0.78258
	123,700,000	-	(51,399,963)	(5,933,394)	32,978,302	99,344,945	0.39129
	27,400,000	-	(1,300,000)	(19,167,435)	7,612,514	14,545,079	0.62606
	-	33,500,000	(3,061,185)	-	9,307,271	39,746,086	0.78258
	151,100,000	33,500,000	(55,761,148)	(25,100,829)	49,898,087	153,636,110	

附註：詳情請參閱本公司日期為2015年5月29日
及2015年6月29日之公佈。note: For details, please refer to the announcements of the
Company dated 29 May 2015 and 29 June 2015.於2015年12月31日，計劃項下尚未行使之
購股權合共可認購153,636,110股股份。As at 31 December 2015, Options to subscribe for a
total of 153,636,110 Shares were outstanding under the
Scheme.

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2014年

2014

	2014年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	於2014年 12月31日 持有	行使價 港元
	Held at 1 January 2014	Options granted during the year	Options exercised during the year	Options lapsed during the year	Held at 31 December 2014	Exercise price HK\$
(A) 僱員						
Employees	135,445,000	–	(67,745,000)	–	67,700,000	0.5
	40,000,000	–	(12,600,000)	–	27,400,000	0.8
(B) 董事						
Directors						
池文富 Chi Wen Fu	20,000,000	–	–	–	20,000,000	0.5
沈世捷 Shum Sai Chit	12,000,000	–	(3,000,000)	–	9,000,000	0.5
池碧芬 Chi Bi Fen	15,000,000	–	–	–	15,000,000	0.5
郭孟勇 Guo Mengyong	5,000,000	–	(2,000,000)	–	3,000,000	0.5
鄭炳文 Kwong Ping Man	5,000,000	–	–	–	5,000,000	0.5
廖開強 ¹ Liu Hoi Keung ¹	3,000,000	–	–	(3,000,000)	–	0.5
盛洪 Sheng Hong	5,000,000	–	(1,000,000)	–	4,000,000	0.5
	200,445,000	–	(73,745,000)	(3,000,000)	123,700,000	0.5
	40,000,000	–	(12,600,000)	–	27,400,000	0.8
	240,445,000	–	(86,345,000)	(3,000,000)	151,100,000	

1. 於2014年4月28日退任。

於2014年12月31日，計劃項下尚未行使之購股權合共可認購151,100,000股股份。

1. Retired on 28 April 2014.

As at 31 December 2014, Options to subscribe for a total of 151,100,000 Shares were outstanding under the Scheme.

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於2015年12月31日，尚未行使購股權有以下屆滿日期、行使期及行使價。

Options outstanding at 31 December 2015 have the following expiry date, exercise period and exercise prices.

頒授日期 Grant date	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Options
2011年12月30日 30 December 2011	2015年10月31日 31 October 2015	自2012年11月1日起至 2015年10月31日 From 1 November 2012 to 31 October 2015	0.39129	-
2011年12月30日 30 December 2011	2017年12月30日 30 December 2017	自2012年11月1日起至 2017年12月30日 From 1 November 2012 to 30 December 2017	0.39129	91,677,971
2011年12月30日 30 December 2011	2017年12月30日 30 December 2017	自2016年11月1日起至 2017年12月30日 From 1 November 2016 to 30 December 2017	0.39129	7,666,974
2013年3月19日 19 March 2013	2015年10月31日 31 October 2015	自2013年11月1日起至 2015年10月31日 From 1 November 2013 to 31 October 2015	0.62606	-
2013年3月19日 19 March 2013	2018年12月31日 31 December 2018	自2013年11月1日起至 2018年12月31日 From 1 November 2013 to 31 December 2018	0.62606	14,545,079
2015年1月6日 6 January 2015	2018年10月31日 31 October 2018	自2015年11月1日起至 2018年10月31日 From 1 November 2015 to 31 October 2018	0.78258	5,622,447
2015年1月6日 6 January 2015	2020年10月31日 31 October 2020	自2015年11月1日起至 2020年10月31日 From 1 November 2015 to 31 October 2020	0.78258	34,123,639
				153,636,110

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於本年報日期，該計劃項下可供發行之本公司股份總數(包括上述尚未行使購股權)為375,280,443股，相當於本公司當日已發行股本約8.16%。該計劃之餘下年期約為3年，並將於2018年12月3日屆滿。

截至2011年12月31日止年度，授出的購股權使用柏力克-舒爾斯期權定價模式釐定。輸入該估值模式的重要計算因素為於授出日期的股價0.217港元(已就股份分拆的影響作出調整)、上述行使價、預期股價回報標準偏差39.20%至66.37%、年度無風險利率0.33%至1.08%、約1至6年預計購股權年期及1.43%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2006年7月31日至2011年12月31日的每日股價的統計分析計算得出。截至2015年12月31日止年度，約296,000港元(2014年：596,000港元)已計入綜合損益及其他全面收益表內。

截至2013年12月31日止年度，授出的購股權公平值使用柏力克-舒爾斯期權定價模式釐定，約為5,830,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.80港元(已就股份分拆的影響作出調整)、上述行使價、預期波幅介乎42.05%至52.22%、年度無風險利率0.11%至0.58%、約1.6至5.2年預計購股權年期及2.47%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2007年9月25日至2013年3月19日的每日股價的統計分析計算得出。截至2015年12月31日止年度，約361,000港元(2014年：1,486,000港元)已計入綜合損益及其他全面收益表內。

As at the date of the annual report, the total number of Shares of the Company available for issue under the Scheme (including the above Options outstanding not yet exercised) was 375,280,443, representing approximately 8.16% of the issued share capital of the Company as of the date thereof. The remaining life of the Scheme is approximately 3 years and to be expired on 3 December 2018.

The Options granted during the year ended 31 December 2011 determined using the Black-Scholes valuation model. The significant inputs into the model were share price of HK\$0.217, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, standard deviation of expected share price return of 39.20% to 66.37%, annual risk-free interest rate of 0.33% to 1.08%, expected life of Options of approximately 1 to 6 years and dividend payout ratio of 1.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 July 2006 to 31 December 2011. During the year ended 31 December 2015, approximately HK\$296,000 (2014: HK\$596,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

The fair value of Options granted during the year ended 31 December 2013 determined using the Black-Scholes valuation model was approximately HK\$5,830,000. The significant inputs into the model were share price of HK\$0.80, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 42.05% to 52.22%, annual risk-free interest rate of 0.11% to 0.58%, expected life of Options of approximately 1.6 to 5.2 years and dividend payout ratio of 2.47%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 25 September 2007 to 19 March 2013. During the year ended 31 December 2015, approximately HK\$361,000 (2014: HK\$1,486,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

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截至2015年12月31日止年度所授出之購股權，使用柏力克—舒爾斯期權定價模式釐定公平值為約3,660,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.69港元（已就股份分拆的影響作出調整）、上述行使價、預期股價波動介於43.47%至49.69%、年度無風險利率0.71%至1.39%。約2.32至5.32年預計購股權年期及1.29%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2009年8月19日至2012年8月28日的每日股價的統計分析計算得出。截至2015年12月31日止年度，約1,871,000港元（2014年：無）已計入綜合損益及其他全面收益表內。

截至2015年12月31日止年度期間，約2,528,000港元（2014年：2,082,000港元）以股份為基礎之付款須計入綜合損益及其他全面收益表內。

The fair value of Options granted during the year ended 31 December 2015 determined using the Black-Scholes valuation model was approximately HK\$3,660,000. The significant inputs into the model were share price of HK\$0.69, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 43.47% to 49.69%, annual risk-free interest rate of 0.71% to 1.39%. Expected life of Options of approximately 2.32 to 5.32 years and dividend payout ratio of 1.29%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 19 August 2009 to 28 August 2012. During the year ended 31 December 2015, approximately HK\$1,871,000 (2014: HK\$Nil) were charged to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2015, the share-based payments of approximately HK\$2,528,000 (2014: HK\$2,082,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

39. 承擔

(a) 資本承擔

39. Commitments

(a) Capital Commitments

	2015 千港元 HK\$'000	2014 千港元 HK\$'000
已訂約但尚未於 綜合財務報表 撥備之有關收購 物業、廠房及 設備之資本支出	11,693	88,894

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(b) 經營租約承擔**本集團作為承租人**

本集團根據不可撤銷租賃協議租賃各類寫字樓、員工宿舍及貨倉。該等租賃之租期、調整租金之條款及續約權利各有不同。

於報告期末，本集團就日後根據不可撤銷經營租約於下列期間到期應付的最低租金還款承擔如下：

(b) Operating Lease Commitments**The Group as Lessee**

The Group leases various office premises, staff quarters and warehouses under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
一年內	Within one year	4,340	2,937
第二年至第五年 (包括首尾兩年)	In the second to fifth years inclusive	7,752	2,459
超過五年	Over five years	6,734	2,955
		18,826	8,351

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40. 重大關連人士交易及關連交易

除綜合財務報表另有披露外，年內本集團已進行以下主要關連人士交易：

(a) 主要管理人員酬金

		2015 千港元 HK\$' 000	2014 千港元 HK\$' 000
董事(附註13)	Directors (Note 13)	4,934	3,906
其他主要管理人員： 薪金及其他短期僱員福利	Other key management personnel: Salaries and other short-term employee benefits	3,463	1,877
		8,397	5,783

(b) 池文富先生已向國際金融公司作出承諾，將本公司之股權維持在最低水平作為借貸抵押品詳情參見附註32。

(c) 於2015年8月20日，權智國際與Earnmill Holdings Limited訂立包銷協議，關於公開發售1,437,195,029股權智國際之發售股份。詳情已載列於本公司2015年8月20日發佈之公告內。

(d) 銷售產品

		由2015年2月26日至 2015年12月31日期間 For the period from 26 February 2015 to 31 December 2015 千港元 HK\$' 000
向一間合資公司銷售(附註(i))	Sales to a joint venture (note(i))	3,363

附註：

(i) 向一間合資公司銷售乃按向本集團主要客戶提供之公佈價格及條件進行。

40. Material Related Party Transactions and Connected Transactions

Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year.

(a) Key Management Compensation

(b) Mr. Chi Wen Fu has given an undertaking to IFC to maintain a minimum level of shareholding in the Company as collateral of the borrowings as detailed in Note 32.

(c) GSIL and Earnmill Holdings Limited entered into an underwriting agreement on 20 August 2015 in relation to an open offer of 1,437,195,029 offer shares of GSIL. Details are stated in the Company's Announcement dated 20 August 2015.

(d) Sales of goods

note:

(i) The sales to a joint venture were made according to the published prices and conditions offered to the major customers of the Group.

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41. 非現金交易

截至2015年12月31日止年度，本集團收購一間附屬公司且於報告期末，代價尚未以現金結清。詳情見附註42(b)。

本公司根據於2014年5月23日公佈之以股代息計劃，於2014年6月27日以每股0.70港元發行及配發63,545,669股每股面0.02港元之新繳足股份，給予就2013年末期股息選擇以收取本公司股份取代現金代息之股東。新普通股與本公司現有普通股在各方面享有同等權利。詳情請參閱本公司於2014年5月23日發佈的通函。

42. 收購附屬公司

(a) 收購權智國際

於2014年12月19日，本集團全資附屬公司Ming Xin Developments Limited訂立了一份買賣協議及一份認購協議，以收購及認購權智國際（股份代號：601）500,000,000股現有股份及239,532,000股新股份，代價分別為229,600,000港元及76,650,000港元。該等交易已於2015年2月26日完成。本集團於完成後獲得權智國際之51.46%控股權益。

41. Non-Cash Transactions

During the year ended 31 December 2015, the Group acquired a subsidiary and the consideration had not been settled by cash at the end of the reporting period. For details, please refer to Note 42(b).

On 27 June 2014, the Company issued and allotted 63,545,669 new fully paid shares of HK\$0.02 each in the Company at HK\$0.70 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 final dividends pursuant to the scrip dividend schemes announced by the Company on 23 May 2014. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. For more details, please refer to the circular of the Company dated 23 May 2014.

42. Acquisition of subsidiaries

(a) Acquisition of GSIL

On 19 December 2014, Ming Xin Developments Limited, a wholly owned subsidiary of the Group, entered into a sale and purchase agreement and a subscription agreement for the acquisition of 500,000,000 existing shares and the subscription of 239,532,000 new shares of GSIL (stock code: 601) at the consideration of HK\$229,600,000 and HK\$76,650,000 respectively. The transactions were completed on 26 February 2015 and the Group gained 51.46% controlling interest in GSIL after the completion.

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		附註 Notes	可識別淨資產及 負債之公平值 Fair value of net identifiable assets and liabilities 千港元 HK\$' 000
物業、廠房及設備	Property, plant and equipment	17	124,868
土地使用權	Land use rights	16	12,200
無形資產	Intangible assets	20	2,566
合資公司之投資	Investments in joint ventures		2,740
聯營公司之投資	Investment in associates	24	22
可供出售投資	Available-for-sale investments		7,300
存貨	Inventories		40,827
貿易及其他應收款項、預付款項 及按金	Trade and other receivables, prepayment and deposit		34,631
銀行存款	Deposits with banks		1,012
現金及等同現金項目	Cash and cash equivalents		104,024
貿易及其他應付款項	Trade and other payables		(60,178)
遞延稅項負債	Deferred tax liabilities	35	(248)
應付所得稅	Income tax payable		(129)
借貸	Borrowings		(63,993)
非控股權益	Non-controlling interests		(96,536)
			109,106
商譽	Goodwill	19	197,144
總代價	Total consideration		306,250
以下列方式償付代價：	Consideration satisfied by:		
現金	Cash		306,250
收購事項所產生之現金流出：	Cash outflow arising on acquisition:		
所付現金代價	Cash consideration paid		306,250
所收購之銀行結餘及現金	Bank balances and cash acquired		(105,036)
			201,214

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(i) 收購之商譽

收購權智國際產生之商譽包括成本控制溢價。此外，就合併支付之代價包括其產生的收益增長及業務策略，有關款項未能可靠地計量。預計收購產生之商譽不可用作扣除稅項用途。

(ii) 收購對權智國際業績之影響

權智國際已計入本集團應佔本年度溢利為虧損約24,881,000港元，年內有關權智國際之收入為125,906,000港元。倘業務合併於2015年1月1日生效，則年內來自持續經營業務收入為182,137,000港元，來自持續經營業務之虧損為54,729,000港元。本集團董事認為該等「備考」數字代表合併後集團按年化基準計量之概約業績，並可作為與未來期間比較之參考業績。

(i) Goodwill on the acquisition

Goodwill arose in the acquisition of GSIL because the cost of combination included a control premium. In addition, the consideration paid for the combination included amounts in relation to the revenue growth and business strategy arising from them which cannot be measured reliably. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

(ii) Impact of acquisition on the result of the GSIL

Included in the profit for the year of approximately HK\$24,881,000 losses attributable to the additional business generated by GSIL. Revenue for the year includes HK\$125,906,000 in respect of GSIL. Had these business combinations been effected at 1 January 2015, the revenue of the Group from continuing operation would have been HK\$182,137,000 and the loss for the year from continuing operations would have been HK\$54,729,000. The directors of the Group considered these "pro-forma" numbers to represent an approximate measure of the performance of the performance of the combined group on an annualized basis and to provide a reference point for comparison in future periods.

