

Annual Report **2017** 年報



中國稀土控股有限公司
China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock code 股份代號：00769



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公司資料

CORPORATE INFORMATION

董事

執行董事

錢元英女士(主席)
蔣泉龍先生
蔣大偉先生
蔣才南先生

獨立非執行董事

黃春華先生
金重先生
王國珍先生

審核委員會

王國珍先生(主席)
黃春華先生
金重先生

薪酬委員會

黃春華先生(主席)
金重先生
王國珍先生

提名委員會

金重先生(主席)
黃春華先生
王國珍先生

公司秘書

羅納德先生

註冊辦事處

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

總辦事處及主要營業地點

中國江蘇省
宜興市丁蜀鎮

香港營業地點

香港
中環雪廠街16號
西洋會所大廈15樓

DIRECTORS

Executive Directors

Ms. Qian Yuanying (*Chairman*)
Mr. Jiang Quanlong
Mr. Jiang Dawei
Mr. Jiang Cainan

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Law Lap Tak

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Dingshu Town, Yixing City
Jiangsu Province, the PRC

PLACE OF BUSINESS IN HONG KONG

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

香港法律顧問

趙不渝 馬國強律師事務所

HONG KONG LEGAL ADVISERS

Chiu & Partners

核數師

天健德揚會計師事務所有限公司

AUDITOR

Ascenda Cachet CPA Limited

主要往來銀行

中國

中國建設銀行股份有限公司
招商銀行股份有限公司
中國交通銀行股份有限公司
中國農業銀行股份有限公司
中國銀行股份有限公司

PRINCIPAL BANKERS

PRC

China Construction Bank Corporation
China Merchants Bank Company Limited
China Bank of Communications Company Limited
Agricultural Bank of China Limited
Bank of China Limited

香港

渣打銀行(香港)有限公司
法國巴黎銀行
中信銀行(國際)有限公司
中國銀行(香港)有限公司
南洋商業銀行有限公司

Hong Kong

Standard Chartered Bank (Hong Kong) Limited
BNP Paribas
China CITIC Bank International Limited
Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心17樓

**HONG KONG BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

互聯網址

www.creh.com.hk

INTERNET WEBSITE

www.creh.com.hk

香港聯合交易所有限公司股份代號

769

**STOCK CODE ON THE STOCK EXCHANGE OF
HONG KONG LIMITED**

769

公關顧問

縱橫財經公關顧問有限公司

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited

財務摘要

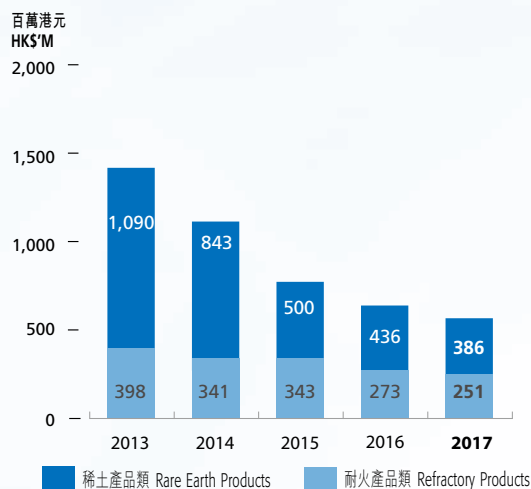
FINANCIAL HIGHLIGHTS

收入

REVENUE

截至十二月三十一日止年度
For the year ended 31 December

	百萬港元 HK\$'M
2013	1,488
2014	1,184
2015	843
2016	709
2017	637

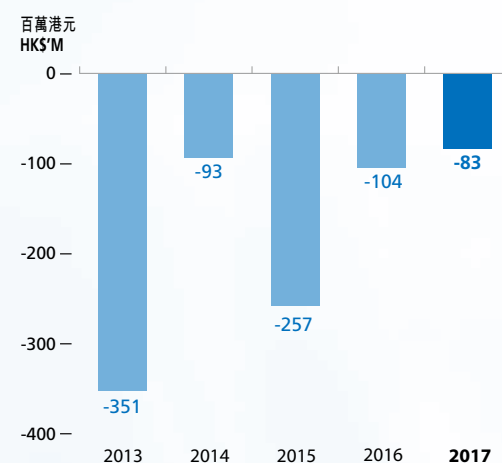


本公司擁有人應佔虧損淨額

NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

截至十二月三十一日止年度
For the year ended 31 December

	百萬港元 HK\$'M
2013	-351
2014	-93
2015	-257
2016	-104
2017	-83

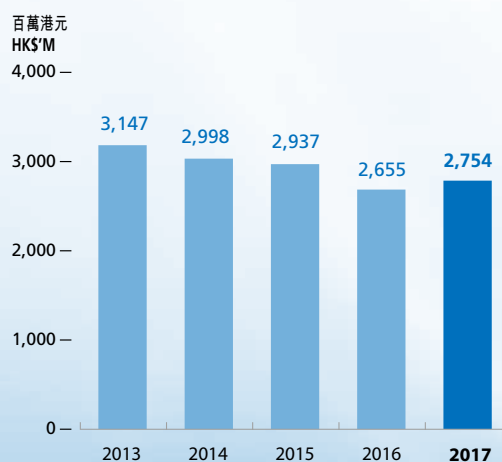


資產淨值

NET ASSETS

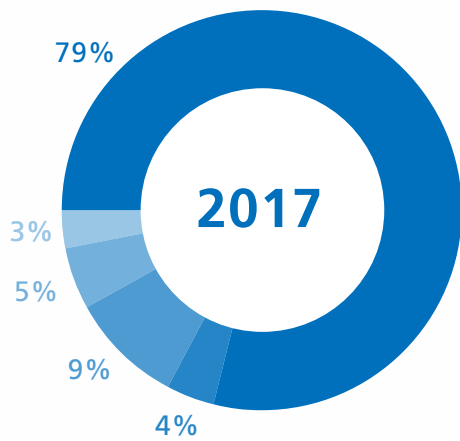
於十二月三十一日
As at 31 December

	百萬港元 HK\$'M
2013	3,147
2014	2,998
2015	2,937
2016	2,655
2017	2,754

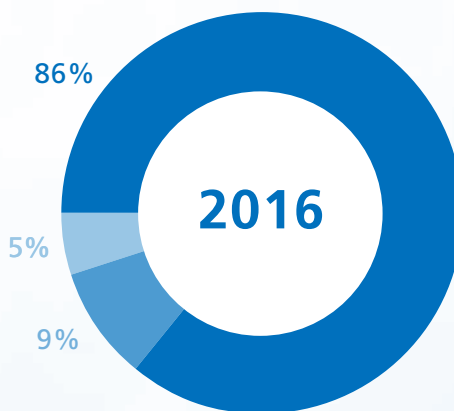
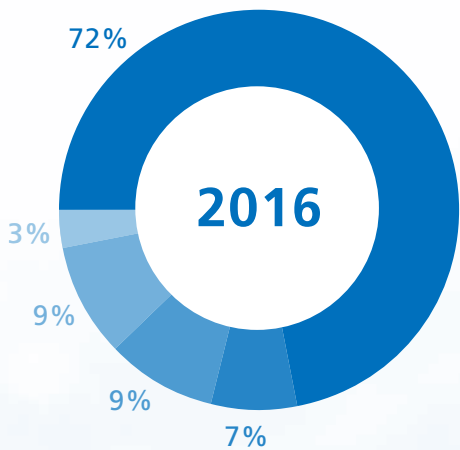
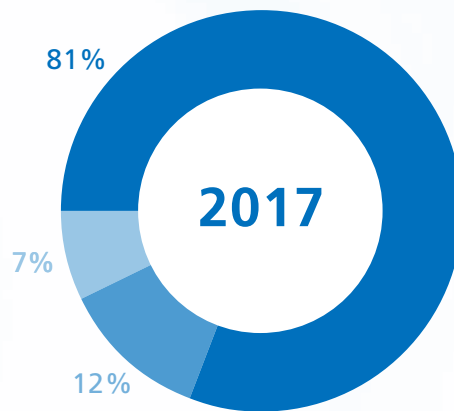


收入 REVENUE

稀土產品類
Rare Earth Products



耐火產品類
Refractory Products



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

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

主席報告書

CHAIRMAN'S STATEMENT

致各位股東：

本人謹代表董事會（「董事會」）向各位股東提呈中國稀土控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）截至二零一七年十二月三十一日止全年業績報告。

稀土價格於二零一一到二零一六年間持續下跌，更於二零一六年十月跌至谷底，比對二零一一年的高位跌幅高逾九成。近年中國稀土產業政策相繼出台，除取消出口配額和關稅措施外，亦在開採、生產、流通、出口等環節加強調整，然而普遍價格仍持續下滑，究其原因在於供應過剩。盜採、超標開採和非法冶煉分離等形成黑色產業鏈，嚴重干擾了國家對稀土產業的調控。自二零一六年底，國家開展了新一輪稀土秩序整頓工作，全面覆蓋了開採、冶煉分離、資源利用、流通、出口等環節，同時查處了一批違法違規企業，為業界確立營商準則。另一方面，六大稀土集團基本上按照稀土生產總量控制計劃的指標安排生產，市場秩序有所改善，稀土供應總量有所減少。而受新能源汽車快速發展、平面顯示器需求愈趨輕薄以及環保的提倡催化下正面帶動了稀土磁性材料、拋光粉和催化材料等的需求上升，稀土材料需求回暖，產品價格於二零一七年企穩回升，初步扭轉出口「量增價跌」的情況。

To Shareholders:

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the annual results of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2017.

The price of rare earth declined persistently between 2011 and 2016. It hit the bottom in October 2016, with more than 90% shrink when compared with the top in 2011. In the past few years, apart from the lifting of export quotas and tariff measures, China's policies on the rare earth industry have been gradually established. It has also stepped up adjustment of mining, production, circulation and export policies in relation to the rare earth industry. However, rare earth price still kept falling, and the reason was excess supply, plus the emergence of a "black industry chain" as a result of illegal mining, over-mining and illegal smelting and separation, which seriously intervened with China's regulation of the rare earth industry. Since the end of 2016, China has started a new round of work to return the industry to order, ranging from mining, smelting and separation to resource utilisation, circulation, and export, and a number of enterprises which had violated the law and broken rules were punished for displaying business operation standards for the industry. The six major rare earth groups arranged production basically according to the indication in the country's rare earth total production volume control plan, as such, market order improved and rare earth supply reduced. Driven by the rapid growth of new energy vehicles, increasing demand for lighter and thinner flat panel displays and environment protection requirement, demand for rare earth magnetic materials, polishing powder and catalyst materials increased, helping boost overall demand for rare earth materials. Product price stabilised and rebounded in 2017, starting to turn around the "volume up, price down" situation of rare earth export.

財務業績

截至二零一七年十二月三十一日止年度，本集團錄得收入共約637,162,000港元，與二零一六年的709,120,000港元相比下調了約10%。

年內，稀土「打黑」常態化和六大稀土集團的整合完成促使稀土供應鏈收窄，再加上三輪國家收儲影響，令供需格局改善，稀土價格上升。二零一七年，本集團的稀土產品收入較二零一六年的436,477,000港元下調了約11%至約386,533,000港元，佔總收入的約61%。耐火產品方面，收入較二零一六年的272,643,000港元減少了約8%至約250,629,000港元，佔總收入的約39%。

稀土產品和耐火產品價格於年內有所回升。二零一七年，本集團錄得整體毛利率約4%（去年約1%）。年內本集團稀土氧化物和鎂砂的生產線均有停產情況，其間支出消耗了約39,550,000港元，於綜合損益表列示於其他經營費用。於近年末時本集團出讓主要製造和銷售熒光產品的附屬公司而錄得了出讓虧損約5,697,000港元。扣除所有開支和費用後，年內淨虧損由二零一六年的約107,876,000港元減少了約21%至約84,781,000港元。每股虧損亦由二零一六年的約4.45港仙進一步改善至約3.54港仙。

FINANCIAL RESULTS

For the year ended 31 December 2017, the Group recorded revenue of approximately HK\$637,162,000, down by approximately 10% when compared to HK\$709,120,000 in 2016.