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(b) 收購新疆騰翔鎂製品有限公司 (「新疆騰翔」)

於本年度內，本集團向獨立第三方收購新疆騰翔。新疆騰翔主要從事生產及銷售鎂錠及蘭炭。進行收購事項是為了實現本集團多元化發展業務並增強本集團長期增長潛力之戰略。收購事項之購買代價為現金形式，未支付金額於2015年12月31日作為應付賣方之代價列賬。

新疆騰翔於2015年12月15日(收購日期)之可識別資產及負債於收購日期之公平值如下：

(b) Acquisition of Xinjiang Tengxiang Magnesium Products Company Limited (“XTMP”)

During the year, the Group acquired entire interest in XTMP from independent third parties. XTMP is engaged in the production and trading of magnesium ingot and semi coke. The acquisition was made as part of the Group's strategy to diversify the Group's business and enhance long-term growth potential of the Group. The purchase consideration for the acquisition was in the form of cash and the unpaid amount was recorded as consideration payable to the sellers as at 31 December 2015.

The fair values on the date of acquisition for the identifiable assets and liabilities of XTMP as at 15 December 2015 (the date of acquisition) were as follows:

		附註 Notes	可識別淨資產及 負債之公平值 Fair value of net identifiable assets and liabilities 千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	17	200,810
預付土地租賃款項	Prepaid land lease payment	16	31,363
存貨	Inventories		5,284
應收貿易賬款	Trade receivables		3,942
預付款項、按金及其他 應收賬款	Prepayments, deposits and other receivables		118
可收回稅款	Tax recoverable		1,859
現金及現金等值項目	Cash and cash equivalents		428
應付貿易賬款	Trade payables		(35,087)
其他應付賬款及應計負債	Other payables and accruals		(75,163)
附息銀行借貸	Interest-bearing bank borrowings		(38,781)
可識別資產淨值公平值 總額	Total identifiable net assets at fair value		94,773
於綜合損益及其他全面 收入表之其他收入及 收益確認的臨時議價 收購收益	Provisional gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss and other comprehensive income		7,182
支付代價： 臨時代價—就收購事項應 付賣方之款項	Consideration satisfied by: Provisional consideration – payable to the sellers in connection with the acquisition		87,591

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根據本集團與賣方訂立的買賣協議，代價將按照新疆騰翔於2015年5月1日至交割日期止期間之經營損益予以調整。由於本集團正在與賣方商討調整購買代價，從上述收購事項產生之議價收購收益按臨時性質釐定。

臨時議價收購收益7,182,000港元主要是由本集團與賣方經計及新疆騰翔之經營狀況及業務前景後，按一般商業條款公平磋商後按臨時性質釐定。

就收購事項確認之上述臨時代價及臨時議價收購收益或會於業務合併在計量期內完成初步會計處理後進行調整，計量期將不超過收購日期起一年。

新疆騰翔之應收貿易賬款及其他應收賬款於收購日期的公平值與其合約總值相若，本公司董事預期不會有任何重大的購得應收賬款不可收回。

本集團就此收購事項產生交易成本1,758,000港元。此等成本已於本期間之綜合損益表支銷並列入行政支出。

Pursuant to the sale and purchase agreement entered by the Group and the sellers, the purchase consideration shall be adjusted by the operating gain or loss of XTMP for the period from 1 May 2015 to the date of completion. The gain on bargain purchase arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing the negotiation of adjustments to the purchase consideration with the sellers.

The provisional gain on bargain purchase of HK\$7,182,000 was primarily determined on a provisional basis between the Group and the sellers after arm's length negotiations on normal commercial terms, having taken into account the operation and business prospect of XTMP.

The provisional consideration and the provisional gain on bargain purchase recognised on acquisition as shown above may be adjusted upon the completion of the initial accounting for the business combination during the measurement period, which shall not exceed one year from the acquisition date.

The fair values of the trade receivables and other receivables of XTMP at the date of acquisition approximated to their gross contractual amounts and the directors of the Company do not expect any significant acquired receivables to be uncollectible.

The Group incurred transaction costs of HK\$1,758,000 for this acquisition. These cost have been expensed off and are included in administrative expenses in the consolidated statement of profit or loss for the period.

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收購附屬公司之現金流量分析如下：

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

		千港元 HK\$' 000
計入投資活動現金流量的所收購之現金及銀行結餘及現金及等同現金等項目流入淨額	Cash and bank balances acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	428
計入經營業務現金流量的收購事項交易成本	Transaction costs of the acquisition included in cash flows from operating activities	(1,758)
		(1,330)

自收購以來，新疆騰翔於截至2015年12月31日止年度並無為本集團貢獻任何收入，並為截至2015年12月31日止年度之綜合虧損中帶來虧損1,565,000港元。

Since the acquisition, XTMP did not contribute to the Group's revenue for the year ended 31 December 2015 and incurred a loss of HK\$1,565,000 to the consolidated loss for the year ended 31 December 2015.

由於新疆騰翔於截至2015年12月31日止年度的財務資料之前未經審核，猶如業務合併的收購日期是於期初一般披露合併實體的收入及損益並不可行。

As the financial information of XTMP for year ended 31 December 2015 had not been previously audited, it is impractical to disclose the revenue and profit or loss, of the combined entity, as though the acquisition date for the business combination had been at the beginning of the period.

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43. 出售一間附屬公司

於本年度，該附屬公司於出售日期之負債淨額如下：

43. Disposal of a subsidiary

During the year ended, the net liabilities of subsidiary at the date of disposal were as follows:

		千港元 HK\$'000
出售負債淨值：	Net liabilities disposed of:	
現金及現金等值項目	Cash and cash equivalents	8
其他應收賬款及按金	Other receivables and deposits	22
其他應付賬款及應計負債	Other payables and accruals	(197)
		(167)
出售一間附屬公司之收益	Gain on disposals of a subsidiary	179
		12
通過以下方式支付	Satisfied by	
現金	Cash	12
出售一間附屬公司所得現金	Net cash inflow from disposal	
流入淨額	of a subsidiary:	
已收現金代價	Cash consideration received	12
出售之銀行結餘及現金	Bank balances and cash disposed	(8)
		4

44. 附屬公司擁有權權益之變動

由於本集團於2015年2月26日完成收購後獲得權智國際51.46%控股權益，故本集團於2015年3月5日作出強制性全面收購並於2015年3月26日完成。本集團於權智國際之控股權益因此增加至51.88%。於截至2015年12月31日止年度內，本集團亦獲取了江蘇湛藍科技開發有限公司之3.15%額外股本權益。由於上述交易，本集團確認減少非控股權益約8,580,000港元和增加其他儲備約5,797,000港元。

44. Changes in Ownership Interest in Subsidiaries

As the Group gained 51.46% controlling interest in GSIL after the completion of acquisition on 26 February 2015, mandatory general offer were made by the Group on 5 March 2015 and completed on 26 March 2015. The Group's controlling interest in GSIL thereafter increased to 51.88%. During the year ended 31 December 2015, the Group also gained additional 3.15% equity interest in Jiangsu Azureblue Technology Development Company Limited. As a result of these transactions, the Group recognised a decrease in noncontrolling interests of approximately HK\$8,580,000 and an increase in other reserve of approximately HK\$5,797,000 respectively.

財務報表附註

Notes to the Financial Statements

截至2015年12月31日止年度

For the year ended 31 December 2015

45. 訴訟與或然負債

參考本公司2014年10月9日之公告，內容提及對首智投資有限公司(「首智」)之民事訴訟，於本財務報表日期，據本公司所知悉，有關訴訟的傳訊令狀尚未送達首智。首智倘收到該法律文件後，將就有關追討尋求法律意見及就此應予採取的必要行動。董事會認為，該訴訟不會對本集團於業務、營運及財務情況構成重大不利影響。

46. 報告期後事項

於報告期末後並無任何重大事項。

47. 比較數字

若干比較金額已作重新分類，以符合本年度之呈列方式。

48. 授權刊發綜合財務報表

董事會於2016年3月23日批准及授權刊發綜合財務報表。

45. Litigations and Contingent Liabilities

Reference was made to the announcement of the Company dated 9 October 2014 regarding a civil claim against Capital Idea Investments Limited ("Capital Idea"). As of the date of the consolidated financial statement, to the best knowledge of the Company, the writ of summons of the litigation has not yet been served on Capital Idea. Upon receiving this legal document, Capital Idea will seek legal advice in relation to the claim and the necessary actions to be taken in this respect and will vigorously defend against the claim. The Board of the Company is of the view that this claim will not have a material adverse impact on the business, operation and financial position of the Group.

46. Events after the Reporting Period

There were no significant events that have occurred subsequent to the end of the reporting period.

47. Comparatives

Certain comparative amounts have been reclassified to conform with current year's presentation.

48. Authorisation for Issue of Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 23 March 2016.

APPENDIX II ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, prepared for the purpose of incorporation in the circular.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

27 September 2016

The Board of Directors
Century Sunshine Group Holdings Limited
Unit 2605, 26/F Harbour Centre
25 Harbour Road Wanchai
HONG KONG

Dear Sirs,

We set out below our report on the financial information of Shandong Hongri Acron Chemical Joint Stock Company, Ltd (the “**Target Company**”), and its subsidiaries (hereinafter collectively referred to as the “**Target Group**”), comprising the consolidated statements of financial position of the Target Group as at 31 December 2013, 2014 and 2015 and 30 June 2016, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the years ended 31 December 2013, 2014 and 2015, for the six months period ended 30 June 2016 (the “**Relevant Periods**”), together with the note thereto (the “**Financial Information**”), and the comparative consolidated statement of profit or loss and other comprehensive income, the consolidated statement changes in equity and the consolidated statement of cash flows of the Target Group for the six months ended 30 June 2015 (the “**Unaudited Comparative Financial Information**”), prepared on the basis of presentation set out in Note 3 of Section II below, for inclusion in the circular of Century Sunshine Group Holdings Limited (the “**Company**”) dated 27 September 2016 (the “**Circular**”) in connection with the sale and purchase agreement dated 3 August 2016 (the “**Agreement**”) entered into between Long Xiang Enterprises Limited, a wholly-owned subsidiary of the Company (the “**Purchaser**”), Prosperous Rich Holdings Limited (the “**Vendor**”) and Acronagrotrans Ltd pursuant to which the Company would acquire the entire issued share capital of Acronagrotrans Ltd at a total consideration of US\$1 (the “**Consideration**”), (collectively refer as the “**Acquisition**”).

The Target Company was incorporated in the People’s Republic of China (the “**PRC**”) with limited liabilities on 26 April 1993. The Target Group is principally engaged in fertilizer business in the PRC.

The Target Group adopts 31 December as its financial year end date.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Target Group have prepared the Financial Information for the Relevant Periods that give a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and for such internal control as the directors of the Target Group determine is necessary to enable the preparation of the Financial Information that are free from material misstatement, whether due to fraud or error. The Financial Information for each of the Relevant Periods were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information set out in this report has been prepared from the unaudited financial statements of the Target Group with no adjustments made thereon.

RESPONSIBILITY OF THE DIRECTORS

The directors of the Company and the Target Group are responsible for the contents of the Circular, including the preparation of the Financial Information that gives a true and fair view in accordance with the basis set out in Note 3 of Section II. The directors of the Company and the Target Group are responsible for the preparation of the Financial Information and the Unaudited Comparative Financial Information that give a true and fair view in accordance with HKFRSs and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information and the Unaudited Comparative Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

For the Financial Information for the Relevant Periods, it is our responsibility to form an independent opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant audited financial statements of the Target Group for the Relevant Periods, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

For the purpose of this report, we have reviewed the Unaudited Comparative Financial Information for which the directors of the Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists principally of making enquiries of the management and applying analytical procedures to the Unaudited Comparative Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the Unaudited Comparative Financial Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Group as at 31 December 2013, 2014 and 2015 and 30 June 2016 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review, which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Unaudited Comparative Financial Information is not prepared in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 3 to the Financial Information which indicates that the Target Group incurred a net loss of approximately HK\$202,794,000, HK\$34,261,000, HK\$133,531,000 and HK\$135,864,000 during the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016 and, as of 30 June 2016, the Target Group's current liabilities exceeded its total assets by HK\$87,022,000. Notwithstanding the above, the Financial Information have been prepared on a going concern basis, the validity of which is dependent on the Target Group's ability to obtain external source of funding and derive adequate operating cash flows from the existing operations in order for the Target Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. These conditions, along with other matters set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern.

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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I. FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i>	Six months ended 30 June 2016 <i>HK\$'000</i>
<i>Notes</i>					(Unaudited)	
Revenue	7	2,658,737	2,146,724	1,779,527	944,242	466,475
Cost of sales		<u>(2,378,117)</u>	<u>(1,890,434)</u>	<u>(1,677,325)</u>	<u>(889,098)</u>	<u>(449,165)</u>
Gross profit		280,620	256,290	102,202	55,144	17,310
Other income and gains	9	45,564	13,146	18,046	23	13,701
Selling and marketing cost		(77,457)	(63,648)	(87,497)	(39,918)	(21,740)
Administrative expenses		(412,065)	(200,805)	(127,633)	(75,996)	(130,262)
Finance costs	10	<u>(39,452)</u>	<u>(39,242)</u>	<u>(38,648)</u>	<u>(18,055)</u>	<u>(14,873)</u>
Loss before income tax expense		(202,790)	(34,259)	(133,530)	(78,802)	(135,864)
Income tax expense	11	<u>(4)</u>	<u>(2)</u>	<u>(1)</u>	<u>—</u>	<u>—</u>
Loss for the year/period	12	(202,794)	(34,261)	(133,531)	(78,802)	(135,864)
Other comprehensive income for the year/period, net of tax:						
— Exchange differences on translating foreign operations		<u>10,691</u>	<u>(1,316)</u>	<u>(4,549)</u>	<u>14,142</u>	<u>1,295</u>
Total comprehensive loss for the year/period, net of tax		<u>(192,103)</u>	<u>(35,577)</u>	<u>(138,080)</u>	<u>(64,660)</u>	<u>(134,569)</u>

The accompanying notes form an integral part of the Financial Information.

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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Consolidated Statement of Financial Position

		As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 30 June 2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets					
Land use right	15	66,347	62,941	56,769	54,129
Property, plant and equipment	16	516,573	543,850	581,578	543,185
Intangible assets	17	6,206	4,841	3,328	2,639
		<u>589,126</u>	<u>611,632</u>	<u>641,675</u>	<u>599,953</u>
Current assets					
Trade and other receivables, prepayments and deposits	20	266,855	319,210	227,776	97,384
Inventories	19	286,996	392,974	344,345	124,619
Land use right	15	3,038	3,019	2,860	2,797
Financial assets at fair value through profit and loss	21	87,081	26,474	31,057	—
Pledged bank deposits	22	22,732	51,474	134,965	140,058
Cash and cash equivalents	22	28,668	46,953	25,495	21,042
		<u>695,370</u>	<u>840,104</u>	<u>766,498</u>	<u>385,900</u>
Current liabilities					
Trade and other payables	23	645,111	560,154	845,146	597,238
Financial guarantee liabilities	25	28,672	96,228	70,509	48,625
Tax payables		1	—	—	—
Borrowings	24	354,431	581,164	429,858	426,246
Dividend payable		833	828	784	766
		<u>1,029,048</u>	<u>1,238,374</u>	<u>1,346,297</u>	<u>1,072,875</u>
Net current liabilities		<u>(333,678)</u>	<u>(398,270)</u>	<u>(579,799)</u>	<u>(686,975)</u>
Total assets less current liabilities		<u>255,448</u>	<u>213,362</u>	<u>61,876</u>	<u>(87,022)</u>
Non-current liabilities					
Borrowings	24	34,244	27,735	14,329	—
Net assets/(liabilities)		<u>221,204</u>	<u>185,627</u>	<u>47,547</u>	<u>(87,022)</u>
Capital and reserves					
Paid-in capital	26	122,340	122,340	122,340	122,340
Reserves		98,864	63,287	(74,793)	(209,362)
		<u>221,204</u>	<u>185,627</u>	<u>47,547</u>	<u>(87,022)</u>

The accompanying notes form an integral part of the Financial Information.

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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Consolidated Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	122,340	52,481	239,681	37,621	(38,816)	413,307
Loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(202,794)</u>	<u>(202,794)</u>
Exchange difference arising from translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,691</u>	<u>—</u>	<u>10,691</u>
Total comprehensive income/(loss) for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,691</u>	<u>(202,794)</u>	<u>(192,103)</u>
At 31 December 2013 and 1 January 2014	122,340	52,481	239,681	48,312	(241,610)	221,204
Loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(34,261)</u>	<u>(34,261)</u>
Exchange difference arising from translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,316)</u>	<u>—</u>	<u>(1,316)</u>
Total comprehensive loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,316)</u>	<u>(34,261)</u>	<u>(35,577)</u>
At 31 December 2014	<u>122,340</u>	<u>52,481</u>	<u>239,681</u>	<u>46,996</u>	<u>(275,871)</u>	<u>185,627</u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015	122,340	52,481	239,681	46,996	(275,871)	185,627
Loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(133,531)</u>	<u>(133,531)</u>
Exchange difference arising from translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,549)</u>	<u>—</u>	<u>(4,549)</u>
Total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,549)</u>	<u>(133,531)</u>	<u>(138,080)</u>
At 31 December 2015 and 1 January 2016	<u>122,340</u>	<u>52,481</u>	<u>239,681</u>	<u>42,447</u>	<u>(409,402)</u>	<u>47,547</u>
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(135,864)</u>	<u>(135,864)</u>
Exchange difference arising from translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,295</u>	<u>—</u>	<u>1,295</u>
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,295</u>	<u>(135,864)</u>	<u>(134,569)</u>
At 30 June 2016	<u><u>122,340</u></u>	<u><u>52,481</u></u>	<u><u>239,681</u></u>	<u><u>43,742</u></u>	<u><u>(545,266)</u></u>	<u><u>(87,022)</u></u>
At 1 January 2015	122,340	52,481	239,681	46,996	(275,871)	185,627
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(78,802)</u>	<u>(78,802)</u>
Exchange difference arising from translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,142</u>	<u>—</u>	<u>14,142</u>
Total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,142</u>	<u>(78,802)</u>	<u>(64,660)</u>
At 30 June 2015	<u><u>122,340</u></u>	<u><u>52,481</u></u>	<u><u>239,681</u></u>	<u><u>61,138</u></u>	<u><u>(354,673)</u></u>	<u><u>120,967</u></u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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Consolidated Statement of Cash Flows

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
OPERATING ACTIVITIES					
Loss before taxation	(202,790)	(34,259)	(133,530)	(78,802)	(135,864)
Adjustments for:					
Interest income	(2,248)	(4,709)	(3,790)	—	(1,011)
Amortisation of intangible assets	1,297	1,328	1,310	665	626
Amortisation of land use right	2,969	3,006	2,963	1,505	1,416
Finance cost	39,452	39,242	38,648	18,055	14,873
Loss on disposal of property, plant and equipment	23,478	1,089	3,560	2,246	4,510
Depreciation	74,572	57,885	42,230	31,688	16,073
Impairment loss on property, plant and equipment	201,213	5,721	3,014	—	25,354
Reversal of impairment on trade and other receivables	—	(7,448)	(2,720)	—	(5,545)
Impairment loss on trade and other receivables	11,561	9,851	18,328	—	10,045
Fair value change of financial guarantee liabilities	28,672	67,556	(25,719)	(19,896)	(21,884)
	<u>178,176</u>	<u>139,262</u>	<u>(55,706)</u>	<u>(44,539)</u>	<u>(91,407)</u>
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL					
(Increase)/decrease in trade and other receivables	(52,027)	(54,758)	75,826	118,168	125,892
Decrease/(increase) in inventories	501,492	(105,978)	48,629	86,786	219,726
Increase/(decrease) in trade and other payables	(316,481)	(84,957)	284,992	(73,063)	(247,908)
	<u>311,160</u>	<u>(106,431)</u>	<u>353,741</u>	<u>87,352</u>	<u>6,303</u>
Cash generated from/(used in) operations					
Income tax paid	(3)	(3)	(1)	—	—
	<u>311,157</u>	<u>(106,434)</u>	<u>353,740</u>	<u>87,352</u>	<u>6,303</u>
Net cash generated from/(used in) operating activities					

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(67,273)	(96,452)	(125,924)	(12,878)	(20,844)
Proceeds from disposal of property, plant and equipment	713	1,353	7,931	1,247	965
Purchase of land use right	(680)	—	—	—	—
Addition of intangible assets	(1,245)	—	—	—	—
(Increase)/decrease in financial assets at fair value through profit and loss	(87,081)	60,607	(4,583)	(14,539)	31,057
Interest income	2,248	4,709	3,790	—	1,010
Decrease/(increase) in pledged bank deposits	<u>54,340</u>	<u>(28,742)</u>	<u>(83,491)</u>	<u>(4,674)</u>	<u>(5,093)</u>
Net cash generated from/(used in) investing activities	<u>(98,978)</u>	<u>(58,525)</u>	<u>(202,277)</u>	<u>(30,844)</u>	<u>7,095</u>
FINANCING ACTIVITIES					
Repayment of bank loan	(676,133)	(472,058)	(617,323)	(274,114)	(213,707)
Interest paid	(39,452)	(39,242)	(38,648)	(18,055)	(14,873)
New bank loan raised	<u>353,475</u>	<u>694,623</u>	<u>484,784</u>	<u>301,904</u>	<u>205,532</u>
Net cash generated from/(used in) financing activities	<u>(362,110)</u>	<u>183,323</u>	<u>(171,187)</u>	<u>9,735</u>	<u>(23,048)</u>
Net increase/(decrease) in cash and cash equivalents	(149,931)	18,364	(19,724)	66,243	(9,650)
Cash and cash equivalents at the beginning of the year/period	170,255	28,668	46,953	46,953	25,495
Effect of foreign exchange rate changes	<u>8,344</u>	<u>(79)</u>	<u>(1,734)</u>	<u>9,504</u>	<u>5,197</u>
Cash and cash equivalents at the end of the year/period	<u><u>28,668</u></u>	<u><u>46,953</u></u>	<u><u>25,495</u></u>	<u><u>122,700</u></u>	<u><u>21,042</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents	<u><u>28,668</u></u>	<u><u>46,953</u></u>	<u><u>25,495</u></u>	<u><u>122,700</u></u>	<u><u>21,042</u></u>

The accompanying notes form an integral part of the Financial Information.

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The registered office and principal place of business of the Target Company is at the East Section, Hubei Road, Luozhuang District, Linyi City, Shandong Province (山東省臨沂市羅莊區湖北路東段). The Target Company was incorporated in PRC and is principally engaged in businesses of fertilizer. The controlling shareholder of the Target Group is Acronagrotrans Ltd., a company incorporated in the Republic of Cyprus.

The Target Company is principally engaged in sales of fertilizer.

The Financial Information is presented in Hong Kong Dollars (“HKD”). The subsidiaries of Target Company were established in the People’s Republic of China (the “PRC”) whose functional currency is Renminbi (“RMB”).

2. APPLICATION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has consistently applied all HKFRSs which are effective for the Target Group’s financial year beginning on 1 January 2015 consistently throughout the Relevant Periods.

The Target Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Lease ³
Amendments to HKFRS 15	Classifications to HKFRS 15 Revenue from Contracts with Customers ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKFRS 12	Recognition of Deferred Tax Assets for Unrecognised Losses ¹
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate and Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted that apply HKFRS 15 on or before the date of initial application of HKFRS 16.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Target Company anticipate that HKFRS 9 in the future may have a material impact on amounts reported and disclosures made in the Financial Information. However, it is not practical to provide a reasonable estimate of that effect of HKFRS 9 until the Target Group performs a detailed review.

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.

APPENDIX II ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP

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, the 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

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.

The directors of the Target Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Financial Information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Target Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC)-Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC)-Int 15 "Operating Lease — Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The directors of the Target Company is in the process of making an assessment of the potential impact of application of HKFRS 16, the directors of the Target Company consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Target Group performs a detailed review.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The principal accounting policies applied in the preparation of these financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Information have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

The disclosure requirements set out in the Listing Rules regarding financial statements presented in a circular have been amended with reference to the provisions of the new CO (Cap. 622) and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the Financial Information has been changed to comply with these new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

(b) Basis of preparation

The Target Group incurred net losses of approximately HK\$202,794,000, HK\$34,261,000, HK\$133,531,000 and HK\$135,864,000 for the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, and as of 30 June 2016 the Target Group’s current liabilities exceed its total assets by approximately HK\$87,022,000. In preparing the Financial Information, the directors have given careful consideration to the future liquidity of the Target Group. The directors adopted the going concern basis for the preparation of the Financial Information and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Target Group:

(1) Alternative source of funding

In light of the current financial position of the Target Group, in connection with the Sale and Purchase Agreement between Prosperous Rich Holdings Limited and Long Xiang Enterprises Limited (“**Purchaser**”), Long Xiang Enterprises Limited has conditionally agreed to use reasonable efforts to assist the Target Group to procure financing for the working capital of the Target Group’s fertilizer business.

Pursuant to the Acquisition Agreement, the Purchaser conditionally agrees to use reasonable efforts to assist the Target Group to procure financing from banks and financial institutions and/or shall provide any forms of guarantee or securities (upon request by such banks and financial institutions) in aggregate loan amount not exceeding RMB250,000,000 (equivalent to approximately HK\$292,500,000) provided that, among others, all the proceeds from the financing procured by the Purchaser shall be solely used by the Target Group for the working capital of the Target Group’s fertilizer business including the repayment of certain Existing Debts by not later than 25 December 2016 but not for any other purpose.

In addition, Century Sunshine Group Holdings Limited, the holding company of the Purchaser, conditionally agreed to provide financial support to the Target Group to ensure it to continue as a going concern and to settle its liabilities off when they fall due.

(2) *Attainment of profitable and positive cash flow operations*

The Target Group had suspended production for the period from March 2015 to April 2015 due to the environmental inspection of the industrial areas in Linyi City by the local authorities, and in early 2016, the Target Group decided to temporarily reduce production to approximately 20% of the plant capacity due to the lack of liquidity to maintain its operation following the said suspension.

On 18 August 2016, the Target Group has resumed its production capacity to about 40% and is expected to increase the production rate to approximately 70% to 80% of capacity utilization by the end of 2016.

The Target Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors of the Target Company, in light of implementation of the various measures or arrangements after the end of reporting period together with the expected results of the measures, the Target Group will have sufficient working capital for its current requirements and it is reasonable to expect the Target Group to remain a commercially viable concern. According, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Target Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statement.

The Financial Information have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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(i) *Financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(c) **Basis of consolidation**

The Financial Information incorporate the financial statements of the Target Company and entities (including structured entities) controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Target Company obtains control over the subsidiary and ceases when the Target Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Company gains control until the date when the Target Company ceases to control the subsidiary.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

(d) Impairment of assets

(i) *Financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of within 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Other assets*

Internal and external sources of information are reviewed at each reporting date to identify indications that other assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price 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 generate cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses 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 the statement of profit or loss and other comprehensive income in the year in which the reversals are recognised.

(e) **Financial instruments**

Financial assets and financial liabilities are recognised on the statements of financial position when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statements of profit or loss and other comprehensive income.

(i) *Financial assets*

Financial assets are classified into held-to-maturity investments and loans and receivables (including cash and bank balances). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

- a. those that the entity upon initial recognition designates as at fair value through profit or loss;
- b. those that the entity designates as available for sale; and
- c. those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent investments held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables including trade and other receivables, held-to-maturity investments and cash and cash equivalents are carried at amortised cost using the effective interest method, less any identified impairment losses.

Effective interest method

The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities (including interest-bearing borrowings)

Financial liabilities including other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within “finance costs” in the statements of profit or loss and other comprehensive income.

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Gains and losses are recognised in the statements of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the entity has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the statements of profit or loss and other comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the statements of profit or loss and other comprehensive income.

(f) Cash and cash equivalents

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

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted to use.

(g) Revenue recognition

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyers, provided that the Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from provision of service is recognised when the services are provided.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(h) Property, plant and equipment

Property, plant and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is

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normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of items of property, plant and equipment, using the straight line method, over its estimated useful life. The principal annual rates are as follows:

Office equipment	20%
Motor vehicles	25%
Furniture and fixtures	33.33%
Leasehold land	over the lease term
Buildings	over the shorter of land use right and 3.33%
Plant and machinery	7.14% to 8.33%

The gain or loss on disposal or retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the statement of profit or loss and other comprehensive income.

(i) Construction in progress

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs necessary to make the sale.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes statements of comprehensive income items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associate, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(l) Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

(m) Foreign currency

i. Functional and presentation currency

Items included in the financial statements of the Target Group are measured using the currency of the primary economic environment in which the Target Group operates (the “**functional currency**”). The financial information are presented in HKD, which is the presentation currency of the Target Group.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of their fair value gain or loss.

(n) Related parties

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

- (1) has control or joint control over the Target Group;
- (2) has significant influence over the Target Group; or
- (3) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

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

- (1) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) 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).

- (3) both entities are joint ventures of the same third party.
- (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.
- (6) the entity is controlled or jointly controlled by a person identified in (i).
- (7) a person identified in (i)(1) 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).
- (8) 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 family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Target Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Target Group's net investment outstanding in respect of the leases.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Target Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Target Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Intangible assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Trademark

Expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 10 years, from the date when the technical know-how is available for use.

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset; and
- how the intangible asset will generate probable future economic benefits.

(s) Land use right

Payment for obtaining land use rights is considered as prepaid operating lease payment. Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses, amortisation is charged to profit or loss over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

(t) Financial guarantee liabilities

Financial guarantee liabilities represents a financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

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

(a) Estimated Impairment of Property, Plant and Equipment, Intangible Assets

The Target Group evaluates whether property, plant and equipment and intangible assets carried at cost have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of CGUs represent the higher of the asset's fair value less costs to disposal or its value-in-use. The calculations of fair value less costs to disposal or value-in-use require the use of estimates. During the year ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, the Target Group provide HK\$201,213,000, HK\$5,721,000, HK\$3,014,000 and HK\$25,354,000 for impairment of property, plant and equipment and did not provide an impairment of intangible assets.