During the year, crackdown on illegal and irregular rare earth operations prevailed, the six major rare earth groups completed consolidation resulting in a more compact supply chain, plus the government carrying out three rounds of rare earth hoarding reserve tendering, helped improve the supply and demand pattern and pushed up rare earth price. In 2017, revenue from the Group's rare earth products amounted to approximately HK\$386,533,000, representing a decrease of about 11% when compared to HK\$436,477,000 in 2016, and accounting for about 61% of the total revenue of the Group. As for refractory products, revenue was approximately HK\$250,629,000, representing a decrease of about 8% when compared to HK\$272,643,000 in 2016, and accounting for about 39% of the Group's total revenue.

The price of rare earth products and refractory products rebounded during the year. In 2017, the Group's overall gross profit margin was approximately 4% (approximately 1% last year). During the year, there were times when the Group had to suspend production of rare earth oxides and magnesium grains and expenses incurred from those periods were approximately HK\$39,550,000, as stated under other operating expenses in the Group's consolidated statement of profit or loss. Around the end of the year, the Group sold a subsidiary which principally engaged in manufacturing and sales of fluorescent products and recorded loss on disposal of approximately HK\$5,697,000. Deducting all outgoings and expenses, the Group incurred net loss for the year at approximately HK\$84,781,000, a drop of about 21% from HK\$107,876,000 in 2016. Loss per share was thus improved from about HK4.45 cents in 2016 to about HK3.54 cents for the year.

主席報告書

CHAIRMAN'S STATEMENT

業務回顧

稀土業務

本年度來自稀土分部的收入約386,533,000港元，比二零一六年度約436,477,000港元下降了約11%。分部毛虧率維持於約5%。

於二零一七年一月、三月和五月，中國分別進行了三輪稀土國儲招標，共收儲了逾8,000噸稀土產品。全年的收儲計劃取得了階段性進展，有助於稀土價格回歸理性。國內大部份稀土氧化物價格於二零一七年基本處於上升軌道，於首三季度持續穩步上揚，直至九月份升至近兩年高位後，價格呈現小幅度下滑，主要歸因於下游客戶開始對市場供應採取觀望態度而減少採購。部份廠家牽頭減產保價，第四季度產品價格跌幅有限。

本集團年內共銷售了約1,900噸稀土氧化物，與去年相若。本集團出售的稀土產品年度平均價格與去年比較，氧化釷和氧化鐳的價格上升少於一成；氧化鐳、氧化鈾、氧化鎳和氧化鈹上升了約兩成半至四成；氧化釷、氧化釷和氧化鈹更上升了約六成至八成。然而亦有部份稀土產品價格下跌，如氧化鎳和鈾鎳共沉的價格下跌了約半成；氧化鐳亦下跌了約一成半。

BUSINESS REVIEW

Rare Earth Business

Revenue from the Group's rare earth segment was approximately HK\$386,533,000, an about 11% decrease when compared to HK\$436,477,000 in 2016. Gross loss margin of the segment stayed at about 5%.

The three rounds of national rare earth hoarding reserve tendering in China were completed in January, March and May 2017 respectively, which hoarded more than 8,000 tonnes of rare earth products. The annual rare earth hoarding reserve plan made progress for bringing rare earth price back to a reasonable level. Price of most rare earth oxides in China was basically on the growth track in 2017, trending up steadily in the first three quarters. Came September, it reached the highest in two years and then slid slightly due to that downstream customers were starting to adopt a wait-and-see approach to the market supply and reduced procurement. Some manufacturers took the lead to reduce production to brace prices and that helped limit the drop in product price in the fourth quarter.

The Group sold approximately 1,900 tonnes of rare earth oxides in all during the year, similar to last year. Compared to the average selling prices of the rare earth products sold by the Group last year, those of samarium oxide and erbium oxide went up by less than 10%; those of praseodymium oxide, cerium oxide, europium oxide and terbium oxide climbed up by about 25% to 40%, and gadolinium oxide, neodymium oxide and holmium oxide prices went up by approximately 60% to 80%. However, there were also price drop in some rare earth products, such as dysprosium oxide and yttrium-europium coprecipitates having an around 5% decline in price and that of lanthanum oxide having dropped by approximately 15%.

由於國內常態化的打黑行動持續推進，和國家嚴厲執行指令性生產計劃，致使稀土礦源供應緊張。雖然本集團已增加預付款作採購稀土之用，然而仍未能獲得足夠原材料供應。為了減少因投產不足而引致的生產消耗及減省人手開支，亦方便本集團對環保設施進行升級，本集團策略性調整了生產時間並安排暫時停工，綜合計算下本集團的稀土分離生產線於二零一七年有逾半年的時間處於停頓狀態，以致大部份客戶的訂單只能以增加外購商品來滿足。綜合而言，由於本集團於年內為部分市場需求較少，儲存時間較長的產品作出了存貨撥備，抵銷了產品價格上升的正面影響，致使該部份業務的毛虧率只輕微減少至約5%。

雖然本集團稀土氧化物的銷售額在單價提升下較去年有所增長，但仍抵消不了熒光材料銷售額的萎縮，導致本集團於二零一七年稀土分部的收入比去年下降了約11%。

對於節能燈的市場，由於LED光源的發展日漸蓬勃，三基色熒光燈的需求量日漸下降。過去數年，本集團熒光材料的業務一直錄得虧損。雖然本集團多次嘗試開源節流，希望能扭轉劣勢，可惜結果未能盡如人意。因此本集團決定將其主要製造和銷售熒光產品的附屬公司權益全數出讓。年末出讓前，該附屬公司的銷售額同比減少約八成，銷售量減少約五成半。雖然藍色熒光粉和綠色熒光粉的售價提升了約三至四成，但其在銷售量的比例上遠少於紅色熒光粉，而紅色熒光粉售價卻下降了約一成，以致銷售額大幅下跌，毛虧率升至約12%。該業務於年內的虧損約達15,266,000港元。

As crackdown on illegal and irregular rare earth practices has become a norm in China and the government has strictly implemented its production directives, supply of rare earth resources was tight during the year. The Group was unable to secure sufficient raw material supply even though it had increased its prepayments for rare earth procurement. To reduce wastage and expense on labour wage due to limited production, and facilitate the Group to upgrade its environmental protection facilities, the Group has employed strategic adjustment to the production time and arranged temporary suspension. Overall, the Group's rare earth separation production lines have stopped operation for more than six months in total in 2017, and most of the customer orders had to be met by increasing trading products from outside. Despite the rise in selling price, with the Group making provision for inventories for products not in keen demand in the market and having longer storage time, gross loss margin of the business division narrowed slightly to about 5% during the year.

Despite that the sales amount of rare earth oxides increased against the previous year due to an increase in unit price, it was not sufficient to offset the reduction in sales amount of fluorescent materials. Revenue from the rare earth segment in 2017 was down by approximately 11% year-on-year.

As for the energy-saving lamps market, with the LED light industry prospering, demand for trichromatic fluorescent lamps has been decreasing gradually. The Group's fluorescent materials business had been in loss in the past few years. The Group tried to reverse the situation by broadening sources of income and reducing expenditure, but to no avail. Thus, it decided to dispose of its entire equity interest in a subsidiary which principally engaged in manufacturing and sales of fluorescent products. Before the disposal at the end of the year, sales amount of the subsidiary reduced by about 80% when compared with 2016, and sales volume was down by about 55%. Although the selling prices of blue and green phosphors rose by about 30% to 40%, they accounted for only a small proportion of the sales volume, much less than that of red phosphors, of which the selling price saw an about 10% drop. As a result, sales amount contracted rather markedly. Gross loss margin increased to about 12%. Loss of the business division during the year amounted to about HK\$15,266,000.

主席報告書

CHAIRMAN'S STATEMENT

從市場分佈來看，中國仍然是本集團稀土產品的最大市場，市場銷售額約佔稀土分部銷售總額的79%。海外市場方面，日本、歐洲及美國分別約佔9%、5%及4%。

耐火材料業務

本年度本集團來自耐火材料業務的分部收入約250,629,000港元，與二零一六年年末約272,643,000港元相比下降了約8%。分部毛利率升至約18%。

縱觀回顧年度，中國的鋼鐵產量與二零一六年相比增速持續走高，水泥產量與二零一六年相若。耐火材料是鋼鐵及水泥產業的耗材，鋼鐵產量的高增長與水泥產量的高需求加快了耐火材料的消耗進而釋放了耐火材料的需求。另一方面，中國近年越來越重視環境保護，以環境保護為各種政策落實的先要條件。二零一七年，中央環境保護督察組對遼寧省展開了大規模環境保護審查及考察工作，其中鞍山市及海城市更成為重點考核對象，除了當地不合格的小型企業被政府強行關停，大部份大型生產企業亦被要求停產以進行整頓和改造。當地作為中國菱鎂石礦的重要生產基地，有關舉動直接影響了鎂砂的供應。在原材料供應嚴重不足而產品需求上升的情況下，年內耐火材料的產品價格普遍上漲。然而由於本集團與客戶簽訂部份合同的供貨時間較長，所以提價的正面影響有點滯後。於二零一七年本集團售出的主要產品如鋁碳磚的平均價格只比去年的上升約半成；電熔鎂鉻磚和澆注料的上升約一成至兩成。高溫陶瓷產品方面，由於二零一七年本集團的主要策略在於開拓海外市場，故其平均售價維持於去年相若水平。

By market, China remained the largest market for the Group's rare earth products, contributing around 79% of the total sales amount of its rare earth segment. As for overseas markets, Japan, Europe and the US accounted for around 9%, 5% and 4% respectively.

Refractory Materials Business

In 2017, revenue from the Group's refractory materials segment was approximately HK\$250,629,000, down by about 8% when compared to the approximately HK\$272,643,000 in 2016. Segmental gross profit margin rose to about 18%.

During the year under review, the production volume of iron and steel in China continued to surge when compared with 2016, while the production volume of cement was similar to that in 2016. Refractory materials are consumables for the iron and steel and cement industries. The rapid growth in production volume of iron and steel and the strong demand for cement output meant more refractory materials were required, and in turn the demand for such materials was released. At the same time, China has been placing greater emphasis on environmental protection in recent years, taking it as the prerequisite for realizing different policies. In 2017, the Central Environmental Protection Inspection Team carried out large scale environmental protection inspection in Liaoning Province, with Anshan City and Haicheng City as main targets. The majority of large production enterprises had to halt and make related rectification and reforms while those small enterprises, which failed to pass inspection, were forced to close down. As those regions are the key production bases of magnesite in China, the above act directly impacted the supply of magnesium grain. The price of refractory materials generally went up during the year due to the serious shortage in supply of raw materials against increase in demand for the product. However, as the supply lead time in some of the contracts for refractory materials signed by the Group with customers was relatively long, the positive impact of price increase was delayed. In 2017, the average selling prices of the principal products sold by the Group such as alumina-graphite bricks only increased by about 5% year-on-year, and those of magnesium chrome bricks and casting materials grew by about 10% to 20%. As for high temperature ceramics products, as the Group's strategy for the business in 2017 was to expand overseas market, their average selling prices remained similar as in 2016.

銷售量方面，本集團於二零一七年售出了約28,400噸一般耐火材料及高溫陶瓷產品，與去年比較增加約一成。有關的毛利率進一步升至約16%。

鎂砂業務方面，本集團的鎂砂生產線正位於鞍山海城地段，年內受到國家大規模環保治理整頓工程的影響。本集團的電熔鎂砂生產線所受影響較微，除了環保監察大隊到訪前作準備工作及實地審查期間暫時停頓約一個月，其餘時間皆正常運作，但因市場上菱鎂石礦供應減少以致產量下跌。然而本集團的高純鎂砂生產線卻受到較大影響，經不同審查部門考察過後，本集團已對有關的環保除塵脫硫脫硝設備進行全面改造，亦先後聘請了不同專家蒞臨指導，但仍未能於年內達到所有國家標準，故該生產線於回顧年內大部份時間基本停頓。於二零一七年本集團售出了約22,300噸鎂砂產品，與去年比較下跌約三分之二。然而由於市場供應短缺使產品價格大幅攀升，平均比去年上漲約七成，減輕了銷售量下跌對銷售額的影響。鎂砂業務的毛利率升至約25%。

市場分佈方面，本集團的耐火材料業務仍然以中國市場為主，佔分部收入的約81%。出口方面，日本市場約佔12%。在積極開拓高溫陶瓷產品海外市場的努力下，歐洲及中東等市場比例上升至約7%。

In terms of sales volume, the Group sold approximately 28,400 tonnes of ordinary refractory materials and high temperature ceramics products, approximately 10% more when compared with last year. Gross profit margin further rose to about 16%.