(b) Estimated Useful Lives of Property, Plant and Equipment, Intangible Assets

The Target Group assesses whether there are any indicators of impairment for an asset at the end of each reporting period. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires the Target Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to estimated impairment provision previously made.

In determining the useful life and residual value of an item of property, plant and equipment, the Target Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Target Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

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(c) *Income taxes*

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

(d) *Impairment of trade receivables*

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Target Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the statement of profit or loss and other comprehensive income. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

5. FINANCIAL INSTRUMENTS

(a) **Categories of financial instruments**

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Financial assets				
Loan and receivables (including cash and cash equivalents)				
— trade and bills receivables	104,892	113,908	130,753	13,553
— deposits and other receivables	22,819	21,178	39,222	29,229
— cash and cash equivalents	51,400	98,427	160,460	161,100
Financial asset at fair value through profit and loss	87,081	26,474	31,057	—
	266,192	259,987	361,492	203,882
Financial liabilities				
Amortised cost				
Trade and bills payable	178,908	239,970	413,687	274,554
Borrowings	388,675	608,899	444,187	426,246
Financial guarantee liabilities	28,672	96,228	70,509	48,625
Accruals and other payables	127,576	94,081	112,206	254,813

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, cash and cash equivalents and other payables. The details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Target Group's financial instruments are currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Target Group operates mainly in PRC and majority of transactions are dominated in RMB. The Target Group is exposed to limited foreign exchange risk as most assets and liabilities are denominated in RMB. The Target Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Target Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The main operations of the Target Group were in the PRC and most of the transactions were denominated in RMB. The Target Group did not use any derivative financial instruments to hedge for its foreign exchange risk exposure during the Relevant Periods.

Credit risk

The Target Group's credit risk is primarily attributable to trade and other receivables. It has policies in place to ensure that sales and services are made to customers with an appropriate credit history. The exposure to these credit risks are monitored on an ongoing basis.

The carrying amounts of trade receivables included in the statement of financial position represent the Target Group's maximum exposure to credit risk in relation to the Target Group's financial assets. No other financial assets carry a significant exposure to credit risk.

In the opinion of the directors of the Target Group, since the currency risk is minimal, no sensitivity analysis is presented.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Target Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

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The Target Group's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

As at 31 December 2013

	Weighted average interest rate	Carrying amount <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trade and other payables	—	645,111	—	645,111	—	645,111
Financial guarantee liabilities	—	28,672	—	28,672	—	28,672
Borrowings	6.64%	388,675	—	354,431	34,244	388,675
		<u>1,062,458</u>	<u>—</u>	<u>1,028,214</u>	<u>34,244</u>	<u>1,062,458</u>

As at 31 December 2014

	Weighted average interest rate	Carrying amount <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trade and other payables	—	560,154	—	560,154	—	560,154
Financial guarantee liabilities	—	96,228	—	96,228	—	96,228
Borrowings	6.91%	608,899	—	581,164	27,735	608,899
		<u>1,265,281</u>	<u>—</u>	<u>1,237,546</u>	<u>27,735</u>	<u>1,265,281</u>

As at 31 December 2015

	Weighted average interest rate	Carrying amount <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trade and other payables	—	845,146	—	845,146	—	845,146
Financial guarantee liabilities	—	70,509	—	70,509	—	70,509
Borrowings	6.03%	444,187	—	429,858	14,329	444,187
		<u>1,359,842</u>	<u>—</u>	<u>1,345,513</u>	<u>14,329</u>	<u>1,359,842</u>

As at 30 June 2016

	Weighted average interest rate	Carrying amount <i>HK\$'000</i>	On demand <i>HK\$'000</i>	Less than 1 year <i>HK\$'000</i>	Over 1 year <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trade and other payables	—	597,642	—	597,642	—	597,642
Financial guarantee liabilities	—	48,625	—	48,625	—	48,625
Borrowings	5.19%	426,246	—	426,246	—	426,246
		<u>1,072,513</u>	<u>—</u>	<u>1,072,513</u>	<u>—</u>	<u>1,072,513</u>

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Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- (ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

Except as detailed in the following table, the directors consider that the carrying amount of other financial assets and financial liabilities carried at amortised cost, approximate to their fair values due to the relatively short-term nature of these financial instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2013, 2014 and 2015 and 30 June 2016.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy as at 31 December 2013				
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Financial assets at fair value through profit or loss	—	87,081	—	—
Fair value hierarchy as at 31 December 2014				
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Financial assets at fair value through profit or loss	—	26,474	—	—
Fair value hierarchy as at 31 December 2015				
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Financial assets at fair value through profit or loss	—	31,057	—	—

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	Fair value hierarchy as at 30 June 2016			
	Level 1	Level 2	Level 3	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Financial assets at fair value through profit or loss	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The valuation techniques of financial assets at fair value through profit or loss is based on the discounted expected return from financial institutions.

6. CAPITAL RISK MANAGEMENT

The Target Group monitors its capital structure on the basis of a debt-to-capital ratio. For this purpose, the Target Group defines debt as total borrowings which are bearing fixed or variable interest rates. Capital represents the total equity in the statement of financial position.

The Target Group's strategy was to maintain the debt-to-capital ratio as low as feasible. In order to maintain or adjust the ratio, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Target Group did not have any debt during the Relevant Periods.

The Target Group is not subject to externally imposed capital requirements.

7. REVENUE

An analysis for the Target Group's turnover for the year/period is as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i>	Six months ended 30 June 2016 <i>HK\$'000</i>
Revenue:					
Sales of fertilizer products	<u>2,658,737</u>	<u>2,146,724</u>	<u>1,779,527</u>	<u>944,242</u>	<u>466,475</u>

(Unaudited)

8. SEGMENT INFORMATION

Information reported to the board of directors of the Target Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

The Target Group currently mainly operates in one business segment in the sales of fertilizer products in the PRC. A single management team reports to the chief operating decision makers who comprehensively manage the entire business. The reportable operating results report to the chief operating decision makers are the net profit of the Target Group and the reportable assets and liabilities.

Geographical information

During the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, the Target Group mainly operated in the PRC and most of the Group's revenue are derived from the PRC and most of non-current assets of the Target Group are located in the PRC as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016. No analysis of the Group's result and assets by geographical area is disclosed.

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Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016.

9. OTHER INCOME AND GAINS

An analysis for the Target Group's other income and gains for the year/period is as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Interest income	2,248	4,709	3,790	—	1,011
Sales of scrap materials	38,893	7,475	13,613	—	11,038
Government grant	4,210	504	—	—	—
Sundry income	213	458	643	23	1,652
	<u>45,564</u>	<u>13,146</u>	<u>18,046</u>	<u>23</u>	<u>13,701</u>

10. FINANCE COSTS

An analysis for the Target Group's finance costs for the year/period is as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Interest on borrowings wholly repayable within 5 years	41,794	39,242	38,648	18,055	14,873
Total borrowing cost	41,794	39,242	38,648	18,055	14,873
Less: amount capitalised in the cost qualifying assets	(2,342)	—	—	—	—
	<u>39,452</u>	<u>39,242</u>	<u>38,648</u>	<u>18,055</u>	<u>14,873</u>

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11. INCOME TAX EXPENSE

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

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Current tax for the year/period:					
PRC tax provision for the year/period	<u>4</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>—</u>

PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax for the Target Group in the PRC is based on PRC Enterprise Income Tax rates of 25% of the taxable income as determined in accordance with the relevant income tax rules and regulations of the PRC.

The tax on the Target Group's profit before income tax differs from the theoretical amount that would arise using a tax rate of 25%, the standard income tax rate of the PRC enterprises, as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Loss before taxation	<u>(202,790)</u>	<u>(34,259)</u>	<u>(133,530)</u>	<u>(78,802)</u>	<u>(135,864)</u>
Tax charge at applicable income tax rate of 25%	(50,697)	(8,565)	(33,383)	(19,700)	(33,966)
Tax effect of income not taxable for tax purpose	(3,174)	(60,962)	(57,106)	—	(55,670)
Tax effect of expense not deductible for tax purpose	68,465	77,202	62,159	—	58,498
Utilisation of previous unrecognised tax losses	(14,987)	(8,092)	—	—	—
Tax effect of estimated tax losses not recognised	<u>397</u>	<u>419</u>	<u>28,331</u>	<u>19,700</u>	<u>31,138</u>
Tax charge for the year/period	<u>4</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>—</u>

As at 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016, the Target Group has unrecognised tax losses of approximately HK\$1,588,000, HK\$1,676,000, HK\$113,324,000 and HK\$124,552,000, which can be carried forward to offset future taxable profit. Tax losses of approximately HK\$72,726,000, which relate to the year 2013, will expire in two years from the year of assessment they relate to. The deferred tax benefit of such tax losses has not been recognised as it is uncertain that future taxable profit will be available to utilize the unused tax losses.

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12. LOSS FOR THE YEAR/PERIOD

Loss for the year/period has been arrived at after charging/(crediting):

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Staff cost:					
Salaries allowance and benefits in kind	130,443	157,135	152,808	78,775	65,275
Other items:					
Auditors' remuneration	—	—	—	—	—
Depreciation and amortisation	78,838	62,219	46,503	33,858	18,115
Cost of inventories recognised as an expense	2,377,044	1,889,335	1,677,180	889,098	448,950
Operating lease rental in respect of land and building	40	557	1,267	581	792
Reversal of impairment loss on receivables	—	(7,448)	(2,720)	—	(5,545)
Impairment of receivables	11,561	9,851	18,328	—	10,045
Impairment loss on property, plant and equipment (<i>Note b</i>)	201,213	5,721	3,014	—	25,354

Notes:

- (a) As stipulated by rules and regulations in the PRC, the Target Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Target Group contributes approximately 14% of the employees' salary as specified by the local government, and the Target Group has no future obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations to retired employees.
- (b) Included in "Administrative expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' emoluments:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2016 <i>HK\$'000</i>
Other emoluments: Salaries, allowances and benefits in kind	2,351	3,200	2,671	1,257	1,025

Details of directors' emoluments are as follows:

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Provident fund contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
For the six months period ended 30 June 2016				
KHABRAT	—	—	—	—
REN GANG	—	192	—	192
LI DEFU	—	245	—	245
GINZBURG MARK	—	—	—	—
SHVALYUK	—	239	—	239
LU JUNHUA	—	313	—	313
ZHANG QIKUN	—	36	—	36
ANTONOV	—	—	—	—
POMORTCEV	—	—	—	—
TSOKOLAEV	—	—	—	—
	—	1,025	—	1,025

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	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Provident fund contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
For the six months period ended 30 June 2015 (unaudited)				
KHABRAT	—	—	—	—
REN GANG	—	—	—	—
LI DEFU	—	381	—	381
GINZBURG MARK	—	302	—	302
SHVALYUK	—	223	—	223
LU JUNHUA	—	312	—	312
ZHANG QIKUN	—	39	—	39
ANTONOV	—	—	—	—
TSOKOLAEV	—	—	—	—
SHI CHONGQING	—	—	—	—
JI XINGMIN	—	—	—	—
XU JIMENG	—	—	—	—
	—	1,257	—	1,257
	—	1,257	—	1,257
	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Provident fund contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 December 2015				
KHABRAT	—	—	—	—
REN GANG	—	—	—	—
LI DEFU	—	824	—	824
GINZBURG MARK	—	658	—	658
SHVALYUK	—	469	—	469
LU JUNHUA	—	644	—	644
ZHANG QIKUN	—	76	—	76
ANTONOV	—	—	—	—
TSOKOLAEV	—	—	—	—
SHI CHONGQING	—	—	—	—
JI XINGMIN	—	—	—	—
XU JIMENG	—	—	—	—
	—	2,671	—	2,671
	—	2,671	—	2,671

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	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Provident fund contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 December 2014				
KHABRAT	—	—	—	—
LI DEFU	—	1,041	—	1,041
GINZBURG MARK	—	812	—	812
SHVALYUK	—	560	—	560
LU JUNHUA	—	709	—	709
ZHANG QIKUN	—	78	—	78
SHI CHONGQING	—	—	—	—
ANTONOV	—	—	—	—
KOTOV	—	—	—	—
JI XINGMIN	—	—	—	—
XU JIMENG	—	—	—	—
	<u>—</u>	<u>3,200</u>	<u>—</u>	<u>3,200</u>

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Provident fund contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 December 2013				
KHABRAT	—	—	—	—
LI DEFU	—	752	—	752
GINZBURG MARK	—	348	—	348
SHVALYUK	—	638	—	638
LU JUNHUA	—	537	—	537
ZHANG QIKUN	—	76	—	76
SHI CHONGQING	—	—	—	—
ANTONOV	—	—	—	—
KOTOV	—	—	—	—
JI XINGMIN	—	—	—	—
XU JIMENG	—	—	—	—
	<u>—</u>	<u>2,351</u>	<u>—</u>	<u>2,351</u>

(b) Five highest paid individuals

Of the five individuals with highest emoluments, 4, 3, 3, 2 and 1 were directors of the Target Group for the year ended 31 December 2013, 2014 and 2015 and six months ended 30 June 2015 and 2016 respectively whose emoluments are disclosed in Note 13(a). The emoluments in respect of the remaining 1, 2, 2, 3 and 4 individual other than directors are as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i>	For the year ended 31 December 2014 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>	Six months ended 30 June 2015 <i>HK\$'000</i>	Six months ended 30 June 2016 <i>HK\$'000</i>
Salaries, allowances and benefit in kind	<u>484</u>	<u>1,353</u>	<u>1,376</u>	<u>956</u>	<u>1,272</u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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The emoluments of the above individuals exclude directors with the highest emoluments are within the following salaries band:

	Number of individuals				
	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2015	Six months ended 30 June 2015	Six months ended 30 June 2016
Nil to HK\$1,000,000	1	2	2	3	4
HK\$1,000,000 to HK\$2,000,000	—	—	—	—	—
	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>4</u>

During the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There was no director of the Company and the five highest paid individuals agreed to waive or waived any emoluments during the years ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016.

14. DIVIDEND

The directors of the Target Group do not recommend the payment of any dividend in respect of the Relevant Periods.

15. LAND USE RIGHT

The Target Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
In the PRC, held on:				
Medium term leases	<u>69,385</u>	<u>65,960</u>	<u>59,629</u>	<u>56,926</u>
Current assets	3,038	3,019	2,860	2,797
Non-current assets	<u>66,347</u>	<u>62,941</u>	<u>56,769</u>	<u>54,129</u>
	<u>69,385</u>	<u>65,960</u>	<u>59,629</u>	<u>56,926</u>

Notes:

- (i) As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, land use rights with a carrying amount of approximately HK\$67,809,000, HK\$64,455,000, HK\$58,260,000 and HK\$55,615,000 have been pledged to secure bank borrowings (Note 24).
- (ii) During the years ended 31 December 2013, 2014 and 2015 and for the period ended 30 June 2016, due to the suspension of production and the declining performance of the fertilizer business, the Target Group carried out an impairment testing on the land use right. The recoverable amounts of the land use right was its fair value less costs of disposal categorized under level 3 measurement which has been determined with the market approach.

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16. PROPERTY, PLANT AND EQUIPMENT

	Fixture & office equipment	Plant and machinery	Motor vehicles	Leasehold land & buildings	Construction in-progress	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost						
As at 1 January 2013	13,589	1,073,384	29,959	416,609	16,076	1,549,617
Additions	955	14,864	13,514	4,261	33,679	67,273
Transfers	7	27,685	—	21,051	(48,743)	—
Disposals/written off	(3,661)	(49,828)	(14,187)	(3,624)	—	(71,300)
Exchange realignment	419	35,887	995	14,258	336	51,895
As at 31 December 2013 and 1 January 2014	11,309	1,101,992	30,281	452,555	1,348	1,597,485
Additions	5,657	22,351	5,478	5,212	57,754	96,452
Transfers	—	9,275	—	344	(9,619)	—
Disposals/written off	(372)	(6,850)	(992)	(14)	—	(8,228)
Exchange realignment	(71)	(6,650)	(184)	(2,729)	(30)	(9,664)
As at 31 December 2014 and 1 January 2015	16,523	1,120,118	34,583	455,368	49,453	1,676,045
Additions	5,026	29,529	1,907	5,311	84,151	125,924
Transfers	—	54,632	—	5,153	(59,785)	—
Disposals/written off	(806)	(10,022)	(2,550)	(1,152)	—	(14,530)
Exchange realignment	(1,039)	(62,104)	(1,802)	(24,427)	(3,286)	(92,658)
As at 31 December 2015 and 1 January 2016	19,704	1,132,153	32,138	440,253	70,533	1,694,781
Additions	516	8,488	—	4,154	7,686	20,844
Transfers	—	—	—	70	(70)	—
Disposals/written off	(87)	(25,598)	(1,619)	—	—	(27,304)
Exchange realignment	(440)	(24,595)	(678)	(9,751)	(1,519)	(36,983)
As at 30 June 2016	19,693	1,090,448	29,841	434,726	76,630	1,651,338

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	Fixture & office equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold land & buildings <i>HK\$'000</i>	Construction in-progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
Accumulated depreciation and impairment						
As at 1 January 2013	10,816	667,381	16,726	126,701	—	821,624
Charge for the year	418	58,388	2,538	13,228	—	74,572
Disposals	(3,258)	(31,966)	(10,879)	(1,006)	—	(47,109)
Impairment	776	156,927	2,413	41,022	75	201,213
Exchange realignment	335	24,834	481	4,962	—	30,612
<hr/>						
As at 31 December 2013 and 1 January 2014	9,087	875,564	11,279	184,907	75	1,080,912
Charge for the year	639	36,213	2,346	18,687	—	57,885
Disposals	(327)	(4,657)	(802)	—	—	(5,786)
Impairment	34	2,303	—	157	3,227	5,721
Exchange realignment	(55)	(5,290)	(69)	(1,123)	—	(6,537)
<hr/>						
As at 31 December 2014 and 1 January 2015	9,378	904,133	12,754	202,628	3,302	1,132,195
Charge for the year	1,773	22,733	2,609	15,115	—	42,230
Disposals	(562)	(443)	(2,014)	(20)	—	(3,039)
Impairment	147	—	—	—	2,867	3,014
Exchange realignment	(549)	(48,650)	(697)	(11,301)	—	(61,197)
<hr/>						
As at 31 December 2015 and 1 January 2016	10,187	877,773	12,652	206,422	6,169	1,113,203
Charge for the year	1,090	4,872	1,135	8,976	—	16,073
Disposals	(78)	(20,705)	(1,046)	—	—	(21,829)
Impairment	1	17,045	—	6,750	1,558	25,354
Exchange realignment	(241)	(19,318)	(280)	(4,809)	—	(24,648)
<hr/>						
As at 30 June 2016	<u>10,959</u>	<u>859,667</u>	<u>12,461</u>	<u>217,339</u>	<u>7,727</u>	<u>1,108,153</u>
Net carrying values						
As at 30 June 2016	<u>8,734</u>	<u>230,781</u>	<u>17,380</u>	<u>217,387</u>	<u>68,903</u>	<u>543,185</u>
As at 31 December 2015	<u>9,517</u>	<u>254,380</u>	<u>19,486</u>	<u>233,831</u>	<u>64,364</u>	<u>581,578</u>
As at 31 December 2014	<u>7,145</u>	<u>215,985</u>	<u>21,829</u>	<u>252,740</u>	<u>46,151</u>	<u>543,850</u>
As at 31 December 2013	<u>2,222</u>	<u>226,428</u>	<u>19,002</u>	<u>267,648</u>	<u>1,273</u>	<u>516,573</u>

The cost of plant and machinery for the production of fertilisers is depreciated on the straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives of the production lines to be within 8 to 15 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of the plant and machinery and therefore depreciation charges could be changed in line with revisions to the expected economic useful lives.

APPENDIX II ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP

- (i) As at 31 December 2013, 2014, 2015 and period ended 30 June 2016, property, plant and equipment with carrying amounts of approximately HK\$262,662,000, HK\$256,083,000, HK\$250,251,000 and HK\$276,369,000 respectively have been pledged to secure bank borrowings (Note 24).

- (ii) As the result of the suspension of production and the declining performance of the fertilizer business during the year ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, the Target Group considered these were indications for impairment of the property, plant and equipment. Target Group considered these were indications for impairment of the property, plant and equipment. The Target Group carried out an impairment testing on the property, plant and equipment of the fertilizer segment.

The Target Group assessed the recoverable amounts of these property, plant and equipment as at 31 December 2013, 2014, 2015 and 30 June 2016 which their carrying amounts was written down to their recoverable amounts of approximately HK\$516,573,000, HK\$543,850,000, HK\$581,578,000 and HK\$543,185,000 respectively. An impairment loss of approximately HK\$201,213,000, HK\$5,721,000, HK\$3,014,000 and HK\$25,354,000 was recognised to the consolidated statement of profit or loss and other comprehensive income.

The recoverable amounts of the property, plant and equipment was its fair value less cost to disposal categorized under level 3 measurement which has been determined with the combination of both market approach and cost approach.

In the market approach, the fair value of property, plant and equipment is estimated through analysis of recent sales of comparable items of property, plant and equipment with adjustments made to the indicated market price to reflect condition and utility of the assets valued relative to the market comparable.

In the cost approach, the fair value of property, plant and equipment is estimated through analysis of the costs to reproduce or replace in new conditions of an asset in accordance with the market prices of similar assets, with allowance for accrued depreciation, taking into consideration past and present maintenance policy and rebuilding history if any.

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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17. INTANGIBLE ASSETS

	Trademark <i>HK\$'000</i>
Cost	
As at 1 January 2013	11,692
Additions	1,245
Exchange realignment	<u>424</u>
As at 31 December 2013 and 1 January 2014	13,361
Additions	—
Exchange realignment	<u>(80)</u>
As at 31 December 2014 and 1 January 2015	13,281
Additions	—
Exchange realignment	<u>(702)</u>
As at 31 December 2015 and 1 January 2016	12,579
Additions	—
Exchange realignment	<u>(277)</u>
As at 30 June 2016	<u>12,302</u>
Accumulated amortisation	
As at 1 January 2013	5,651
Charge for the year	1,297
Exchange realignment	<u>207</u>
As at 31 December 2013 and 1 January 2014	7,155
Charge for the year	1,328
Exchange realignment	<u>(43)</u>
As at 31 December 2014 and 1 January 2015	8,440
Charge for the years	1,310
Exchange realignment	<u>(499)</u>
As at 31 December 2015 and 1 January 2016	9,251
Charge for the year	626
Exchange realignment	<u>(214)</u>
As at 30 June 2016	<u>9,663</u>
Net carrying values	
As at 30 June 2016	<u><u>2,639</u></u>
As at 31 December 2015	<u><u>3,328</u></u>
As at 31 December 2014	<u><u>4,841</u></u>
As at 31 December 2013	<u><u>6,206</u></u>

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Note:

During the years ended 31 December 2013, 2014 and 2015 and for the period ended 30 June 2016, due to the suspension of production and the declining performance of the fertilizer business, the Target Group carried out an impairment testing on the intangible assets. The recoverable amounts of the intangible assets have been determined based on capitalization of the net earnings that would be generated if a specific stream of income can be attributed to an asset or a group of assets.

18. PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 30 June 2016 are as follow:

Name	Place of incorporation and operation, and kind of legal entities	Principal activities and place of operation	Participation of issued share/paid up registered capital	Proportion of ownership interest held by the company Directly				Proportion of voting power held			
				2016	2015	2014	2013	2016	2015	2014	2013
Shandong Zhongfu Compound Fertilizers Company Limited	The PRC, limited liability company	Sales of fertilizer	Registered and paid up capital of 5,000,000	100%	100%	100%	100%	100%	100%	100%	100%
Linyi Ding Rui Construction Materials Company Limited	The PRC, limited liability company	Dormant	Registered and paid up capital of 5,000,000	100%	100%	100%	100%	100%	100%	100%	100%
Linyi City — Luo Zhuang Qu Antai Real Estate Service Company Limited	The PRC, limited liability company	Dormant	Registered and paid up capital of 500,000	100%	100%	100%	100%	100%	100%	100%	100%

The statutory financial statements of the Target Company were prepared in accordance with the relevant accounting principles applicable to the Target Company in the country in which it was incorporated and/or established. The statutory financial statements of the Target Company for the years ended 31 December 2013, 2014 and 2015 were audited by Shandong Tianhengxin Certified Public Accountants Co., Ltd (山東天恒信有限責任會計師事務所).

The statutory financial statements of the Shandong Zhongfu Compound Fertilizers Company Limited were prepared in accordance with the relevant accounting principles applicable to the Shandong Zhongfu Compound Fertilizers Company Limited in the country in which it was incorporated and/or established. The statutory financial statements of the Shandong Zhongfu Compound Fertilizers Company Limited for the years ended 31 December 2013, 2014 and 2015 were audited by Shandong Tianhengxin Certified Public Accountants Co., Ltd (山東天恒信有限責任會計師事務所).

The statutory financial statements of the Linyi Ding Rui Construction Materials Company Limited were prepared in accordance with the relevant accounting principles applicable to the Linyi Ding Rui Construction Materials Company Limited in the country in which it was incorporated and/or established. The statutory financial statements of the Linyi Ding Rui Construction Materials Company Limited for the years ended 31 December 2013, 2014 and 2015 were audited by Shandong Tianhengxin Certified Public Accountants Co., Ltd (山東天恒信有限責任會計師事務所).

The statutory financial statements of the Linyi City — Luo Zhuang Qu Antai Real Estate Service Company Limited were prepared in accordance with the relevant accounting principles applicable to the Linyi City — Luo Zhuang Qu Antai Real Estate Service Company Limited in the country in which it was

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incorporated and/or established. The statutory financial statements of the Linyi City — Luo Zhuang Qu Antai Real Estate Service Company Limited for the years ended 31 December 2013, 2014 and 2015 were audited by Shandong Tianhengxin Certified Public Accountants Co., Ltd (山東天恒信有限責任會計師事務所).

19. INVENTORIES

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Raw materials	102,017	214,533	86,118	23,611
Work in progress	25,584	53,431	41,176	39,024
Finished goods	<u>159,395</u>	<u>125,010</u>	<u>217,051</u>	<u>61,984</u>
	<u>286,996</u>	<u>392,974</u>	<u>344,345</u>	<u>124,619</u>

20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Trade receivables	113,430	86,454	142,961	37,887
Impairment	<u>(9,756)</u>	<u>(14,396)</u>	<u>(26,387)</u>	<u>(24,917)</u>
	<u>103,674</u>	<u>72,058</u>	<u>116,574</u>	<u>12,970</u>
Bills receivables (<i>note i</i>)	1,218	41,850	14,179	583
Prepayments and deposits	139,144	184,124	57,801	55,004
Other receivables (<i>note ii</i>)	<u>22,819</u>	<u>21,178</u>	<u>39,222</u>	<u>28,827</u>
	<u>266,855</u>	<u>319,210</u>	<u>227,776</u>	<u>97,384</u>

Notes:

- i. As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, bills receivables of approximately HK\$1,218,000, HK\$41,850,000, HK\$14,179,000 and HK\$583,000 will be matured within six months after the end of each of the Relevant Periods. All the bills receivables are denominated in RMB.
- ii. As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, other receivables mainly comprised of value-added tax recoverable in the PRC of approximately HK\$503,000, HK\$7,236,000, HK\$19,404,000 and HK\$76,000.

As at 31 December 2013 and 2015 and the period ended 30 June 2016, impairment of approximately HK\$11,554,000, HK\$4,461,000, HK\$3,588,000 and HK\$9,454,000 include in of the other receivables are past due and impaired. As at 31 December 2014 and 2015 and the period ended 30 June 2016, reversal of impairment on other receivables are approximately HK\$6,759,000, HK\$1,254,000 and HK\$4,049,000.

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As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, the ageing analysis of the trade receivables after provision of impairment of the Target Group presented based on the invoice date was as follows:

	As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 31 December 2015 HK\$'000	As at 30 June 2016 HK\$'000
0-90 days	82,471	39,845	99,610	2,745
91-180 days	19,775	30,147	16,580	1,837
181-365 days	<u>1,428</u>	<u>2,066</u>	<u>384</u>	<u>8,388</u>
	<u>103,674</u>	<u>72,058</u>	<u>116,574</u>	<u>12,970</u>

The Group allows a credit period normally not more than 90 days to its trade customers.

Impairment losses in respect of trade receivables are recorded using an allowance amount unless the Target Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly.

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Target Group. Based on past experience, the 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 balance are still considered fully recoverable. The Target Group does not hold any collateral over these balances.

The movements in the provision for impairment of trade receivables are as follows:

	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
At the beginning of the year	9,433	9,756	14,396	26,387
Impairment losses recognised	7	5,390	14,740	590
Reversal of impairment	—	(689)	(1,466)	(1,496)
Exchange alignment	<u>316</u>	<u>(61)</u>	<u>(1,283)</u>	<u>(564)</u>
At the end of the year	<u>9,756</u>	<u>14,396</u>	<u>26,387</u>	<u>24,917</u>

As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$7,000, HK\$4,701,000, HK\$13,274,000 and HK\$Nil with a gross carrying amount of HK\$103,674,000, HK\$72,058,000, HK\$116,574,000 and HK\$12,970,000. The individually impaired trade receivables relate to customers that were in default or delinquency in payments and only a portion of the receivables is expected to be recovered.

Ageing analysis of trade receivables which are past due but not impaired:

	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired		
			91-180 days HK\$'000	181-365 days HK\$'000	Over 365 days HK\$'000
30 June 2016	12,970	2,745	1,837	8,388	24,917
31 December 2015	116,574	99,610	16,580	384	26,387
31 December 2014	72,058	39,845	30,147	2,066	14,396
31 December 2013	103,674	82,471	19,775	1,428	9,756

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Held for trading (<i>Note</i>)	<u>87,081</u>	<u>26,474</u>	<u>31,057</u>	<u>—</u>

Note:

At the end of each of the Relevant Periods, the financial assets at fair value through profit or loss represent principal and return-protected financial products issued by several financial institutions in the PRC. These financial products were all matured within one year and were classified as current assets.