Regarding the magnesium grains business, with its production lines in the region of Anshan and Haicheng, the Group was adversely affected by the large-scale environmental recovery and rectification initiative of the country during the year. Related impact on the Group's fused magnesium grains production line was minimal, and it operated normally in most of the time, except for the about a month of halting production to prepare for and go through inspection by the Central Environmental Protection Inspection Team. Its output volume declined, however, mainly due to the decrease in magnesite supply in the market. The Group's high purity magnesium grains production line was severely affected though, for albeit efforts of the Group, including revamping completely its eco-friendly dedusting desulphurization facility and hiring expert advice, at the end of the year after inspection by different government authorities, the related operations were still deemed not meeting all of the country's standards. Most of the time, the production line was basically suspended from operation during the year under review. The Group sold approximately 22,300 tonnes of magnesium grains products in 2017, approximately a two-third drop when compared with last year. However, the product price surged by a notable about 70% year-on-year on average due to supply shortage, which mitigated the impact of sales volume drop on sales amount. Gross profit margin of the magnesium grains business climbed to about 25%.

By geographical market, China remained the Group's core market for refractory materials business, which accounted for about 81% of the segmental revenue. With respect to exports, Japan market accounted for about 12%. At the Group's active effort to explore and develop overseas markets for its high temperature ceramics products, the proportion of revenue contribution of Europe and the Middle East markets rose to about 7%.

主席報告書

CHAIRMAN'S STATEMENT

出售交易

由於一直未能將熒光材料的業務扭虧為盈，本集團於年內以現金代價500,000港元出售了銀茂控股有限公司及其下附屬主要製造和銷售熒光產品的宜興銀茂熒光材料有限公司的所有股權。交易於二零一七年十二月二十二日完成。計及該兩公司出讓前的負債淨額約1,897,000港元及於過去年度累計由權益重分類的匯兌虧損約8,094,000港元，出售交易錄得虧損約5,697,000港元。出售該兩附屬公司有助本集團重新調配資源，以投放更多於發展稀土及耐火材料業務上。

展望

隨著新能源產品需求的大增，稀土市場活躍度也持續增加，稀土作為上游資源，未來需求量有望再度提升。另一方面，稀土「打黑」行動持續強化，國家繼續嚴厲打擊非法開採。總體來看，中國稀土市場基本情況將逐步改善，中國稀土價格有望繼續穩步回升。

DISPOSAL TRANSACTION

The Group disposed of the entire equity interest it held in Silver Mile Holdings Limited and its subsidiary Yixing Silver Mile Fluorescent Materials Co., Ltd., which principally engaged in manufacturing and sales of fluorescent products, at a cash consideration of HK\$500,000 during the year, as the fluorescent materials business failed to turn around from continuous loss. The transaction was completed on 22 December 2017. Taking into account the net liability of approximately HK\$1,897,000 before the disposal and the cumulative exchange loss in the past years of approximately HK\$8,094,000 reclassified from equity, the loss from the disposal amounted to approximately HK\$5,697,000. The sale of the subsidiaries allowed the Group to reallocate resources and devote more resources to developing the rare earth and refractory materials businesses.

PROSPECTS

Alongside the substantial increase in demand for new energy products, the rare earth market has also become more and more active. The demand for the rare earth, being an upstream resource, is thus likely to climb again in the future. Moreover, the government has stepped up crackdown on black market activities in its bid to rid illegal rare earth mining. Generally speaking, the basic conditions of the rare earth market in China will improve gradually and accordingly rare earth price in China is likely to pick up steadily.

對於行業未來發展，國家政策的頒佈促使行業持續向好，在中國政府的帶領下，六大稀土集團將發揮行業主導作用，維護市場秩序，加快企業內部整合。同時配合有關部門推行改革政策，改善稀土資源綜合利用，對於市場上存在的「黑稀土」問題，依法規嚴肅處理。中國稀土行業正處於變革的關鍵時期，冀達致轉變發展方式、優化產品結構、轉換增長動力及推動高質量生產。誠如中共十九大報告對稀土行業深化供應及推動綠色發展等工作方向一致，本集團將繼續積極響應環保號召，對生產設備進行環保改造。於二零一七年七月公佈的結果顯示，本集團於二零一六年減產保值期間對生產設施進行環保升級，令本集團旗下的宜興新威利成稀土有限公司於二零一六年江蘇省環境保護廳對全省1,064家國控重點污染企業環保信用評價中被定為評價最優的綠色企業等級，印證了本集團在稀土行業中取得的卓越成效。

為迎接未來市況向好所帶來的發展機遇，於二零一八年二月，本集團加強了管理團隊，邀請了在稀土行業有豐富經驗的張有榮先生擔任本集團旗下附屬公司宜興新威利成稀土有限公司總經理，負責本集團稀土業務的營運。希望透過張先生的豐富經驗和業界地位，能有效管治好本集團的稀土分部，提高產能，優化營運，改善本集團稀土業務表現，盡早扭虧為盈。

另一方面，本集團剛於深圳成立了國際營運中心。希望能藉此為本集團整合資源，發展科學，提供出色的企業展示和交流平台。

As for the future of the industry, it will continue to improve at the roll out of favourable government policies. With the Chinese government leading, the six major rare earth groups will play a dominant role in the industry in maintaining an orderly market and accelerating internal consolidation of industry players. In turn, it will also support relevant government authorities in implementing reform policies to improve the integrated use of rare earth resources and fighting against the “black rare earth” issue which shall be tackled in accordance with the law and related rules and regulations. The rare earth industry in China is going through a critical period of development, requiring it to change its development mode, optimise product structure, identify new growth drivers and shift to high quality operation. The report of the 19th Communist Party of China National Congress has laid down the directions for the rare earth industry to increase supply and for promoting green development of the industry. The Group will continue to actively support environmental protection initiatives of the country and upgrade its production facilities accordingly. Thanks for the production facilities reformation in the aspect of environmental protection during the production suspension for price supporting in 2016, as announced in July 2017, the Group's subsidiary Yixing Xinwei Leeshing Rare Earth Company Limited was recognised as a “green enterprise” ranked top in the grading in the environmental credit evaluation conducted in 2016 by the Jiangsu Environmental Protection Department on 1,064 national key pollution control enterprises. It is a testament to the Group's outstanding achievement in the rare earth industry.

To grasp development opportunities in the improving market, the Group enhanced its management team in February 2018. It appointed Mr. Zhang Yourong, who has rich experience in the rare earth industry, as General Manager of its subsidiary, Yixing Xinwei Leeshing Rare Earth Company Limited, to be responsible for operation of the Group's rare earth business. The Group hopes Mr. Zhang will run the rare earth segment effectively drawing on his abundant experience and well recognized industry position, helping the business increase capacity and optimise operation, and in turn improve its performance and turn around to profit as soon as possible.

Moreover, the Group has just established an international operation centre in Shenzhen, with the aim to consolidate its resources, participate in science development, and provide with an outstanding platform for enterprise display and information exchange.

主席報告書

CHAIRMAN'S STATEMENT

本集團會繼續尋找國內可靠的稀土上游材料供應商，開拓更多原材料供應渠道，務求獲得足夠的原材料供應，使本集團稀土業務的生產線能穩健運行。本集團亦會繼續物色合適的海外稀土礦源，探討供貨入口或投資合作的機會。另外，本集團仍然在研究投資中國東北地區菱鎂礦項目的可行性，冀能早日完成產業垂直整合，發揮協同效應。

流動資金及財務資源

本集團繼續保持審慎的財務安排，保留充裕流動資金。於二零一七年十二月三十一日，本集團共持有現金及銀行存款金額共約1,665,102,000港元，與去年末相若。本集團的流動資產淨值約為2,344,728,000港元。總負債對總資產的比率減至約6%。

承接過去兩年的運作，本集團於二零一七年仍然繼續投放資金於稀土材料預付款上，與若干供應商簽訂供貨合約，務求以優惠價格獲得足夠的原材料及產品供應。回顧年內有關貿易的稀土產品的供應安排順利，供貨合約完成後即重新簽訂，預付款耗用後即時補充。但有關生產的稀土原材料供應安排則未如理想，其中有一直合作的供應商於在供貨安排上面臨困難，經多次洽談後仍然未能提供足夠貨源完成合約，於二零一七年末仍有部份預付款未能供貨。經商議後該款項將於二零一八年全數退回，並已在資產負債表上重分類為其他應收款列示。由於回顧年內未能從舊有供應商獲得足夠的原材料，本集團已另外覓得其他原材料供應商並簽訂了供貨合約，亦付出了預付款，於年結前已取得部份原材料供應。於二零一七年十二月三十一日，有關稀土材料的預付款約為224,160,000港元。本公司於二零一五年透過供股籌集的約390,000,000港元淨額所得已全數應用在這三年的稀土材料預付款上。

The Group will keep looking for reliable upstream rare earth material suppliers in China and opening up more material supply channels to ensure its rare earth production lines have access to adequate supply of raw materials to operate steadily. The Group will also continue to explore suitable sources of rare earth overseas, and study the possibility of importing or investing in or cooperation with regard to materials for rare earth production. Furthermore, the Group is still studying the feasibility of investing in magnesite mine in north-eastern China with the hope of completing vertical integration of its operations as soon as possible and reap resulting synergies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to adopt prudent financial arrangement and retain adequate liquidity. As at 31 December 2017, the Group had cash and bank deposits of approximately HK\$1,665,102,000, similar to that at the end of the preceding year. Net current assets of the Group amounted to approximately HK\$2,344,728,000, with total liabilities to total assets ratio down to around 6%.

As in the previous two years, the Group continued in 2017 to sign supply contracts with certain suppliers and made prepayments for rare earth materials, thereby ensure it had access to sufficient supply of raw materials and products at premium prices. During the year under review, the supply arrangement of rare earth product for trading was relatively smooth. Supply contracts were renewed upon completion and prepayments were topped up. However, the supply arrangement of the rare earth materials for production was disappointing. There was a supplier who has cooperated with the Group for some time experienced difficulty in making supply arrangement in 2017. After rounds of negotiation, it still could not supply sufficient materials to complete the contract and there was certain portion of prepayments remaining on book by the end of 2017. Subsequent to negotiation, such amount will be fully refunded in 2018, and it has been reclassified as other receivables on the balance sheet. As the Group did not obtain sufficient raw materials from the original suppliers in the review year, it has found other material suppliers and signed supply contracts with them and made relevant prepayments. Prior to year-end, the Group has already received part of the raw materials. As at 31 December 2017, prepayments made for rare earth materials totalled approximately HK\$224,160,000. The net proceeds of about HK\$390 million raised by the Company through the rights issue in 2015 had been fully utilized to make prepayments for rare earth materials in these three years.

另外，由於國內因環保治理的影響致使耐火產品的上游原材料供應緊張，為了確保有充足穩定的原材料供應以迎接繼續向好的業務，本集團亦已就採購耐火產品的原材料向若干供應商簽訂了預付款供貨合約，並預支了款項。於二零一七年十二月三十一日，該等預付款約為93,700,000港元。

有關本集團於二零一六年年結時向銀行及財務機構以土地及廠房抵押的借款安排，已於二零一七年十二月隨著出售熒光材料業務而終止。

於二零一七年十二月三十一日，本集團並無資產被抵押，亦未持有任何金融衍生工具產品。本集團亦無面臨重大的息率風險。匯率方面，本集團大部份之資產、負債及交易均以人民幣結算，另有部份以美元及港元列值。回顧年內，人民幣匯率輕微上升，但走勢仍保持穩定。本集團將繼續關注匯率的波動及變化，致力降低財務風險。

僱員及薪酬

本集團根據發展和業務需要，精簡了人力資源結構。由於部份生產線停產及出售附屬公司的影響下，僱員人數較二零一六年進一步減少。於二零一七年十二月三十一日，本集團僱用各級員工共計約520人，包括多名經驗豐富的專業人才及大學畢業生。員工成本下降，年內，僱員成本包括董事酬金合計約為44,015,000港元，比二零一六年減少了約兩成。本集團繼續定期為員工提供在職培訓及進修機會，以保持其專業水準。

In addition, with environmental measures in China causing tight upstream supply of raw materials for refractory products, the Group has already signed prepayment supply contracts with several suppliers of raw materials for refractory products and made prepayments, to ensure it has sufficient supply of raw materials to meet the requirement of its improving business. As at 31 December 2017, the related prepayments made amounted to approximately HK\$93,700,000.

The borrowing arrangement with land and plant pledged to banks and financial institutions at year-end 2016 ended subsequent to the disposal of the fluorescent materials business in December 2017.

As at 31 December 2017, the Group had no charge on its assets, nor had it held any financial derivative products. It was not exposed to any material interest rate risk. As for foreign exchange exposure, most of the Group's assets, liabilities and transactions are denominated in Renminbi, and the rest are in US dollars or Hong Kong dollars. During the year, the exchange rates of Renminbi increased slightly, but the overall trend was stable. The Group will continue to monitor closely exchange rate fluctuation and changes and work hard to lower its financial risks.

STAFF AND REMUNERATION

The Group streamlined its manpower structure according to its development strategies and business needs. With certain production lines suspended and because of the disposal of subsidiaries, the Group's workforce shrank when compared with 2016. As at 31 December 2017, the Group had approximately 520 employees, including a number of experienced professionals and university graduates. Staff costs for the year decreased. During the year, the Group's staff costs including directors' emoluments amounted to a total of approximately HK\$44,015,000, around 20% less than in 2016. The Group continued to provide regular on-the-job training and study opportunities to employees to assist them in maintaining their professional competence.

主席報告書

CHAIRMAN'S STATEMENT

末期股息

董事會建議不派發二零一七年度之末期股息（二零一六年：無）。

總結

展望將來，本集團將繼續秉承專業精神，抓住機遇，配合管理團隊高瞻遠矚的眼光和妥善優質的運營模式，同時按照產業政策進行環境治理，並通過持續整合企業資源與優化生產流程，創新及改良產品，進一步鞏固並擴大本集團的競爭優勢，為股東創造長遠以及高價值的回報。

最後，本人謹藉此向本集團董事會成員、管理團隊、業務夥伴及全體員工所做出的傾力貢獻，表示由衷的感謝！

錢元英

主席

香港，二零一八年三月二十八日

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year of 2017 (2016: nil).

CONCLUSION

Looking ahead, the Group will grab business opportunities with professionalism. It will push to boost its competitive advantages by drawing on the shrewd vision and proven management and operation models afforded by its management team, embarking on environmental governance heeding related industry policies and innovating and improving its products by continuous integration of corporate resources and optimization of production flow. Its ultimate goal is to create long-term and high value returns for shareholders.

Last but not least, I would like to take this opportunity to express my sincere gratitude to fellow board members, the management team, our business partners and staff for their remarkable contribution to the Group.

Qian Yuanying

Chairman

Hong Kong, 28 March 2018

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

執行董事

錢元英女士，59歲，本集團創辦人，於二零一七年九月獲委任為主席。此前，錢女士為本集團副主席兼行政總裁。錢女士負責制訂本集團整體業務發展政策。錢女士獲江蘇省人事廳評定具高級經濟師資格，另外亦獲得中國職業經理人資格。錢女士在稀土及耐火材料行業方面擁有逾三十年經驗。於創辦本集團之前，錢女士曾任職學校教師。錢女士亦為本公司主要股東YY Holdings Limited之董事。錢女士為本集團執行董事蔣泉龍先生之妻子。

蔣泉龍先生，65歲，本集團創辦人，曾擔任本集團主席直至二零一七年九月。蔣先生負責本集團對內及對外的協調及業務關係發展。蔣先生獲江蘇省人事廳評定具高級經濟師資格。蔣先生在稀土及耐火材料行業擁有逾三十年經驗。於創辦本集團之前，蔣先生曾擔任某耐火材料製造廠的經理及某玻璃陶瓷製造公司的營業經理。蔣先生亦為本公司主要股東YY Holdings Limited之董事。蔣先生為本集團主席錢元英女士之丈夫。

蔣大偉先生，34歲，於二零零六年加入本集團，於二零一七年九月獲委任為本集團行政總裁兼執行董事。蔣先生負責本集團整體管理及本集團業務的市場推廣。此前，蔣先生為宜興新威利成稀土有限公司銷售部主管。蔣先生擁有揚州大學工商管理學士學位。

蔣才南先生，59歲，於一九八六年加入本集團，於二零零五年獲委任為本集團執行董事。蔣先生兼為宜興新威利成耐火材料有限公司總經理，負責耐火材料業務之營運及銷售。蔣先生在耐火材料行業擁有逾三十年的經驗。

EXECUTIVE DIRECTORS

Ms. Qian Yuanying, aged 59, is a founding member and was appointed as the chairman of the Group in September 2017. Previously Ms. Qian was the deputy chairman and chief executive officer of the Group. Ms. Qian is responsible for the formulation of the Group's overall business development policies. Ms. Qian is recognised as a senior economist by Jiangsu Provincial Personnel Department, and she is also qualified as a Chinese Career Manager. Ms. Qian has over 30 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Ms. Qian was a high school teacher. Ms. Qian is also a director of YY Holdings Limited, a substantial shareholder of the Company. Ms. Qian is the wife of Mr. Jiang Quanlong, an executive director of the Group.

Mr. Jiang Quanlong, aged 65, is a founding member and was previously the chairman of the Group until September 2017. Mr. Jiang is responsible for internal and external coordination and development of business relationship of the Group. Mr. Jiang is recognised as a senior economist by Jiangsu Provincial Personnel Department. Mr. Jiang has over 30 years of experience in the rare earth and refractory materials industries. Prior to the founding of the Group, Mr. Jiang had been a factory manager of a refractory materials production plant and a sales manager of a glass and ceramics manufacturing company. Mr. Jiang is also a director of YY Holdings Limited, a substantial shareholder of the Company. Mr. Jiang is the husband of Ms. Qian Yuanying, the chairman of the Group.

Mr. Jiang Dawei, aged 34, joined the Group in 2006 and was appointed as the chief executive officer and an executive director of the Group in September 2017. Mr. Jiang is responsible for the overall management of the Group and the marketing aspect of the Group's business. Previously, Mr. Jiang was the head of the sales department of Yixing Xinwei Leeshing Rare Earth Company Limited. Mr. Jiang obtained a Bachelor degree of Business Administration from Yangzhou University.

Mr. Jiang Cainan, aged 59, joined the Group in 1986 and was appointed as an executive director of the Group in 2005. Mr. Jiang is also the general manager of Yixing Xinwei Leeshing Refractory Materials Company Limited and is responsible for the operation and sales of refractory materials business. Mr. Jiang has over 30 years of experience in the refractory materials industry.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

獨立非執行董事

黃春華先生，54歲，於二零零一年加入本集團，為本集團獨立非執行董事。黃先生擁有英國斯特克萊大學工商管理學碩士和市場學博士學位及武漢大學經濟學學士學位。現時黃先生為正道集團有限公司(其股份於香港聯合交易所有限公司上市)之副主席兼執行董事。黃先生於二零零七年五月至二零零九年四月期間為法國巴黎證券(亞洲)有限公司證券董事和中國資本市場策略師。在此之前，黃先生於二零零二年十一月至二零零七年十月擔任正道集團有限公司副主席，並曾在多所證券公司任職分析師。黃先生在金融市場上擁有豐富的知識和經驗。

金重先生，66歲，於二零零四年加入本集團，為本集團獨立非執行董事。金先生在武漢鋼鐵學院材料工程學系耐火專業專科畢業，曾在貴陽市耐火材料廠總廠出任副總工程師。

王國珍先生，82歲，於二零一二年加入本集團，為本集團獨立非執行董事。王先生畢業於天津大學，主修金屬物理化學。現時王先生為中國恩菲工程技術有限公司稀土項目之高級專家顧問。王先生於一九八七年至一九九四年為中國國務院稀土領導小組專家組成員及產業組組長及於一九九四年至二零零六年為國家發展和改革委員會稀土專家組成員及產業組組長。王先生於一九八零年至二零零九年曾連續擔任中國稀土學會理事、常務理事、稀土專家組專家以及稀土環保與勞動衛生專業委員會主任委員。王先生於二零零九年獲委任為中國稀土學會榮譽理事。此外，王先生亦為泛亞環保集團有限公司(其股份於香港聯合交易所有限公司上市)之獨立非執行董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Chunhua, aged 54, joined the Group in 2001 as an independent non-executive director of the Group. Mr. Huang obtained a Ph.D degree in Marketing and a Master degree in Business Administration from University of Strathclyde and a Bachelor degree in Economics from Wuhan University. Currently Mr. Huang is the deputy chairman and an executive director of Hybrid Kinetic Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited. For the period from May 2007 to April 2009, Mr. Huang was a director and China equity market strategist of BNP Paribas Securities (Asia) Limited. Prior to that he had been the deputy chairman of Hybrid Kinetic Group Limited between November 2002 and October 2007 and an analyst of various securities companies. Mr. Huang has extensive knowledge and experience in financial market.

Mr. Jin Zhong, aged 66, joined the Group in 2004 as an independent non-executive director of the Group. Mr. Jin graduated from the Faculty of Material Engineering of Wuhan Steel College, specialising in refractory studies. Mr. Jin was previously the deputy chief engineer of the head factory of Guiyang City Refractory Materials Factory.

Mr. Wang Guozhen, aged 82 joined the Group in 2012 as an independent non-executive director of the Group. Mr. Wang graduated from Tianjin University, majoring in Physical chemistry of metals. Currently Mr. Wang is a senior expert consultant in rare earth projects of China Enfi Engineering Corporation. For the period from 1987 to 1994, Mr. Wang was a member of the Experts Group of the Rare Earth Leading Group of the State Council, the People's Republic of China and the head of its industry group. From 1994 to 2006, Mr. Wang was a member of the Group of Rare Earth Experts of the National Development and Reform Commission and the head of its industry group. Mr. Wang also worked at the Chinese Society of Rare Earths (the "CSRE") consecutively as a director, a standing director, an expert in its rare earth experts group and a senior member of its Rare Earth Related Environmental Protection and Labor Hygiene Professional Committee from 1980 to 2009. In 2009, Mr. Wang was appointed as honorary executive of the CSRE. Besides, Mr. Wang is also an independent non-executive director of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

高級管理層

蔣鑫先生，33歲，於二零零八年加入本集團，並於二零一二年獲委任為本集團總經理。蔣先生負責本集團業務的市場推廣工作。蔣先生擁有英國曼徹斯特大學主修國際商業、金融及經濟之文學士學位及威爾斯大學主修商業研究之文學士學位。自二零一七年九月，蔣先生亦為泛亞環保集團有限公司(其股份於香港聯合交易所有限公司上市)之主席兼執行董事。蔣先生為本集團執行董事蔣泉龍先生及本集團主席錢元英女士之子。

蔣洪君先生，59歲，於二零零零年加入本集團，現任本集團副總經理，負責本集團日常行政事務。蔣先生在行政管理方面擁有逾三十年的經驗。

俞正明先生，81歲，於一九九九年加入本集團，為宜興新威利成稀土有限公司的總工程師兼技術顧問。加入本集團前，俞先生為一家著名稀土廠的廠長及總工程師。俞先生是稀土及有色金屬行業的資深專家。

張有榮先生，65歲，於二零一八年二月加入本集團，為本集團副總裁兼宜興新威利成稀土有限公司總經理，負責稀土業務的營運。此前，張先生曾在多家稀土公司任總經理。張先生於稀土行內擁有逾三十年經驗，曾入選中國最知名稀土企業家之一。

SENIOR MANAGEMENT

Mr. Jiang Xin, aged 33, joined the Group in 2008 and was appointed as the general manager of the Group in 2012. Mr. Jiang is responsible for the marketing aspect of the Group's business. Mr. Jiang obtained a Bachelor degree in Arts majoring in International Business, Finance and Economics from University of Manchester and a Bachelor degree in Arts majoring in Business Studies from University of Wales. Mr. Jiang has also been the chairman and an executive director of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited, since September 2017. Mr. Jiang is a son of Mr. Jiang Quanlong, an executive director of the Group and Ms. Qian Yuanying, the chairman of the Group.