The directors of the Target Company recognised the fair value of the financial products as at the end of Relevant Periods with reference to the discounted of expected return provided by those financial institutions.

22. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, deposits with banks of approximately HK\$22,732,000, HK\$51,474,000, HK\$134,965,000 and HK\$140,058,000 have been pledged to secure bank borrowings (*Note* 24).

At the end of the reporting period, cash and cash equivalents comprise of the followings were denominated in RMB:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Cash and cash equivalents	28,668	46,953	25,495	21,042
Pledged bank deposits	<u>22,732</u>	<u>51,474</u>	<u>134,965</u>	<u>140,058</u>
	<u>51,400</u>	<u>98,427</u>	<u>160,460</u>	<u>161,100</u>

At the end of the reporting period, the weighted effective interest rate on short-term bank deposits was 0.35–0.42%; these deposits have an average maturity of less than three months.

The remittance of cash and cash equivalents denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

23. TRADE AND OTHER PAYABLES

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Trade payables	134,518	137,100	143,831	52,672
Bills payables	44,390	102,870	269,856	221,882
Receipts in advance	338,627	226,103	319,253	68,275
Accruals and other payables	<u>127,576</u>	<u>94,081</u>	<u>112,206</u>	<u>254,409</u>
	<u>645,111</u>	<u>560,154</u>	<u>845,146</u>	<u>597,238</u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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Notes:

As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, accruals and other payables mainly comprised accrued salaries and benefit of approximately HK\$34,532,000, HK\$33,055,000, HK\$28,350,000 and HK\$45,777,000 and other tax payable of approximately of HK\$2,656,000, HK\$3,923,000, HK\$3,744,000 and HK\$3,293,000.

At the end of the reporting period, the ageing analysis of trade payables of the Target Group presented based on the invoice date was as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Within 90 days	33,609	51,474	46,181	29,299
91 to 180 days	32,166	33,536	23,207	8,336
181 to 365 days	16,467	5,921	15,065	8,265
Over 365 days	<u>52,276</u>	<u>46,169</u>	<u>59,378</u>	<u>6,772</u>
	<u>134,518</u>	<u>137,100</u>	<u>143,831</u>	<u>52,672</u>

The average credit period on purchases of goods as at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016 is 0–90 days. The Target Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

24. BORROWINGS

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Bank borrowings — secured	<u>388,675</u>	<u>608,899</u>	<u>444,187</u>	<u>426,246</u>
	<u>388,675</u>	<u>608,899</u>	<u>444,187</u>	<u>426,246</u>
Borrowings:				
Within one year	354,431	581,164	429,858	426,246
More than one year but not exceeding five years	34,244	27,735	14,329	—
More than five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>388,675</u>	<u>608,899</u>	<u>444,187</u>	<u>426,246</u>

All borrowings were denominated RMB.

Notes:

As at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016, the borrowings with aggregate amounts of to approximately HK\$190,245,000, HK\$208,009,000, HK\$193,437,000 and HK\$235,895,000 respectively were secured by land use right, property, plant and equipment, and deposits with banks of the Group (Note 15, 16 and 22). As at 31 December 2013, 2014 and 2015 and 30 June 2016, the secured borrowings of approximately HK\$198,430,000, HK\$350,464,000, HK\$226,869,000 and HK\$190,351,000 were guaranteed by the corporate guarantee.

As at 31 December 2014 and 2015, borrowing approximately HK\$50,426,000 and HK\$23,881,000 granted to a subsidiary of Target Company were guarantee by the Target Group.

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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The weighted average effective interest rate of bank borrowing and other borrowings as at at 31 December 2013, 2014 and 2015 and the period ended 30 June 2016 was 6.64%, 6.91%, 6.03% and 5.19%.

25. FINANCIAL GUARANTEE LIABILITIES

As at 31 December 2013, 31 December 2014, 31 December 2015 and 30 June 2016, the Target Group has executed financial guarantees to certain banks for credit facilities granted to several independent third parties, which amounted to approximately RMB250,000,000, RMB403,000,000, RMB312,000,000 and RMB220,000,000 respectively was required to be paid if the guarantees were called upon in entirety.

At the end of the Relevant Periods, amounts of HK\$28,672,000, HK\$96,228,000, HK\$70,509,000 and HK\$48,625,000 respectively has been recognized in the consolidated statement of financial position.

26. PAID-IN CAPITAL

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Registered capital:				
At beginning of the year/period and at end of the year/period	<u>122,340</u>	<u>122,340</u>	<u>122,340</u>	<u>122,340</u>
	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Paid-in capital:				
At beginning of the year/period and at end of the year/period	<u>122,340</u>	<u>122,340</u>	<u>122,340</u>	<u>122,340</u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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27. STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

(a) Statement of financial position

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Non-current assets				
Interest in subsidiaries	13,317	13,237	12,538	12,262
Land use right	66,347	62,941	56,769	54,129
Property, plant and equipment	511,816	539,559	577,861	539,760
Intangible assets	<u>6,206</u>	<u>4,841</u>	<u>3,328</u>	<u>2,639</u>
	<u>597,686</u>	<u>620,578</u>	<u>650,496</u>	<u>608,790</u>
Current assets				
Trade and other receivables, prepayments and deposits	266,475	319,204	227,770	97,776
Amounts due from subsidiaries	893	1,399	1,933	6,152
Inventories	286,892	392,861	344,237	124,529
Land use right	3,038	3,019	2,860	2,797
Financial assets at fair value through profit and loss	87,082	26,474	31,057	—
Pledged bank deposits	22,732	51,474	134,965	140,058
Cash and cash equivalents	<u>28,272</u>	<u>46,916</u>	<u>25,444</u>	<u>21,030</u>
	<u>695,384</u>	<u>841,347</u>	<u>768,266</u>	<u>392,342</u>
Current liabilities				
Trade and other payables	638,128	554,108	843,236	595,794
Financial guarantee liabilities	28,672	96,228	70,509	48,625
Amounts due to subsidiaries	6,013	53,585	20,146	—
Borrowings	354,431	530,738	405,977	426,246
Dividend payable	<u>833</u>	<u>828</u>	<u>784</u>	<u>766</u>
	<u>1,028,077</u>	<u>1,235,487</u>	<u>1,340,652</u>	<u>1,071,431</u>
Net current liabilities	<u>(332,693)</u>	<u>(394,140)</u>	<u>(572,386)</u>	<u>(679,089)</u>
Total assets less current liabilities	<u>264,993</u>	<u>226,438</u>	<u>78,110</u>	<u>(70,299)</u>
Non-current liabilities				
Borrowings	<u>34,244</u>	<u>27,735</u>	<u>14,329</u>	<u>—</u>
Net assets/(liabilities)	<u><u>230,749</u></u>	<u><u>198,703</u></u>	<u><u>63,781</u></u>	<u><u>(70,299)</u></u>
Capital and reserves				
Paid-in capital	122,340	122,340	122,340	122,340
Reserves	<u>108,409</u>	<u>76,363</u>	<u>(58,559)</u>	<u>(52,041)</u>
	<u><u>230,749</u></u>	<u><u>198,703</u></u>	<u><u>63,781</u></u>	<u><u>(70,299)</u></u>

The accompanying notes form an integral part of the Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP

(b) Reserve

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	122,340	52,481	239,681	—	(30,545)	383,957
Loss for the year	—	—	—	—	(201,810)	(201,810)
Exchange difference arising from translation of foreign operations	—	—	—	48,602	—	48,602
Total comprehensive income/ (loss) for the year	—	—	—	48,602	(201,810)	(153,208)
At 31 December 2013 and 1 January 2014	122,340	52,481	239,681	48,602	(232,355)	230,749
Loss for the year	—	—	—	—	(30,670)	(30,670)
Exchange difference arising from translation of foreign operations	—	—	—	(1,376)	—	(1,376)
Total comprehensive loss for the year	—	—	—	(1,376)	(30,670)	(32,046)
At 31 December 2014 and 1 January 2015	122,340	52,481	239,681	47,226	(263,025)	198,703
Loss for the year	—	—	—	—	(129,525)	(129,525)
Exchange difference arising from translation of foreign operations	—	—	—	(5,397)	—	(5,397)
Total comprehensive loss for the year	—	—	—	(5,397)	(129,525)	(134,922)
At 31 December 2015 and 1 January 2016	122,340	52,481	239,681	41,829	(392,550)	63,781
Loss for the year	—	—	—	—	(135,004)	(135,004)
Exchange difference arising from translation of foreign operations	—	—	—	924	—	924
Total comprehensive income/ (loss) for the year	—	—	—	924	(135,004)	(134,080)
At 30 June 2016	<u>122,340</u>	<u>52,481</u>	<u>239,681</u>	<u>42,753</u>	<u>(527,554)</u>	<u>(70,299)</u>

APPENDIX II	ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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28. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, the Target Group had entered into the following related party transactions, which in the opinion of the directors of the Target Group, were carried out on normal commercial terms and in the ordinary course of business.

Key management compensation for the year ended 31 December 2013, 2014 and 2015 and the period ended 30 June 2016 was disclosed in Note 13.

The Group had the following material transactions with related parties during the year:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Sales of fertilizer to the company with common director: Beijing Yong Sheng Feng AMP Co., Ltd. (北京永盛豐農資有限公司)	4,926	111,172	—	—
Purchase of fertilizer to the company with common director: Beijing Yong Sheng Feng AMP Co., Ltd.	<u>1,892</u>	<u>4,317</u>	<u>—</u>	<u>—</u>

Note: KHABRAT is the sole director of Beijing Yong Sheng Feng AMP Co., Ltd..

29. COMMITMENT

(a) Capital commitment

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Capital expenditure in respect of construction in progress contract for but not provided in the financial information	<u>1,661</u>	<u>5,873</u>	<u>10,051</u>	<u>9,706</u>

(b) Operating lease commitment

The Target Group as Lessee

As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group had outstanding commitments payable under non-cancellable operating leases in respect of properties rented which fall due as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Within one year	—	—	155	157
In the second to fifth years inclusive	<u>—</u>	<u>—</u>	<u>149</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>304</u>	<u>157</u>

APPENDIX II ACCOUNTANTS' REPORT OF HONGRI ACRON GROUP
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The Target Group as Lessor

As at 31 December 2013, 2014 and 2015 and 30 June 2016, the Target Group had outstanding commitments receivable under non-cancellable operating leases in respect of properties rented which fall due as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Within one year	—	19	115	71
In the second to fifth years inclusive	—	—	—	—
	—	19	115	71

30. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Circular, the following events took place subsequent to 30 June 2016:

On 7 September 2016, the Target Group has renewed the pollutants discharge permit, which is issued by Linyi City Environmental Protection Department (臨沂市環境保護局).

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 June 2016.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Wong Sze Wai, Basilia
 Practising Certificate number: P05806
 Hong Kong

The following tables set out Shandong Hongri's unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of financial position as of and for the year ended 31 December 2016, which have been prepared on a basis consistent with HKFRS but which do not contain notes. Such financial statements are management accounts and have not been audited nor reviewed by the Issuer's auditor. Therefore, investors should not place undue reliance on such financial statements.

Shandong Hongri Chemical Joint Stock Company, Ltd.

(Formerly named "Shandong Hongri Acron Chemical Joint Stock Company, Ltd.")

For the year ended 31 December 2016

Consolidated Statement of Profit or Loss

	For the year ended 31 December 2016	Six months ended 30 June 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Revenue	767,962	466,475
Cost of sales	<u>(744,896)</u>	<u>(449,165)</u>
Gross profit	23,066	17,310
Other income and gains	6,625	13,701
Selling and marketing cost	(49,803)	(21,740)
Administrative expenses	(202,922)	(130,262)
Finance costs	<u>(26,668)</u>	<u>(14,873)</u>
Loss before tax expenses	(249,702)	(135,864)
Income tax expense	<u>-</u>	<u>-</u>
Loss for the period/year	<u><u>(249,702)</u></u>	<u><u>(135,864)</u></u>

Shandong Hongri Chemical Joint Stock Company, Ltd.
(Formerly named "Shandong Hongri Acron Chemical Joint Stock Company, Ltd.")
For the year ended 31 December 2016

Consolidated Statement of Financial Position

	As at 31 December 2016 <i>HK\$'000</i> (Unaudited)	As at 30 June 2016 <i>HK\$'000</i> (Audited)
Non-current assets		
Land use right	50,226	54,129
Property, plant and equipment	508,405	543,185
Intangible assets	1,908	2,639
	<u>560,539</u>	<u>599,953</u>
Current assets		
Trade and other receivables, prepayment and deposits	127,765	97,384
Inventories	232,644	124,619
Land use right	2,664	2,797
Cash and bank equivalents	146,930	161,100
	<u>510,003</u>	<u>385,900</u>
Current liabilities		
Trade and other payables	695,198	597,238
Financial guarantee liabilities	56,929	48,625
Borrowings	509,388	426,246
Dividend payable	730	766
	<u>1,262,245</u>	<u>1,072,875</u>
Net current liabilities	<u>(752,242)</u>	<u>(686,975)</u>
Total assets less current liabilities	<u>(191,703)</u>	<u>(87,022)</u>
Net liabilities	<u>(191,703)</u>	<u>(87,022)</u>
Capital and reserves		
Paid-in capital	122,340	122,340
Reserves	(314,043)	(209,362)
	<u>(191,703)</u>	<u>(87,022)</u>

The Issuer

Century Sunshine Group Holdings Limited

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CDP Transfer Agent and CDP Registrar***
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NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. If Noteholders (as defined herein) are in doubt about any aspect of the Proposal (as defined herein) and/or the action they should take, they should seek their own financial advice immediately from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.



世纪阳光

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE OF MEETING

of the holders of the

Series 001 S\$125,000,000 7.20% Fixed Rate Notes due 2018 (ISIN: SG6XC0000003) (the "Existing Notes")

to exchange the Existing Notes for Singapore dollar denominated fixed rate notes due 2020 (the "New Notes")

issued pursuant to the S\$300,000,000 Multicurrency Medium Term Note Programme of Century Sunshine Group Holdings Limited (the "Programme") and unconditionally and irrevocably guaranteed by various guarantors

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Schedule 5 of the Trust Deed dated 19 May 2015 (the "Trust Deed") entered into between (1) Century Sunshine Group Holdings Limited ("Century Sunshine"), as issuer, (2) the various guarantors specified therein, as guarantors and (3) The Bank of New York Mellon, Singapore Branch (the "Trustee"), as trustee for the holders (the "Noteholders") of the Existing Notes, a meeting (the "Meeting") of the Noteholders convened by Century Sunshine will be held for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution of the Noteholders in accordance with the provisions of the Trust Deed. The Meeting will be held at 63 Chulia Street, #03-05 OCBC Centre East, Singapore 049514 (Alpha Room) on 31 May 2017 at 4.00 p.m. (Singapore time).

Capitalised or other terms used but not defined in this Notice shall, unless the context otherwise requires, have the meanings set out in the Exchange Offer Memorandum dated 9 May 2017 (the "Exchange Offer Memorandum") issued by Century Sunshine.