Mr. Jiang Hongjun, aged 59, joined the Group in 2000. Mr. Jiang is the deputy general manager of the Group and is responsible for the daily administrative affairs of the Group. Mr. Jiang has over 30 years of experience in administrative management.

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

Mr. Zhang Yourong, aged 65, joined the Group in February 2018 as a vice president of the Group and general manager of Yixing Xinwei Leeshing Rare Earth Company Limited. Mr. Zhang is responsible for the operation of rare earth business. Previously, he had been the general manager of several rare earth companies. Mr. Zhang has over 30 years of experience in rare earth industry and was once nominated as one of the most outstanding rare earth entrepreneurs in China.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILE

王建平先生，55歲，於二零零四年加入本集團，現任無錫新威高溫陶瓷有限公司總經理，負責高溫陶瓷業務之營運。王先生在行政管理及營銷方面擁有逾二十年的經驗。

張惠林先生，65歲，於一九八八年加入本集團，現任海城市蘇海鎂礦有限公司及海城新威利成鎂資源有限公司總經理，負責鎂砂業務之營運。張先生在耐火材料原材料供應及銷售上擁有豐富的管理經驗。

鄭小文先生，35歲，於二零一八年二月加入本集團，為本集團副總裁，負責處理有關投資及融資事務。鄭先生於廣告及媒體傳播方面經驗豐富，並擁有福建仰恩大學管理學學士學位。鄭先生曾於某文化傳播公司出任董事長兼首席執行官。鄭先生現時亦為福建省廣告協會和廈門市廣告協會常務理事，及中國公共關係協會專業會員。

張嘉先生，35歲，於二零一八年二月加入本集團，為本集團副總裁，負責行政工作及日常營運。張先生曾於某稀土公司任職並負責行政及法務相關工作，熟悉稀土行業的運作模式及流程。

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

Mr. Wang Jianping, aged 55, joined the Group in 2004. Mr. Wang is the general manager of Wuxi Xinwei High Temperature Ceramics Company Limited and is responsible for the operation of the high temperature ceramics business. Mr. Wang has over 20 years of experience in administrative management and sales.

Mr. Zhang Huilin, aged 65, joined the Group in 1988. Mr. Zhang is the general manager of Haicheng City Suhai Magnesium Ore Company Limited and Hai Cheng Xinwei Leeshing Magnesium Resources Company Limited and is responsible for the operation of magnesium grains business. Mr. Zhang has extensive management experience in raw material supply and sales of refractory materials.

Mr. Zheng Xiaowen, aged 35, joined the Group in February 2018 as a vice president of the Group, and is responsible for investment and financing affairs. Mr. Zheng is experienced in advertising and media communication and obtained a Bachelor degree in Management from Yang-En University in Fujian. Previously, Mr. Zheng was the chairman and the chief executive officer of a culture communications company. Mr. Zheng is currently an executive committee member of both Fujian Advertising Association and Xiamen Advertising Association, and a professional member of China Public Relations Association.

Mr. Zhang Jia, aged 35, joined the Group in February 2018 as a vice president of the Group. Mr. Zhang is responsible for administration and daily operations. Previously, Mr. Zhang worked in a rare earth company and was in charge of administrative and legal duties. Mr. Zhang is experienced in business operations and work flow of the rare earth industry.

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

企業管治報告

CORPORATE GOVERNANCE REPORT

企業管治常規

中國稀土控股有限公司（「本公司」）致力於維持良好之企業管治常規及程序。本公司已根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載的企業管治守則（「企業管治守則」）內的所有政策及原則而採納其本身之企業管治常規守則。董事會（「董事會」）認為，本公司於截至二零一七年十二月三十一日止年度內一直遵守企業管治守則。

董事進行證券交易

本公司已採納不低於上市規則附錄10所載之上市公司董事進行證券交易的標準守則（「標準守則」）的守則（「公司守則」）。在本公司提出特定查詢後，所有董事均已確認於截至二零一七年十二月三十一日止年度內一直遵守標準守則及公司守則。

CORPORATE GOVERNANCE PRACTICES

China Rare Earth Holdings Limited (the “Company”) is committed to attending good corporate governance practices and procedures. The Company has adopted its own code of corporate governance based on the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). In the opinion of the Board of Directors (the “Board”), the Company has complied with the CG Code throughout the year ended 31 December 2017.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the “Company’s Code”) regarding securities transactions by directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the Model Code and the Company’s Code throughout the year ended 31 December 2017.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事會

董事會目前有七名成員，包括四名執行董事及三名非執行董事。

董事會之組成及本年度董事會會議及股東大會之出席情況如下：

BOARD OF DIRECTORS

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

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

董事 Director	會議出席／舉行數目	
	No. of meeting(s) attended/held	
	董事會 Board meeting	股東大會 General meeting
執行董事		
Executive director		
錢元英女士 (附註1) Ms. Qian Yuanying (Note 1)	11/11	1/1
蔣泉龍先生 (附註2) Mr. Jiang Quanlong (Note 2)	11/11	1/1
蔣大偉先生 (附註3) Mr. Jiang Dawei (Note 3)	3/3	不適用
蔣才南先生 Mr. Jiang Cainan	11/11	0/1
獨立非執行董事		
Independent non-executive director		
黃春華先生 Mr. Huang Chunhua	11/11	1/1
金重先生 Mr. Jin Zhong	11/11	0/1
王國珍先生 Mr. Wang Guozhen	11/11	1/1

附註：

- 錢元英女士於二零一七年九月七日起，由董事會副主席兼行政總裁調任為董事會主席。
- 蔣泉龍先生於二零一七年九月七日起，辭任董事會主席。
- 蔣大偉先生於二零一七年九月七日起獲委任為執行董事及行政總裁。其後於本年內，舉行了三次董事會會議。

Notes:

- Ms. Qian Yuanying was redesignated from the Deputy Chairman of the Board and Chief Executive Officer to the Chairman of the Board on 7 September 2017.
- Mr. Jiang Quanlong resigned as the Chairman of the Board on 7 September 2017.
- Mr. Jiang Daiwei was appointed as an executive director and Chief Executive Officer on 7 September 2017. Three Board meetings were held thereafter during the year.

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

董事履歷資料載於本年報第17頁至20頁的「董事及高級管理人員簡介」內。

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

董事培訓及持續專業發展

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

倘有需要，本公司亦有適當的安排向董事提供持續指導及專業發展。

於本年度，本公司已於總辦事處安排了一場講座向所有董事重溫董事之責任。除蔣泉龍先生及黃春華先生外，董事包括錢元英女士、蔣大偉先生、蔣才南先生、金重先生及王國珍先生均有出席該講座。蔣泉龍先生及黃春華先生雖然未有出席該講座，但有關的參考資料已提供給其自行研習。

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

The biographical information of the directors are set out in "Directors and Senior Management Profile" on pages 17 to 20 of this annual report.

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

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

During the year, a seminar on refreshing directors' responsibilities was arranged for all directors at the Company's head office. Except Mr. Jiang Quanlong and Mr. Huang Chunhua, directors including Ms. Qian Yuanying, Mr. Jiang Dawei, Mr. Jiang Cainan, Mr. Jin Zhong and Mr. Wang Guozhen attended the seminar. Although Mr. Jiang Quanlong and Mr. Huang Chunhua had not attended the seminar, the related reference materials have been provided to them for their own study.

企業管治報告

CORPORATE GOVERNANCE REPORT

會議常規及操守

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

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

公司秘書負責編撰及保管所有董事會會議及委員會會議記錄。草擬的記錄一般於每次會議後，在合理的時間內給董事傳閱以發表意見，而最後之版本公開供董事查閱。全體董事均可全面並及時獲得公司所有資料以及要求公司秘書及高級管理層提供服務及意見。

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

PRACTICES AND CONDUCT OF MEETINGS

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

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

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection. All directors have full and timely access to all information of the Company as well as the services and advice from the Company Secretary and senior management.

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

主席及行政總裁

董事會主席及行政總裁有不同的角色及職責。主席負責制定本集團之整體業務發展政策，而行政總裁則負責本集團業務之整體管理。

於截至二零一七年十二月三十一日止年度內，自二零一七年九月七日起，蔣泉龍先生辭任董事會主席一職，而錢元英女士由董事會副主席兼行政總裁調任為董事會主席。於同一天，蔣大偉先生獲委任為執行董事兼行政總裁。

獨立非執行董事

董事會於截至二零一七年十二月三十一日止年度內一直符合上市規則中有關委任至少三名獨立非執行董事，其中一名擁有適當專業資格或會計相關的財務管理經驗之規定。

本公司之獨立非執行董事乃才能超卓之專業人士，具有財務管理及本集團相關業務方面之專業技術及經驗。彼等就策略發展向本公司提供建議，並使董事會能夠於遵守財務及其他強制性申報規定方面維持高水準，並提供足夠之檢查及平衡，以保護股東及本公司之整體利益。每位獨立非執行董事均已接受本公司的委任書，為期兩年。每位獨立非執行董事已根據上市規則第3.13條進行年度獨立性確認。董事會認為，所有獨立非執行董事均符合上市規則第3.13條所載之獨立性指引，且屬獨立董事。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board and the Chief Executive Officer have different roles and responsibilities. The Chairman is responsible for the formulation of the Group's overall business development policies while the Chief Executive Officer is responsible for the overall management of the Group's business.

During the year ended 31 December 2017, Mr. Jiang Quanlong resigned as the Chairman of the Board with effect from 7 September 2017 while Ms. Qian Yuanying was redesignated from the Deputy Chairman of the Board and the Chief Executive Officer, to the Chairman of the Board. On the same day, Mr. Jiang Dawei was appointed as an executive director and the Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with one of whom possessing appropriate professional qualifications or accounting related financial management expertise throughout the year ended 31 December 2017.

The independent non-executive directors of the Company are highly skilled professionals with expertise and experience in the field of financial management and businesses related to the Group. They advise the Company on strategy development and enable the Board to maintain high standards of compliance of financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of shareholders and the Company as a whole. Each of the independent non-executive directors has accepted a letter of appointment with the Company for a term of two years. Each of the independent non-executive directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事會及管理層職責、問責及貢獻

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

企業管治功能

董事會負責執行企業管治守則的第D.3.1條守則條文所載之功能。

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

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

董事會委員會

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

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

BOARD COMMITTEES

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

審核委員會

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

審核委員會之組成及本年度委員會會議之出席情況如下：

成員

Member

會議出席／舉行數目

No. of meetings attended/held

獨立非執行董事

Independent non-executive director

王國珍先生 (主席)	3/3
Mr. Wang Guozhen (Chairman)	3/3
黃春華先生	3/3
Mr. Huang Chunhua	3/3
金重先生	3/3
Mr. Jin Zhong	3/3

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

AUDIT COMMITTEE

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

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

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

薪酬委員會

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

REMUNERATION COMMITTEE

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

企業管治報告

CORPORATE GOVERNANCE REPORT

薪酬委員會之組成及本年度委員會會議之出席情況如下：

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

成員 Member	會議出席／舉行數目 No. of meetings attended/held
獨立非執行董事 Independent non-executive director	
黃春華先生 (主席) Mr. Huang Chunhua (Chairman)	2/2
金重先生 Mr. Jin Zhong	2/2
王國珍先生 Mr. Wang Guozhen	2/2

在會議上，薪酬委員會檢討了薪酬政策及對董事之薪酬組合向董事會作出了建議。

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

提名委員會

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

NOMINATION COMMITTEE

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

提名委員會之組成及本年度委員會會議之出席情況如下：

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

成員 Member	會議出席／舉行數目 No. of meetings attended/held
獨立非執行董事 Independent non-executive director	
金重先生 (主席) Mr. Jin Zhong (Chairman)	2/2
黃春華先生 Mr. Huang Chunhua	2/2
王國珍先生 Mr. Wang Guozhen	2/2

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

董事之重選

本公司的組織章程細則訂明每位董事須至少每三年輪值退任一次，及董事獲委任以填補空缺者須留任至本公司下屆股東大會。

根據細則第108(A)及(B)條，蔣才南先生及金重先生將於即將舉行的股東週年大會上輪值退任，惟合資格並願意膺選連任。

根據細則第112條，蔣大偉先生（於二零一七年九月七日獲委任）將留任直至即將舉行的股東週年大會，惟合資格並願意膺選連任。

董事對財務報表所負之責任

董事確認彼等負責編制截至二零一七年十二月三十一日止年度財務報表的責任。編製真實及公平地反映本集團財務狀況及各個財政期間之業績及現金流量之財務報表乃董事之責任。於編製財務報表時，董事須確保採納適當會計政策。財務報表乃按持續經營基準編製。

本公司核數師就其於財務報表之報告責任載於本年報第50頁至61頁的獨立核數師報告內。

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

RE-ELECTION OF DIRECTORS

The Company's Articles of Association specify that every director should be subject to retirement by rotation at least once every three years and the director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company.

In accordance with Articles 108(A) and (B), Mr. Jiang Cainan and Mr. Jin Zhong will retire by rotation from the Board at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Article 112, Mr. Jiang Dawei who has been appointed by the Board on 7 September 2017 shall hold office until the forthcoming annual general meeting and being eligible, offer himself for re-election.

DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017. It is the directors' responsibility to prepare financial statements which give a true and fair view of the state of affairs of the Group, the results and cash flows for each financial period. In preparing the financial statements, the directors have to ensure that appropriate accounting policies are adopted. The financial statements are prepared on a going concern basis.

The statement of the auditor of the Company about the reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 50 to 61 of this annual report.

核數師之酬金

於本年度，本公司就核數師提供之法定審核服務（包括中期審閱）支付之酬金為3,185,000港元。另外，核數師亦就本公司出售附屬公司提供服務並收取了100,000港元的費用。核數師並無提供任何其他非審核服務。

風險管理及內部監控

本集團已制定風險管理組織架構，由本集團董事會、審核委員會及高級管理層組成。

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

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

AUDITOR'S REMUNERATION

During the year, the remuneration in respect of statutory audit services (including interim review) provided by the auditor of the Company was HK\$3,185,000. In addition, the auditor also provided services in connection with the disposal of subsidiaries of the Company at a fee of HK\$100,000. There was no other non-audit service provided by the auditor.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

董事會已將持續監察風險管理及內部監控系統以及每年審閱該等系統成效的責任交託予審核委員會執行。為履行內部審核的職能，本集團於截至二零一七年十二月三十一日止年度內藉由獨立顧問的協助下進行了風險管理及內部監控系統的審閱，並將主要結果向審核委員會匯報。該審閱涵蓋有關財務、運作、合規及風險管理的主要及重要控制範疇。雖然仍有改進空間，惟於該審閱中並無確認重大內部監控失誤。

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

股東權利

股東大會

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

The Board has entrusted the Audit Committee with the responsibility to oversee the risk management and internal control systems on an on-going basis and to review the effectiveness of the systems annually. To perform the internal audit function, the Group has conducted a review of the effectiveness of the risk management and internal control systems with the assistance of an independent advisor during the year ended 31 December 2017 and reported the key findings to the Audit Committee. The review covers major and material controls in areas of financial, operational and compliance and risk management functions. Although there is room for improvement, no significant deficiency of the internal control has been identified in the review.

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

SHAREHOLDERS' RIGHTS

General meeting

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

企業管治報告

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

2. 有關請求書須以書面方式按以下全部地址向本公司董事或公司秘書作出：

本公司於香港之主要營業地點

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

本公司總辦事處

地址： 中華人民共和國江蘇省宜興市
丁蜀鎮
聯絡人： 公司秘書

本公司註冊辦事處

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

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

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

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

Principal place of business of the Company in Hong Kong

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

Head office of the Company

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

Registered office of the Company

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

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

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

企業管治報告

CORPORATE GOVERNANCE REPORT

股東向本公司發表查詢之程序

對於董事會之事宜，股東可按以下方式與本公司聯絡：

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

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

本公司之香港股份過戶登記分處

香港中央證券登記有限公司

地址：香港皇后大道東183號合和中心17樓

電話：(852) 2862 8555
傳真：(852) 2865 0990

股東於股東大會上提呈建議書之程序

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

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

Procedures for shareholders to direct enquiries to the Company

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

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

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

Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor Services Limited

Address: 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

Tel: (852) 2862 8555
Fax: (852) 2865 0990

Procedures for shareholders to put forward proposals at shareholders' meetings

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

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

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

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

投資者關係

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

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

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

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

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

INVESTOR RELATIONS

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

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

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

董事會報告

DIRECTORS' REPORT

董事會同寅欣然呈報中國稀土控股有限公司(「本公司」)及其附屬公司(「本集團」)截至二零一七年十二月三十一日止年度的年報及經審核綜合財務報表。

主要業務

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

附屬公司的主要業務載於財務報表附註19。

分類資料

本集團分類資料的詳情載於財務報表附註15。

業績及分派

本集團於截至二零一七年十二月三十一日止年度的業績載於本年報第62頁的綜合損益表內。

就本年度未有宣佈及派發中期及末期股息。

其他分派詳情載於財務報表附註29。

本公司可供分派之儲備

本公司可供派發之儲備包括股份溢價賬及保留溢利／累計虧損。於二零一七年十二月三十一日，本公司可供分派給股東的儲備為2,211,313,000港元。

財務概要

本集團於過去五個財政年度的業績概要載於本年報第172頁。

The directors have pleasure in presenting the annual report and the audited consolidated financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

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

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

SEGMENTAL INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss on page 62 of this annual report.

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

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution comprise the share premium account and retained profits/accumulated losses. As at 31 December 2017, the reserves of the Company available for distribution to shareholders amounted to HK\$2,211,313,000.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 172 of this annual report.

物業、廠房及設備以及在建工程

本集團於年內的物業、廠房及設備以及在建工程的變動詳情載於財務報表附註17。

股本

年內，本公司股本變動的詳情載於財務報表附註29。

借貸

本集團於二零一七年十二月三十一日的借貸詳情載於綜合財務報表附註27。

退休計劃

本集團的退休計劃詳情載於財務報表附註12。

董事

年內及直至本報告刊行日期止本公司的董事為：

執行董事

錢元英女士(主席)

蔣泉龍先生

蔣大偉先生(行政總裁)

(於二零一七年九月七日獲委任)

蔣才南先生

獨立非執行董事

黃春華先生

金重先生

王國珍先生

根據本公司的組織章程細則第108(A)及(B)條，蔣才南先生及金重先生將於即將舉行的股東週年大會上輪值退任，惟合資格並願意膺選連任。

PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

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

SHARE CAPITAL

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

BORROWINGS

Details of the borrowings of the Group as at 31 December 2017 are set out in note 27 to the financial statements.

RETIREMENT SCHEMES

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

DIRECTORS

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

Executive directors

Ms. Qian Yuanying (*Chairman*)

Mr. Jiang Quanlong

Mr. Jiang Dawei (*Chief Executive Officer*)

(appointed on 7 September 2017)

Mr. Jiang Cainan

Independent non-executive directors

Mr. Huang Chunhua

Mr. Jin Zhong

Mr. Wang Guozhen

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

董事會報告

DIRECTORS' REPORT

根據本公司的組織章程細則第112條，蔣大偉先生將留任直至即將舉行的股東週年大會，惟合資格並願意膺選連任。

於二零一七年十二月三十一日，概無董事與本公司訂立不可由本公司於一年內終止而毋須支付法定賠償以外的賠償的服務合約。

董事資料變動

自上一份刊發之中期報告至本年報日期之期間內，有關本公司董事之變動及最新資料如下：

1. 執行董事錢元英女士於二零一七年九月七日，於蔣泉龍先生辭任董事會主席後，由副主席兼行政總裁調任為董事會主席。
2. 執行董事蔣泉龍先生，其於二零一七年九月七日辭任董事會主席。此外，其於二零一七年九月十五日辭任泛亞環保集團有限公司（其股份於香港聯合交易所有限公司（聯交所）上市）之執行董事及董事會主席。
3. 蔣大偉先生於二零一七年九月七日獲委任為執行董事及行政總裁。

In accordance with Article 112 of the Company's Articles of Association, Mr. Jiang Dawei shall hold office until the forthcoming annual general meeting and being eligible, offer himself for re-election.

As at 31 December 2017, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

CHANGE OF INFORMATION ON DIRECTORS

The change and updated information regarding the Directors of the Company since the Company's last published interim report and up to the date of this annual report are set out below:

1. Ms. Qian Yuanying, an executive director, who was redesignated from the Deputy Chairman of the Board and Chief Executive Office to the Chairman of the Board on 7 September 2017 after Mr. Jiang Quanlong resigned as the Chairman of the Board on 7 September 2017.
2. Mr. Jiang Quanlong, an executive director, who resigned as the Chairman of the Board on 7 September 2017. In addition, he resigned as an executive director and the chairman of the board of directors of Pan Asia Environmental Protection Group Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), on 15 September 2017.
3. Mr. Jiang Dawei was appointed as an executive director and Chief Executive Officer on 7 September 2017.

董事及主要行政人員的權益及淡倉

於二零一七年十二月三十一日，本公司依據「證券及期貨條例」第352條而存置之登記冊內所載，或依據上市公司董事進行證券交易的標準守則而通知本公司及聯交所的本公司董事及主要行政人員及其緊密關聯人士於本公司及其相聯公司之股份、相關股份及債券的權益及淡倉如下：

1. 於本公司股份權益

董事	權益性質／身份	股份數目	佔本公司已發行股本的百分比 % to the issued share capital of the Company
Director	Nature of interest/Capacity	Number of shares	
錢元英	信託之成立人	744,755,200 (附註1)	31.80%
Qian Yuanying	Founder of a trust	744,755,200 (Note 1)	31.80%
錢元英	受控公司之權益	21,000,000 (附註2)	0.90%
Qian Yuanying	Interest of controlled corporation	21,000,000 (Note 2)	0.90%
蔣泉龍	配偶之權益／受控公司之權益	765,755,200 (附註1及2)	32.70%
Jiang Quanlong	Interest of spouse/Interest of controlled corporation	765,755,200 (Notes 1 & 2)	32.70%
蔣大偉	實益擁有人	530,077	0.02%
Jiang Dawei	Beneficial owner	530,077	0.02%

附註：

- 744,755,200股以好倉透過YY Holdings Limited持有，其全部已發行股本由YY Trust的受託人YYT (PTC) Limited所持有，而受益人為蔣泉龍先生的配偶錢元英女士及其子全資擁有的公司。按證券及期貨條例第XV部之定義錢元英女士為YY Trust的成立人。蔣泉龍先生及錢元英女士為YY Holdings Limited的董事。
- 21,000,000股以好倉透過Praise Fortune Limited持有，其已發行股本的39.93%由蔣泉龍先生的配偶錢元英女士持有。錢元英女士為Praise Fortune Limited的董事。

Notes:

- 744,755,200 shares are held in long position through YY Holdings Limited, the entire issued share capital of which is held by YYT (PTC) Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her sons. Ms. Qian Yuanying is a founder of YY Trust within the meaning under Part XV of the SFO. Mr. Jiang Quanlong and Ms. Qian Yuanying are the directors of YY Holdings Limited.
- 21,000,000 shares are held in long position through Praise Fortune Limited, 39.93% of its issued share capital is held by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong. Ms. Qian Yuanying is a director of Praise Fortune Limited.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 31 December 2017, the interests and short positions of the directors and chief executives of the Company and their respective close associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

1. Interests in shares of the Company

董事會報告

DIRECTORS' REPORT

2. 於相聯公司股份、相關股份或股本權益

(a) 微科資源有限公司

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

(b) 宜興新威利成稀土有限公司

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

附註：

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

Note:

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

(c) YY Holdings Limited

(c) YY Holdings Limited

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

附註：

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

Note:

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

除上述披露外，於二零一七年十二月三十一日，根據「證券及期貨條例」第352條所存置之登記冊內所載，概無本公司董事或主要行政人員或其緊密關聯人士於本公司及其相聯公司之股份、相關股份及債券持有或被視為持有任何權益或淡倉。

Save as disclosed above, as at 31 December 2017, none of the directors or chief executives of the Company and their respective close associates had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register kept under Section 352 of the SFO.