EXTRAORDINARY RESOLUTION

"That:

1. approval be and is hereby given to amend the Conditions of the Existing Notes (as supplemented by the Pricing Supplements dated 29 May 2015 and 28 July 2015 in relation to the Existing Notes) as follows:

- by deleting the words "Not less than 30 nor more than 60 days prior to the relevant Optional Redemption Date" appearing in paragraph 17 of section 1 of the Pricing Supplements dated 29 May 2015 and 28 July 2015 in relation to the Existing Notes and by substituting therefor the words "From (and including) 4 June 2017 to (but excluding) the Maturity Date";
- by deleting the words "On 4 June 2017 and 4 December 2017" appearing in paragraph 17 of section 1 of the Pricing Supplements dated 29 May 2015 and 28 July 2015 in relation to the Existing Notes and by substituting therefor the words "On any date during the Redemption Option Period";
- by deleting the words "103.60 per cent." appearing in paragraph 17 of section 1 of the Pricing Supplements dated 29 May 2015 and 28 July 2015 in relation to the Existing Notes and by substituting therefor the words "102.85 per cent.";
- by deleting the words "not less than 30 nor more than 60 days' notice" appearing in the first sentence of Condition 6(e) and substituting therefor the words "not less than seven days' notice";
- by deleting the words "not less than 15 days" appearing in the third sentence of Condition 6(e) and substituting therefor the words "not less than seven days"; and
- by deleting Condition 3(b) in its entirety and substituting therefor the following:

"(b) The Guarantees

The initial Guarantors are Capital Idea Investments Limited, Fullocean Group Limited, Bright Stone Group Limited, Gold Strategy Investments Limited, Fiy Union Limited, New Bright Group Limited, Century Sunshine Ecological Technology Limited, Blue Atlantic International Limited, Ming Xin Developments Limited, Century Sino Technology Limited, Acme Century International Limited, Zone Advance Limited, China Clean Energy Corporation Limited, Path Rich Holdings Limited, Step Grace Limited, Madrone Investment Management Limited, Century Bravo International Limited, Hong Kong Mg-Tech Metals Company Limited, China Rare Earth Magnesium Technology Holdings Limited ("China Rare Earth"), Mg-Tech (International) Investments Ltd, Long Xiang Enterprises Limited and Acronagrotans Ltd.

The following Subsidiaries are not Guarantors:

- all Subsidiaries incorporated or established under the laws of the PRC (together, the "PRC Non-Guarantor Subsidiaries"); and
- Cai Wang Investments Limited, Forth Well Investments Limited, Feijun Investments Limited, Group Sense (International) Limited and any of its Subsidiaries and Win Profit Holdings Ltd. (the "Other Non-Guarantor Subsidiaries") and, together with the PRC Non-Guarantor Subsidiaries, the "Non-Guarantor Subsidiaries").

None of the existing PRC Non-Guarantor Subsidiaries or the Other Non-Guarantor Subsidiaries was required to provide a Guarantee on the date of the Original Trust Deed and, unless permitted by applicable law, none of the existing PRC Non-Guarantor Subsidiaries will be required to provide a Guarantee at any time in the future, as the case may be. In addition, none of the existing Non-Guarantor Subsidiaries or any future Subsidiaries that may be incorporated or established under the laws of the PRC will provide a Guarantee at any time in the future, unless permitted by applicable law.

The Issuer will not permit the Other Non-Guarantor Subsidiaries (excluding Group Sense (International) Limited and its Subsidiaries) to account for 5 per cent. or more of the consolidated profit before tax of the Group, based on the Group's most recently available audited annual consolidated financial statements.

The Issuer will procure each of its future Subsidiaries (other than Subsidiaries incorporated or established under the laws of the PRC), as soon as practicable and in any event within 10 business days of becoming a Subsidiary, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Each Subsidiary that guarantees the Notes after the date of the Trust Deed, upon executing the applicable supplemental trust deed, will be a "Guarantor".

Notwithstanding the above, to the extent that:

- Group Sense (International) Limited or any of its Subsidiaries conducts any of the Permitted Businesses (other than the design and manufacture of electronic and personal communications devices and products as a result of a transfer by, or an acquisition from, the Issuer or any of its Subsidiaries (other than Group Sense (International) Limited or any of its Subsidiaries) of any of such Permitted Businesses; or
- any of the existing or future PRC-incorporated Subsidiaries of the Issuer (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)) is or becomes permitted by applicable law to provide a Guarantee without having to register such Guarantee with any governmental authority in the PRC or without such Guarantee being subject to any other limitation or restriction,

the Issuer will procure that Group Sense (International) Limited and all of its Subsidiaries that are not incorporated in the PRC or such PRC-incorporated Subsidiary as referred to in paragraph (y) (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)), as soon as practicable, and in any event no later than 10 Business Days, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

In accordance with Clause 5.9 (Release of Guarantees) of the Trust Deed, a Guarantee given by a Guarantor with respect to a Series of Notes may be released:

- upon repayment in full of the Notes of such Series; or
- upon such Guarantor ceasing to be a Subsidiary in compliance with the Trust Deed, so long as such Guarantor is simultaneously released from its obligations (if any) in respect of any of the Issuer's other indebtedness or any indebtedness of any other Subsidiary."

2. approval be and is hereby given to amend the Trust Deed as follows:

- by deleting the last paragraph of Clause 5.9(a) of the Trust Deed and substituting therefor the following:

"and in each such case, the Issuer and such Guarantor has delivered to the Trustee an Officers' Certificate, stating that all conditions precedent herein provided for relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted hereunder."; and

- by adding, in Schedule 7 of the Trust Deed, the names of the following companies:

- "11. Acme Century International Limited (傑宇國際有限公司) (incorporated in the British Virgin Islands)
12. Zone Advance Limited (域進有限公司) (incorporated in the British Virgin Islands)
13. China Clean Energy Corporation Limited (中國清潔能源股份有限公司) (incorporated in Hong Kong)
14. Path Rich Holdings Limited (通裕控股有限公司) (incorporated in the British Virgin Islands)
15. Step Grace Limited (階美有限公司) (incorporated in the British Virgin Islands)
16. Madrone Investment Management Limited (麥頂融投資管理有限公司) (incorporated in Hong Kong)
17. Century Bravo International Limited (百旺國際有限公司) (incorporated in the British Virgin Islands)
18. Hong Kong Mg-Tech Metals Company Limited (香港鎂研金屬材料有限公司) (incorporated in the British Virgin Islands)
19. Mg-Tech (International) Investments Ltd (鎂研(國際)投資有限公司) (incorporated in Hong Kong)
20. China Rare Earth Magnesium Technology Holdings Limited (中國稀鎂科技控股有限公司) (incorporated in Hong Kong)
21. Long Xiang Enterprises Limited (incorporated in the British Virgin Islands)
22. Acronagrotans Ltd (incorporated in Cyprus)".

3. approval be and is hereby given to the Trustee to make such consequential changes to the Conditions of the Existing Notes (as supplemented by the Pricing Supplements dated 29 May 2015 and 28 July 2015 in relation to the Existing Notes) and Trust Deed (as the Trustee may, in its absolute discretion, deem necessary, desirable or expedient to give effect to this Extraordinary Resolution);

4. every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Existing Notes against Century Sunshine involved in or resulting from the modifications referred to in paragraphs 1 to 3 of this Extraordinary Resolution be sanctioned; and

5. the Trustee be authorised and requested to concur in the modifications referred to in paragraphs 1 to 3 of this Extraordinary Resolution and execute all documents, notices, forms, instruments, consents or agreements (including, without limitation, the Supplemental Trust Deed in the form of the draft produced to this Meeting and for the purposes of identification signed by the chairman of this Meeting with such amendments (if any) as the Trustee may approve and/or require) to give effect to this Extraordinary Resolution on such terms and conditions as the Trustee may in its absolute discretion decide and to concur in and do all acts and things as the Trustee may consider necessary, desirable or expedient to give effect to this Extraordinary Resolution.

Capitalised or other terms used but not defined in this Extraordinary Resolution shall, unless the context otherwise requires, have the meanings set out in the Exchange Offer Memorandum dated 9 May 2017 issued by Century Sunshine."

A Background

All references to "Meeting" shall, unless the context otherwise requires, also mean any adjourned Meeting.

The Exchange Offer Memorandum relating to the Invitation, including, *inter alia*, the Extraordinary Resolution and the Proposal, a copy of which will be mailed to each person who is shown in the record of CDP as a holder of the Existing Notes (the "Direct Participant") with an address in Singapore and will be made available for collection by the Noteholders as indicated below, explains the background to and reasons for, gives details of, and invites Noteholders to approve (at the Meeting), *inter alia*, (a) the amendment of the Redemption Option Period from "Not less than 30 nor more than 60 days prior to the relevant Optional Redemption Date" to "From (and including) 4 June 2017 to (but excluding) the Maturity Date", (b) the amendment of the Optional Redemption Date(s) from "On 4 June 2017 and 4 December 2017" to "On any date during the Redemption Option Period", (c) the reduction of the Optional Redemption Amount from "103.60 per cent." to "102.85 per cent.", (d) the amendment of the period of notice to be given to Noteholders under Condition 6(e) of the Existing Notes from "not less than 30 nor more than 60 days' notice" to "not less than seven days' notice" and (e) the amendment of various provisions in the Trust Deed relating to the identities of the Guarantors and certain other amendments to the Trust Deed, in each case as more fully described in the Exchange Offer Memorandum (the "Proposal").

If the Extraordinary Resolution is passed at the Meeting and the Supplemental Trust Deed is executed in order to effect the amendments contained in the Extraordinary Resolution, Century Sunshine may, at its option by giving not less than seven days' prior notice to Noteholders, redeem all or some of the Existing Notes then outstanding (other than the Existing Notes which have already been accepted for exchange by the Issuer pursuant to the Exchange Offer), on any date during the revised Redemption Option Period of the Existing Notes, i.e. from (and including) 4 June 2017 to (but excluding) the Maturity Date, at 102.85 per cent. of their principal amount, together with any interest accrued up to (but excluding) the date fixed for redemption.

A Noteholder who delivers, or arranges to have delivered on his behalf, on or prior to 4.00 p.m. (Singapore time) on 22 May 2017 (the "Early Consent Deadline"), valid vote(s) in favour of the passing of the Extraordinary Resolution, whether by way of delivery of (i) a validly completed Exchange Application Form to the Exchange Agent and the Meeting Agent or (ii) a validly completed Voting Instruction Form to the Meeting Agent (a "Consent") (and such Consent shall be irrevocable after the Early Consent Deadline, except in the limited circumstances set out in the Exchange Offer Memorandum) will, subject to the fulfilment of the Consent Settlement Conditions, be eligible to receive an early consent fee of 0.75 per cent. in principal amount of the Existing Notes, being S\$1,875 for each S\$250,000 in principal amount of the Existing Notes, held by him in respect of which such votes have been cast (less any bank charges, which shall be borne by such Noteholder) (the "Early Consent Fee"). A Noteholder who votes (or is deemed to vote) in favour of the Extraordinary Resolution at the Meeting or delivers, or arranges to have delivered on his behalf, valid unrevoked Consent(s) after the Early Consent Deadline but on or prior to the Expiration Deadline (as defined herein) will not be eligible for the Early Consent Fee and will instead, subject to the fulfilment of the Consent Settlement Conditions, receive a consent fee of 0.50 per cent. in principal amount of the Existing Notes, being S\$1,250 for each S\$250,000 in principal amount of the Existing Notes, held by him in respect of which such votes have been cast (less any bank charges, which shall be borne by such Noteholder) (the "Normal Consent Fee"). For the avoidance of doubt, Noteholders who are eligible to receive the Early Consent Fee will not additionally receive the Normal Consent Fee. Details of eligibility to receive, and payment of, the Early Consent Fee or (as the case may be) the Normal Consent Fee may be found in the section hereof entitled "Consent Fee".

Beneficial Owners of the Existing Notes held by a Direct Participant who wish to make an Offer to Exchange and/or vote in respect of the Proposal must contact such Direct Participant.

All of the dates and times herein are subject to earlier deadlines or other timings that may be set by CDP or any intermediary.

Noteholders are advised to check with the bank, securities broker, CDP or other intermediary through which they hold their Existing Notes whether such intermediary applies different deadlines for any of the events specified herein, and then to adhere to such deadlines if such deadlines are prior to the deadlines set out herein.

THE EXCHANGE OFFER MEMORANDUM IS IMPORTANT AND REQUIRES NOTEHOLDERS' IMMEDIATE ATTENTION. If Noteholders are in doubt about any aspect of the Invitation, including the Proposal and/or the action Noteholders should take, Noteholders should consult immediately their respective stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

B Procedure for Inspection and Collection of Documents

B1 Inspection

Noteholders may, from 9 May 2017, between 8.30 a.m. to 5.30 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 4.00 p.m. (Singapore time) on 29 May 2017, inspect copies of the following documents at the office of Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), in its capacity as the Meeting Agent, at 80 Robinson Road #11-02, Singapore 068898, and, from the time 15 minutes prior to and during the Meeting at 63 Chulia Street, #03-05 OCBC Centre East, Singapore 049514 (Alpha Room):

- the Trust Deed (including the Conditions of the Existing Notes);
- the Pricing Supplements dated 29 May 2015 and 28 July 2015 relating to the Existing Notes;
- a draft of the Supplemental Trust Deed;
- a draft of an amended and restated trust deed in relation to the update of the Programme;
- a draft of an amended and restated programme agreement in relation to the update of the Programme; and
- a draft of an amended and restated agency agreement in relation to the update of the Programme.

B2 Collection

Copies of the Exchange Offer Memorandum, the Voting Instruction Form and the Exchange Application Form will be mailed to the Direct Participants with an address in Singapore. The forms of the Voting Instruction Form and the Exchange Application Form, as well as the Tax Residency Declaration Form (as referred to below), are appended to the Exchange Offer Memorandum. In addition, Noteholders may collect copies of the Exchange Offer Memorandum, the Exchange Application Form, the Voting Certificate, the Voting Instruction Form and the Tax Residency Declaration Form from the office of Tricor Singapore Pte. Ltd. (trading as Tricor Barbinder Share Registration Services), in its capacity as the Meeting Agent, at 80 Robinson Road #11-02, Singapore 068898 (the "Meeting Agent Office") from 9 May 2017, between 8.30 a.m. to 5.30 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 4.00 p.m. (Singapore time) on 29 May 2017.

C General

In accordance with normal practice, none of the Sole Dealer Manager, the Exchange Agent, the Trustee or the Meeting Agent expresses any opinion on the merits of the Invitation, including, *inter alia*, the Extraordinary Resolution or the Proposal. None of the Sole Dealer Manager, the Exchange Agent, the Trustee or the Meeting Agent has been involved in the formulation or negotiation of the Invitation and the Proposal. Noteholders should also note that Century Sunshine, the Sole Dealer Manager, the Trustee, the Exchange Agent and/or the Meeting Agent cannot and do not offer any advice on investment or tax risks, if any, faced by Noteholders. Noteholders who are unsure of the consequences of the Invitation, including, without limitation, the Extraordinary Resolution should seek their own independent financial, tax and legal advice. The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in the sections hereof entitled "Voting Procedures" and "Quorum and Adjournment" respectively.