董事會報告

DIRECTORS' REPORT

主要股東權益及淡倉

據董事會所知，於二零一七年十二月三十一日，本公司依據「證券及期貨條例」第336條而存置之登記冊內所載，除本公司董事及主要行政人員外，其他股東持有本公司的股份及相關股份的權益及淡倉如下：

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

除上述披露外，於二零一七年十二月三十一日，根據「證券及期貨條例」第336條所存置之登記冊內所載，除本公司董事或主要行政人員外，概無其他人仕通知本公司於本公司之股份或相關股份持有任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the directors, as at 31 December 2017, the interests and short positions of shareholders, other than the directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

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

Save as disclosed above, no other party, other than the directors or chief executives of the Company, has notified the Company that he had any interest or short position in the shares or underlying shares of the Company as recorded in the register kept under Section 336 of the SFO as at 31 December 2017.

購股權計劃

由於先前於二零零四年六月四日採納的舊購股權計劃於二零一四年六月三日失效，本公司股東於二零一四年六月六日召開的股東周年大會批准採納現時生效的新購股權計劃（「新計劃」），旨在以提供獎勵鼓勵參與者向本集團作出貢獻。於截至二零一七年十二月三十一日止年度，無購股權按新計劃被授出、取消或失效。

新計劃之主要條款如下：

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

SHARE OPTION SCHEME

At the Company's annual general meeting held on 6 June 2014, the shareholders of the Company approved the adoption of a new share option scheme currently in force (the "New Scheme") after the old share option scheme, which was previously adopted on 4 June 2004, lapsed on 3 June 2014 for the purpose of providing incentives to participants for their contribution to the Group. During the year ended 31 December 2017, there was no option granted, cancelled or lapsed under the New Scheme.

The major terms of the New Scheme are as follows:

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

董事會報告

DIRECTORS' REPORT

7. 行使價可由董事會釐定，但不可少於下列各項之最高者：

(i) 要約當日本公司股份於聯交所每日報價表所示之收市價；

(ii) 緊接要約當日前五個營業日本公司股份於聯交所每日報價表所示之平均收市價；及

(iii) 本公司股份面價。

8. 新計劃自二零一四年六月六日，即新計劃被採納日起十年內有效。

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

董事於合約的權益

年內，本集團向蔣泉龍先生支付約832,000港元，作為使用其辦公室的租金費用。

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

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

7. The exercise price may be determined by the directors provided that it should not be less than the highest of:

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of offer;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and

(iii) the nominal value of a share of the Company.

8. The New Scheme is valid and effective for a period of 10 years from 6 June 2014, the date on which the Scheme was adopted.

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

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid approximately HK\$832,000 as rental expenses to Mr. Jiang Quanlong for the use of his office premises.

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

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

董事於競爭業務的權益

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

獲准許彌償條文

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

管理合約

年內概無訂立或存在任何對本集團全部或重大部份之業務與管理及行政有關之合約。

購買、出售或贖回本公司的上市證券

本集團於年內概無購買、出售或贖回任何本公司之上市證券。

主要客戶及供應商

本集團主要客戶及供應商於年內所佔的銷售及採購百分比如下：

銷售

– 最大客戶	16%
– 最大五名客戶合計	44%

採購

– 最大供應商	55%
– 最大五名供應商合計	67%

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

PERMITTED INDEMNITY PROVISIONS

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

MANAGEMENT CONTRACTS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

Sales

– the largest customer	16%
– five largest customers combined	44%

Purchases

– the largest supplier	55%
– five largest suppliers combined	67%

董事會報告

DIRECTORS' REPORT

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

企業管治

本公司致力於發展及維持良好的企業管治常規以保障本公司股東利益，同時提高本公司價值、問責性及透明度。本公司採納的主要企業管治常規相關資料載於本年報第21頁至35頁的企業管治報告內。

業務回顧

本集團業務的回顧及展望已於本年報第6頁至16頁的主席報告書中討論。

1. 主要風險及不明朗因素

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

2. 關鍵財務表現指標

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

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

CORPORATE GOVERNANCE

The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 35 of this annual report.

BUSINESS REVIEW

A review and prospects of the business of the Group are discussed in the Chairman's Statement on pages 6 to 16 of this annual report.

1. Principal risks and uncertainties

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

2. Key financial performance indicators

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

3. 環境政策及表現

本集團清楚理解環境保護對本集團持續及將來發展的重要性。本集團盡力在生產環境中減少污水、廢氣及噪音的排放。所有廢物的棄置及處理交由適當單位負責。本集團亦進行了一系列節能減排的改造以保持在同行中對環境保護的領導地位。年內，除了在高純鎂砂生產線的除塵脫硫脫硝表現尚未達到國家標準而需暫停運作之外，本集團並無知悉有不符環境保護法律法規的情況。

4. 符合法律法規

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

3. Environmental policies and performance

The Group is fully aware of the importance of environment protection on the Group's sustainability and future development. The Group devotes to minimizing the release of water, air and sound pollutants to the production environments. All wastage are discharged and handled by appropriate entities. The Group had undergone a series of energy-savings and anti-pollution innovations to maintain its leadership status in environment protection among the peers in the industry. The Group did not aware of any non-compliance of the laws or regulations on environment protection during the year, except that the performance of the dedusting desulphurization facility in the Group's high purity magnesium grain production line failed to meet all of the country's standards that need to suspend production temporarily.

4. Compliance with laws and regulations

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

董事會報告

DIRECTORS' REPORT

5. 與主要持份者的關係

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

本集團於世界各地累積龐大的客戶群。本集團一直專注與客戶保持良好關係。每年，管理層及銷售團隊均會拜訪客戶，聆聽其需要，從而調整銷售策略。

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

優先購股權

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

足夠公眾持股量

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

5. Relationship with key stakeholders

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

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

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

核數師

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

截至二零一七年十二月三十一日止年度的綜合財務表已經由天健德揚會計師事務所有限公司審核。

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

承董事會命

錢元英
主席

香港，二零一八年三月二十八日

AUDITOR

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

The consolidated financial statements for the year ended 31 December 2017 have been audited by Ascenda Cachet CPA Limited.

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

On behalf of the Board

Qian Yuanying
Chairman

Hong Kong, 28 March 2018

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT



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香港灣仔
告士打道128號
祥豐大廈13樓F室

獨立核數師報告

致中國稀土控股有限公司各股東
(於開曼群島註冊成立之有限公司)

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

(Incorporated in the Cayman Islands with limited liability)

意見

吾等已審核第62至第171頁所載中國稀土控股有限公司(「貴公司」)及其附屬公司(下文統稱「貴集團」)之綜合財務報表，包括於二零一七年十二月三十一日之綜合財務狀況表及截至該日止年度之綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

OPINION

We have audited the consolidated financial statements of China Rare Earth Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 62 to 171 which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實公平地反映 貴集團於二零一七年十二月三十一日之綜合財務狀況及截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露規定妥為編製。

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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見基礎

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

關鍵審計事項

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

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

就 貴集團主要業務之物業、廠房及設備以及經營租約下預付土地租金之減值評估

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

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

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

關鍵審計事項

Key Audit Matter

貴集團於二零一七年十二月三十一日之物業、廠房及設備以及經營租約下預付土地租金分別約254,983,000港元及139,965,000港元，當中 貴集團稀土業務及耐火業務的現金產生單位（「現金產生單位」）中該等資產於二零一七年十二月三十一日之賬面值分別約為170,971,000港元及223,969,000港元。

The Group's property, plant and equipment, and prepaid lease payments on land under operating leases were approximately HK\$254,983,000 and HK\$139,965,000, respectively, as at 31 December 2017, of which the carrying amounts of these assets in the Group's cash generating units ("CGUs") of rare earth business and refractory business were approximately HK\$170,971,000 and HK\$223,969,000, respectively, as at 31 December 2017.

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

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

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

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

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

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

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

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

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

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

關鍵審計事項

Key Audit Matter

管理層結論為，於二零一七年十二月三十一日，耐火業務現金產生單位的該等資產並無出現減值跡象。

The management concluded that there was no impairment indication in respect of these assets for the CGU of refractory business as at 31 December 2017.

就稀土業務現金產生單位而言，由於管理層於二零一七年十二月三十一日確認減值跡象，因此已進行減值評估。二零一七年十二月三十一日，稀土業務現金產生單位的可收回金額乃由 貴集團參考 貴集團委聘的獨立合資格專業估值師（「估值師」）按使用價值計算（「估值」）後釐定。根據估值，稀土業務現金產生單位的可收回價值高於其於二零一七年十二月三十一日的賬面值， 貴公司董事認為，於二零一七年十二月三十一日並無就稀土業務現金產生單位確認減值虧損。

For the CGU of rare earth business, impairment assessment was conducted by the management as a result of impairment indication identified as at 31 December 2017. The recoverable amount of the CGU of rare earth business as at 31 December 2017 was determined by the Group with reference to the value in use calculations (the "Valuations") performed by an independent qualified professional valuer (the "Valuer") engaged by the Group. Based on the Valuations, the recoverable amount of the CGU of rare earth business was higher than its carrying amount as at 31 December 2017 and, in the opinion of the directors of the Company, no impairment loss was recognised in respect of the CGU of rare earth business as at 31 December 2017.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

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

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

貴集團存貨估值

Valuation of the Group's inventories

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

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

關鍵審計事項

Key Audit Matter

於二零一七年十二月三十一日，貴集團存貨的賬面值約為172,762,000港元。

The carrying amount of the Group's inventories was approximately HK\$172,762,000 as at 31 December 2017.

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

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

釐定撇減基準屬重大判斷，乃根據過往存貨虧損經驗及預期日後售價而作出。

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

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

吾等就管理層對貴集團存貨之賬面值評估進行之程序包括（其中包括）以下各項：

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

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

貴集團存貨估值 (續)

Valuation of the Group's inventories (Continued)

關鍵審計事項

Key Audit Matter

貴集團於二零一七年十二月三十一日進行存貨審查，並於截至二零一七年十二月三十一日止年度撥備約26,331,000港元，以將存貨撇減至彼等的可變現淨值。貴集團亦於截至二零一七年十二月三十一日止年度就過往年度已撇減存貨撥回撥備約694,000港元。

The Group carried out the inventory review as at 31 December 2017 and provided allowances of approximately HK\$26,331,000 to write down inventories to their net realisable value during the year ended 31 December 2017. The Group also reversed allowances of approximately HK\$694,000 for previous years' write down of inventories during the year ended 31 December 2017.

根據管理層所釐定存貨之可變現淨值，管理層認為於二零一七年十二月三十一日之存貨估值屬恰當。

Based on the management's determination of the net realisable value of the inventories, the management concluded that the valuation of the Group's inventories was appropriate as at 31 December 2017.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

- 評估計算存貨可變現淨值所使用的方法及假設；及重新計算存貨撇減或撇銷撥備及撥備撥回金額；
- Assessing the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculating the allowance and reversal of allowances for write down or write off of inventories;
- 抽查存貨於年終後的售價、完成之成本及進行銷售所需之成本的準確性及相關性；及
- Checking, on a sample basis, the accuracy and relevance of the selling prices of the inventories subsequent to year-end, the costs to completion and the costs necessary to make the sales; and
- 評估倘若於二零一七年十二月三十一日的估計可變現淨值低於成本的撥備是否足夠。
- Assessing the sufficiency of allowances where the estimated net realisable value was lower than the cost as at 31 December 2017.

貴集團應收賬款及其他應收款的減值

Impairment of the Group's trade and other receivables

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

關鍵審計事項

Key Audit Matter

於二零一七年十二月三十一日，貴集團應收賬款及其他應收款的賬面值約為337,091,000港元。

The carrying amount of the Group's trade and other receivables was approximately HK\$337,091,000 as at 31 December 2017.

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

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

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

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

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

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

貴集團應收賬款及其他應收款的減值 (續)

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

關鍵審計事項

Key Audit Matter

於二零一七年十二月三十一日，貴集團對應收賬款及其他應收款進行減值評估，並就應收賬款及其他應收款於截至二零一七年十二月三十一日止年度之呆壞賬作出撥備分別約990,000港元及593,000港元。貴集團亦就應收賬款及其他應收款於截至二零一七年十二月三十一日止年度之呆壞賬撥回撥備分別約4,445,000港元及181,000港元。

The Group performed the impairment assessment on trade and other receivables as at 31 December 2017 and provided allowances for bad and doubtful debts on trade receivables and other receivables amounting to approximately HK\$990,000 and HK\$593,000, respectively, during the year ended 31 December 2017. The Group also reversed allowances for bad and doubtful debts on trade receivables and other receivables amounting to approximately HK\$4,445,000 and HK\$181,000, respectively, during the year ended 31 December 2017.