Persons into whose possession the Exchange Offer Memorandum comes are required by Century Sunshine, the Sole Dealer Manager, the Trustee, the Exchange Agent and the Meeting Agent to inform themselves about, and to observe, any and all applicable restrictions in connection with the Invitation, Offer to Exchange or acceptance of the Proposal. The Exchange Offer Memorandum does not constitute a solicitation in any circumstances in which such solicitation is unlawful. None of Century Sunshine, the Sole Dealer Manager, the Trustee, the Exchange Agent or the Meeting Agent will incur any liability for its own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.

In order to avoid any violation of laws applicable in countries other than Singapore, the Exchange Offer Memorandum has not been and will not be mailed to the Noteholders who do not presently have an address in Singapore ("Foreign Noteholders"). Foreign Noteholders who wish to obtain a copy of the Exchange Offer Memorandum should provide in writing such an address in Singapore to the Exchange Agent and/or the Meeting Agent not later than five days before the Early Consent Deadline.

D Voting Procedures

The relevant provisions governing the convening and holding of the Meeting are set out in Schedule 5 of the Trust Deed, copies of which are available for inspection as referred to above. To be eligible to attend or vote at the Meeting either in person or by proxy, Noteholders (who have not submitted an Exchange Application Form) should complete and sign a Voting Instruction Form to instruct the Meeting Agent to either issue a Voting Certificate or comply with a Voting Instruction. Such Voting Instruction Form must be submitted to the Meeting Agent at the Meeting Agent Office by the Expiration Deadline. Noteholders who submit a validly completed Exchange Application Form instruct the Meeting Agent to appoint a proxy or proxies to attend the Meeting and to vote in favour of the Extraordinary Resolution.

In the case of Noteholders who are individuals, copies of such Noteholder's passport or identity card will have to be submitted to the Meeting Agent together with the Voting Instruction Form or to the Exchange Agent and the Meeting Agent together with the Exchange Application Form, as the case may be.

Noteholders should note that the latest time and date for obtaining a Voting Certificate is 4.00 p.m. (Singapore time) on 29 May 2017 (the "Expiration Deadline") and for issuing, amending or revoking a Voting Instruction is the Early Consent Deadline.

Noteholders who take the action described below and in the Exchange Offer Memorandum prior to the Expiration Deadline need take no further action in relation to voting at the Meeting in respect of the Extraordinary Resolution.

- A Noteholder who has not submitted or delivered or arranged for the submission or delivery on their behalf an Exchange Application Form to the Exchange Agent or a Voting Instruction Form to the Meeting Agent and wishes to attend and vote at the Meeting in person must produce at the Meeting a valid Voting Certificate or valid Voting Certificates issued by the Meeting Agent for the Existing Notes.
- A Noteholder who submits a validly completed Exchange Application Form instructs the Meeting Agent to appoint a proxy or proxies to attend the Meeting and to vote in favour of the Extraordinary Resolution, and may not attend and vote at the Meeting in person. **Notwithstanding that any Offer to Exchange may not be accepted by Century Sunshine, the corresponding votes in favour of the Extraordinary Resolution will continue to be valid and be taken into account for the purpose of determining the passing of the Extraordinary Resolution.**
- A Noteholder who does not deliver an Exchange Application Form but has delivered a Voting Instruction Form and does not wish to attend and vote at the Meeting in person may instruct the Meeting Agent to appoint any officer, employee or agent so designated by the Meeting Agent to attend the Meeting as proxy and to vote on the Extraordinary Resolution through the Voting Instruction, in which such Noteholder or his duly authorised representatives direct the Meeting Agent on how these votes are to be cast according to the wishes of such Noteholder and in respect of the aggregate principal amount of the Existing Notes held by such Noteholder. If a Noteholder wishes the votes attributable to it to be included in a block voting instruction for the Meeting, then, at least 48 hours before the time fixed for the Meeting, (i) such Noteholder must deposit a validly completed Voting Instruction Form for that purpose with the Meeting Agent and (ii) such Noteholder or a duly authorised person on his behalf must direct the Meeting Agent on how those votes are to be cast. The Meeting Agent shall issue a block voting instruction in respect of the votes attributable to all Voting Instruction Forms so deposited.
- Each Noteholder is to note that upon the delivery of the Exchange Application Form to the Exchange Agent and the Meeting Agent or the Voting Instruction Form to the Meeting Agent, the Meeting Agent will proceed to request CDP to earmark the direct securities account or securities sub-account in which his Existing Notes are credited or transfer the Existing Notes to a suspense account and Existing Notes so earmarked or transferred will not be released until the earliest of:
 - (1) in respect of a Voting Certificate or Voting Certificates, not less than 48 hours before the time for which the Meeting is convened, the surrender to the Meeting Agent of such Voting Certificate(s) and notification by the Meeting Agent to CDP of such surrender or the compliance in such other manner with the rules of CDP or (2) in respect of Voting Instructions by way of a Voting Instruction Form or an Exchange Application Form, not less than 48 hours before the time for which the Meeting is convened, the notification in writing of any revocation of a Noteholder's previous instructions to the Meeting Agent and the same then being notified in writing by the Meeting Agent to Century Sunshine at its specified office (or such other office as may have been specified by the Issuer

for the purpose) or to the chairman of the Meeting, in each case, at least 24 hours before the time appointed for holding the Meeting and such Existing Notes ceasing in accordance with the procedures of CDP and with the agreement of the Meeting Agent to be held to its order;

- (in the case of Noteholders who have voted in favour of the Extraordinary Resolution and such votes have not been validly revoked and the Extraordinary Resolution has been duly passed) the time of the payment of the relevant Consent Fee to such Noteholders or (in all other cases, including in the case where the Existing Notes are held by the Noteholders who have voted against the Extraordinary Resolution and such votes have not been validly revoked) the conclusion of the Meeting (or, if applicable, any adjournment of the Meeting);
- (in the case of Noteholders who have offered to exchange the Existing Notes for New Notes and which such Existing Notes have been accepted for exchange by Century Sunshine) the time of the delivery of the New Notes to such Noteholders; and

- the termination of the Invitation,

(the "Blocking Period").

During the Blocking Period, the Existing Notes which are the subject of the Exchange Application Form or the Voting Instruction Form may not be traded or transferred. Notwithstanding anything contained herein, Noteholders should note that the relevant Existing Notes will be earmarked or transferred by CDP in accordance with its procedures and subject to its timings. Similarly, Existing Notes so earmarked or transferred will also be released by CDP in accordance with its procedures and subject to its timings.

Any Voting Instructions given may not be revoked or amended except in the limited circumstances set out in the Exchange Offer Memorandum.

E Consent Fee

Subject to the Consent Settlement Conditions, Noteholders who deliver, or arrange to have delivered on their behalf, valid Consents on or prior to the Early Consent Deadline and have not revoked such Consents will be eligible to receive an Early Consent Fee in respect of the Existing Notes which are the subject of such Consents.

Subject to the Consent Settlement Conditions, Noteholders who vote in favour of the Extraordinary Resolution at the Meeting or deliver, or arrange to have delivered on their behalf, valid Consents after the Early Consent Deadline but on or prior to the Expiration Deadline and have not revoked such consents will not be eligible for the Early Consent Fee and will instead receive a Normal Consent Fee in respect of the Existing Notes which are the subject of such Consents. For the avoidance of doubt, Noteholders who are eligible to receive the Early Consent Fee will not additionally receive the Normal Consent Fee. If the Proposal is not approved, no Consent Fees will be paid to any of the Noteholders, irrespective of whether or not such Noteholders has delivered a valid Consent.

The payment of the relevant Consent Fee is conditional upon:

- the Noteholders duly passing the Extraordinary Resolution approving the Proposal; and
- the relevant Noteholders duly completing and returning to the Exchange Agent or the Meeting Agent, the Exchange Application Form or the Voting Instruction Form, respectively, on or prior to (in the case of the Early Consent Fee) the Early Consent Deadline or (in the case of the Normal Consent Fee) the Expiration Deadline and providing complete details of a valid account with a bank in Singapore to which the Early Consent Fee or, as the case may be, the Normal Consent Fee should be credited as required in the Exchange Application Form or the Voting Instruction Form,

(collectively, the "Consent Settlement Conditions").

Provided that the Consent Settlement Conditions are fulfilled, the relevant Consent Fee will be credited to the account of the Noteholder eligible to receive such fee on the Settlement Date. Century Sunshine may elect to waive any Consent Condition at its sole and absolute discretion. In any event, none of Century Sunshine, the Trustee, the Sole Dealer Manager, the Exchange Agent or the Meeting Agent shall be liable for any delay in payment of the relevant Consent Fee arising from the bank account details in an Exchange Application Form or a Voting Instruction Form not having been duly completed.

F Quorum and Adjournment

The Meeting Provisions require the proposals tabled in the Extraordinary Resolution to be subject to the quorum provisions in paragraph 3 of Schedule 5 of the Trust Deed. Therefore the quorum required at the Meeting for the passing of the Extraordinary Resolution shall be two or more persons present holding Voting Certificates or being proxies and holding or representing in the aggregate not less than 75 per cent. of the principal amount of the Existing Notes for the time being outstanding. No business (other than the choosing of a Chairman) shall be transacted unless the requisite quorum is present at the commencement of business.

If within 30 minutes from the time initially fixed for the Meeting a quorum is not present, the Meeting shall stand adjourned for such period, being not less than 14 days nor more than 42 days, and to such place as may be appointed by the Chairman either at or subsequent to the Meeting. At least 10 days' notice of such adjourned Meeting (exclusive of the day on which the notice is given and the day on which the Meeting is to be held) shall be given in the same manner as for the original Meeting, and such notice shall state the required quorum at such adjourned Meeting. The quorum for any adjourned Meeting shall be two or more persons present holding Voting Certificates or being proxies and holding or representing in the aggregate not less than 25 per cent. of the principal amount of the Existing Notes for the time being outstanding.

Voting Certificates obtained and Voting Instructions given in respect of the Meeting (unless validly revoked in the limited circumstances set out in the Exchange Offer Memorandum) shall remain valid for such adjourned Meeting.

G Voting

Every question submitted to the Meeting will be decided in the first instance by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) duly demanded by the chairman of the Meeting (to be appointed in accordance with paragraph 2.3 of Schedule 5 of the Trust Deed), the Issuer, the Trustee, or by one or more persons holding Existing Notes or being proxies or representatives (whatever the principal amount of the Existing Notes so held or represented by him). In case of equality of votes the chairman of the Meeting shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Noteholder or as a proxy or as a representative.

A declaration by the chairman of the Meeting that a resolution has been carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

If at the Meeting a poll is so demanded, it shall be taken in such manner and (subject as provided in Schedule 5 of the Trust Deed) either at once or after such adjournment as the chairman of the Meeting directs. The result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the Meeting for the transaction of any business other than the question on which the poll has been demanded.

Any poll demanded at the Meeting on the election of the chairman of the Meeting or on any question of adjournment shall be taken at the Meeting without adjournment.

The Trustee, the Issuer and the Guarantors (through their respective representatives) and their respective financial and legal advisers and any other person authorised to do so by the Trustee shall be entitled to attend and speak at the Meeting. No one else may attend the Meeting or join with others in requesting the convening of the Meeting unless he is a Noteholder or is a proxy or a representative. Neither the Issuer nor any Guarantors nor any of their respective subsidiaries shall be entitled to vote in respect of Existing Notes beneficially owned by or on behalf of any of them but this shall not prevent any proxy or any representative from being a director, officer or representative of, or otherwise connected with, the Issuer, the Guarantors or any of their respective subsidiaries.

Subject as provided in Schedule 5 of the Trust Deed, at the Meeting (a) on a show of hands every person who is present in person and is a Noteholder or is a proxy or a representative shall have one vote and (b) on a poll every person who is so present shall have one vote in respect of each principal amount equal to the smallest denomination of each Existing Note so held or owned or in respect of which he is a proxy or a representative. Without prejudice to the obligations of proxies, any persons entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

The proxies and representative need not be Noteholders.

Each form of proxy shall be deposited by the Meeting Agent at such place as the Trustee shall designate or approve not less than 24 hours before the time appointed for holding the Meeting or adjourned meeting at which the proxies named in the form of proxy propose to vote and in default the form of proxy shall not be treated as valid unless the chairman of the Meeting decides otherwise before the Meeting or adjourned meeting proceeds to business. A notarially certified copy of each form of proxy shall be deposited with the Trustee before the commencement of the Meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in such form of proxy.

Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the Noteholders' instructions pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received by the Meeting Agent at its registered office or by the chairman of the Meeting, in each case by the time being 24 hours before the time fixed for the Meeting or adjourned meeting at which the form of proxy is intended to be used.

H Extraordinary Resolution

The Extraordinary Resolution proposed at the Meeting would need to be passed by at least 75 per cent. of the votes cast at the Meeting for which the necessary quorum is two or more persons present in person holding or representing not less than 75 per cent., or at an adjourned Meeting not less than 25 per cent., in principal amount of the Existing Notes for the time being outstanding. In particular, it should be noted that paragraph 7 of Schedule 5 to the Trust Deed provides that an Extraordinary Resolution of the Noteholders shall be binding on all Noteholders, whether or not present at the Meeting, and each of the Noteholders shall be bound to give effect to it accordingly. The passing of such resolution shall be conclusive evidence that the circumstances justify its being passed.

I Notice of Results

Notice of the results of the voting on the Extraordinary Resolution shall be published in accordance with Condition 15 of the Existing Notes by Century Sunshine within 14 days of such result being known, provided that the non-publication of such notice shall not invalidate such result.

J Tax Note

Certain tax-related disclosures are set out in the Exchange Offer Memorandum.

K Tax Residency Declaration Form

For the purpose of enabling Century Sunshine to determine the amount of withholding tax (if any) payable to the Inland Revenue Authority of Singapore in respect of amounts payable under the Invitation and the Existing Notes, the holders and/or the Beneficial Owners of Existing Notes are requested to complete the Tax Residency Declaration Form (the form of which may be found in the section entitled "Form of Tax Residency Declaration Form" in the Exchange Offer Memorandum) and return the duly completed Tax Residency Declaration Form to the Exchange Agent or Meeting Agent at the address set forth on the back cover of the Exchange Offer Memorandum by the Expiration Deadline. The Tax Residency Declaration Form will require holders and/or the Beneficial Owners of Existing Notes to declare, among others, the country of residence in which such holders and/or Beneficial Owners of Existing Notes are resident for tax purposes.

L Governing Law

This notice is governed by, and shall be construed in accordance with, Singapore law.

The Sole Dealer Manager for the Invitation is: **The Meeting Agent for the Meeting and the Exchange Agent for the Invitation is:**

Oversea-Chinese Banking Corporation Limited 63 Chulia Street, #03-05 OCBC Centre East Singapore 049514 Telephone: +65 6722 2518 Email: liabilitymanagement@ocbc.com	Tricor Exchange Pte. Ltd. (trading as Tricor Barbinder Share Registration Services) 80 Robinson Road #11-02 Singapore 068898 Attention: Corporate Actions Telephone: +65 6236 3550/+65 6236 3555 Facsimile: +65 6236 3405 Email: is.corporateactions@sg.tricorglobal.com
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BY ORDER OF THE BOARD

Century Sunshine Group Holdings Limited

LUK, Sai Wai Simon

Company Secretary

9 May 2017