根據管理層對應收賬款及其他應收款減值的評估，管理層認為於二零一七年十二月三十一日之應收賬款及其他應收款呆壞賬撥備屬恰當。

Based on the management's assessment on the impairment of trade and other receivables, the management concluded that the allowances for bad and doubtful debts on trade and other receivables was adequate as at 31 December 2017.

於審計中處理關鍵審計事項之方法

How our audit addressed the Key Audit Matter

- 測試 貴集團就編製應收賬款及其他應收款賬齡分析的關鍵控制，並抽查來源文件以測試賬齡分析；
- Testing the key controls of the Group relating to preparation of the ageing analysis of trade and other receivables and carrying out testing on the ageing analysis, on a sample basis, to the source documents;
- 參考管理層對債務人的信用評估、債務人過往的信貸記錄（包括拖欠或逾期付款）、債務人的償付記錄、債務人的其後償付及各個別債務人的賬齡分析評估管理層應收賬款及其他應收款可收回性的評估基準；及
- Assessing the basis of management's assessment of recoverability of trade and other receivables with reference to the management's evaluation of debtors' creditworthiness, debtors' credit history including default or delay in payments, debtors' settlement records, subsequent settlements from debtors and ageing analysis of each individual debtor; and
- 重新計算應收賬款及其他應收款呆壞賬撥備及撥回撥備金額及評估有關撥備於二零一七年十二月三十一日是否足夠。
- Recalculating the amount of allowances and reversal of allowances for bad and doubtful debts on trade and other receivables and assessing the sufficiency of the allowances as at 31 December 2017.

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INDEPENDENT AUDITOR'S REPORT

其他資料

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

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

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

董事及管治層就綜合財務報表須承擔之責任

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

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

管治層負責監督貴集團之財務申報程序。

OTHER INFORMATION

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

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

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

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

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

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

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

核數師就審計綜合財務報表承擔之責任

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

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

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

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

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

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

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

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

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

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

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

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

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

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

出具獨立核數師報告之審計項目董事為施永進。

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

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

The engagement director on the audit resulting in this independent auditor's report is Sze Wing Chun.

天健德揚會計師事務所有限公司
執業會計師
香港，二零一八年三月二十八日

施永進
執業證書編號 P06035

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2018

Sze Wing Chun
Practising Certificate Number P06035

綜合損益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

			二零一七年 2017	二零一六年 2016
		附註 Note	千港元 HK\$'000	千港元 HK\$'000
收入	Revenue	5	637,162	709,120
銷售成本	Cost of sales		(611,531)	(704,190)
毛利	Gross profit		25,631	4,930
其他收入	Other income	6	5,756	4,946
銷售及分銷費用	Selling and distribution expenses		(19,522)	(16,648)
管理費用	Administrative expenses		(52,876)	(66,069)
出售附屬公司之虧損	Loss on disposal of subsidiaries	32	(5,697)	–
其他經營費用	Other operating expenses	7(a)	(39,550)	(11,055)
其他收益／(虧損)淨值	Other net gain/(loss)	7(b)	8,725	(10,603)
經營業務虧損	Loss from operations		(77,533)	(94,499)
財務成本	Finance costs	8(a)	(1,869)	(3,904)
除稅前虧損	Loss before taxation	8	(79,402)	(98,403)
所得稅支出	Income tax charge	9	(5,379)	(9,473)
本年度虧損	Loss for the year		(84,781)	(107,876)
下列人士應佔本年度虧損：	Loss for the year attributable to:			
本公司擁有人	Owners of the Company		(82,839)	(104,242)
非控股權益	Non-controlling interests		(1,942)	(3,634)
			(84,781)	(107,876)
每股虧損	Loss per share			
— 基本及攤薄	— Basic and diluted	14	HK3.54 cents港仙	HK4.45 cents港仙

第69頁至171頁之附註構成財務報表其中一部份。

The notes on pages 69 to 171 form part of these financial statements.

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

		二零一七年 2017	二零一六年 2016
		千港元 HK\$'000	千港元 HK\$'000
		附註 Note	
本年度虧損	Loss for the year	(84,781)	(107,876)
本年度其他全面收益／(虧損) (扣除零稅項及重分類調整)	Other comprehensive income/ (loss) for the year (net of nil tax and reclassification adjustments)		
<i>可於期後重分類至損益賬的項目：</i> Items that may be reclassified subsequently to profit or loss:			
– 換算海外業務財務報表 之匯兌差額	– Exchange differences on translation of financial statements of foreign operations	175,482	(173,633)
– 出售附屬公司權益 匯兌儲備轉出	– Release of translation reserve upon disposal of interests in subsidiaries	8,094	–
	32	183,576	(173,633)
本年度全面收益／(虧損)總值	Total comprehensive income/(loss) for the year	98,795	(281,509)
下列人士應佔本年度 全面收益／(虧損)總值：	Total comprehensive income/ (loss) for the year attributable to:		
本公司擁有人	Owners of the Company	100,151	(277,115)
非控股權益	Non-controlling interests	(1,356)	(4,394)
		98,795	(281,509)

第69頁至171頁之附註構成財務報表其中一部份。

The notes on pages 69 to 171 form part of these financial statements.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一七年十二月三十一日 As at 31 December 2017

			二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
		附註 Note		
非流動資產	Non-current assets			
商譽	Goodwill	16	–	–
物業、廠房及設備	Property, plant and equipment	17	254,983	319,212
經營租約下預付土地租金	Prepaid lease payments on land under operating leases	18	135,958	139,692
遞延稅項資產	Deferred tax assets	28(b)	–	4,525
其他非流動資產	Other non-current asset	20	18,141	16,953
			409,082	480,382
流動資產	Current assets			
經營租約下預付土地租金	Prepaid lease payments on land under operating leases	18	4,007	3,956
存貨	Inventories	21	172,762	192,975
應收賬款及其他應收款	Trade and other receivables	22	337,091	281,622
預付款項及按金	Prepayments and deposits	22	331,796	288,306
可收回稅項	Tax recoverable	28(a)	1,751	1,642
受限制銀行存款	Restricted bank deposits	23	–	16,993
現金及現金等值項目	Cash and cash equivalents	24	1,665,102	1,649,125
			2,512,509	2,434,619
流動負債	Current liabilities			
應付賬款及應付票據	Trade and bills payables	25	81,473	101,317
應計款項及其他應付款	Accruals and other payables	25	76,021	74,019
應付董事款項	Amounts due to directors	26	3,774	3,245
銀行及其他貸款	Bank and other borrowings	27	–	78,033
應付稅項	Tax payable	28(a)	6,513	2,561
			167,781	259,175
流動資產淨值	Net current assets		2,344,728	2,175,444
資產總值減流動負債	Total assets less current liabilities		2,753,810	2,655,826
非流動負債	Non-current liabilities			
遞延稅項負債	Deferred tax liabilities	28(b)	–	811
資產淨值	NET ASSETS		2,753,810	2,655,015

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一七年十二月三十一日 As at 31 December 2017

		附註 Note	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
資本及儲備	CAPITAL AND RESERVES	29		
股本	Share capital		234,170	234,170
儲備	Reserves		2,511,665	2,411,514
本公司擁有人應佔權益	Equity attributable to owners of the Company		2,745,835	2,645,684
非控股權益	Non-controlling interests		7,975	9,331
權益總值	TOTAL EQUITY		2,753,810	2,655,015

第62頁至第171頁之綜合財務報表經由董事會於二零一八年三月二十八日批准及授權刊發，並由以下人士代表簽署：

The consolidated financial statements on pages 62 to 171 were approved and authorised for issue by the board of directors on 28 March 2018, and are signed on its behalf by:

蔣泉龍
董事

錢元英
董事

Jiang Quanlong
Director

Qian Yuanying
Director

第69頁至171頁之附註構成財務報表其中一部份。

The notes on pages 69 to 171 form part of these financial statements.

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

		本公司擁有人應佔權益 Attributable to owners of the Company						小計 Sub-total 千港元 HK\$'000	非控股權益 Non- controlling interests 千港元 HK\$'000	總值 Total 千港元 HK\$'000
		股本 Share capital 千港元 HK\$'000	股份溢價 Share premium 千港元 HK\$'000	資本儲備 Capital reserve 千港元 HK\$'000	法定儲備 Statutory reserves 千港元 HK\$'000	匯兌儲備 Translation reserve 千港元 HK\$'000	累計虧損 Accumulated losses 千港元 HK\$'000			
於二零一六年一月一日	At 1 January 2016	234,170	2,093,306	22,348	251,948	405,424	(84,397)	2,922,799	13,725	2,936,524
於二零一六年之權益變動：	<i>Changes in equity for 2016:</i>									
本年度虧損	Loss for the year	-	-	-	-	-	(104,242)	(104,242)	(3,634)	(107,876)
其他全面虧損，扣除零稅項及重分類調整	Other comprehensive loss, net of nil tax and reclassification adjustments									
— 換算海外業務財務報表之匯兌差異	– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	(172,873)	-	(172,873)	(760)	(173,633)
本年度全面虧損總值	Total comprehensive loss for the year	-	-	-	-	(172,873)	(104,242)	(277,115)	(4,394)	(281,509)
於二零一六年十二月三十一日及二零一七年一月一日	At 31 December 2016 and 1 January 2017	234,170	2,093,306	22,348	251,948	232,551	(188,639)	2,645,684	9,331	2,655,015
於二零一七年之權益變動：	<i>Changes in equity for 2017:</i>									
本年度虧損	Loss for the year	-	-	-	-	-	(82,839)	(82,839)	(1,942)	(84,781)
其他全面收益，扣除零稅項及重分類調整	Other comprehensive income, net of nil tax and reclassification adjustments									
— 換算海外業務財務報表之匯兌差異	– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	174,896	-	174,896	586	175,482
— 出售附屬公司權益匯兌儲備轉出	– Release of translation reserve upon disposal of interests in subsidiaries	-	-	-	-	8,094	-	8,094	-	8,094
本年度全面收益／(虧損)總值	Total comprehensive income/(loss) for the year	-	-	-	-	182,990	(82,839)	100,151	(1,356)	98,795
於二零一七年十二月三十一日	At 31 December 2017	234,170	2,093,306	22,348	251,948	415,541	(271,478)	2,745,835	7,975	2,753,810

第69頁至171頁之附註構成財務報表其中一部份。

The notes on pages 69 to 171 form part of these financial statements.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
		附註 Note	
經營活動	Operating activities		
除稅前虧損	Loss before taxation		(98,403)
調整項目：	Adjustments for:		
財務成本	Finance costs	8(a)	3,904
利息收入	Interest income	6	(4,946)
物業、廠房及設備 之折舊	Depreciation of property, plant and equipment	8(c)	60,177
出售物業、廠房及 設備之虧損	Loss on disposal of property, plant and equipment	7(b)	–
經營租約下預付土地 租金之攤銷	Amortisation of prepaid lease payments on land under operating leases	8(c)	4,223
應收賬款之減值虧損	Impairment loss on trade receivables	7(b)	10,352
其他應收款之減值虧損	Impairment loss on other receivables	7(b)	203
應收賬款之減值 虧損撥回	Reversal of impairment loss on trade receivables	7(b)	(4,376)
其他應收款之減值 虧損撥回	Reversal of impairment loss on other receivables	7(b)	(166)
出售附屬公司之虧損	Loss on disposal of subsidiaries	32(c)	–
存貨撇除	Write down of inventories	21(b)	14,730
存貨撇除撥回	Reversal of write down of inventories	21(b)	(2,168)
			6,254
營運資金變動	Changes in working capital		(16,470)
存貨減少	Decrease in inventories		118,202
應收賬款及其他應收款 (增加)/減少	(Increase)/decrease in trade and other receivables		(53,824)
預付款項及按金 (增加)/減少	(Increase)/decrease in prepayments and deposits		(24,181)
應付賬款及應付票據減少	Decrease in trade and bills payables		(14,771)
應計款項及其他應付款 增加	Increase in accruals and other payables		42,311
應付董事款項增加	Increase in amounts due to directors		318
經營(使用)/所得的現金	Cash (used in)/generated from operations		(42,603)
已付所得稅	Income tax paid	28(a)	(10,086)
經營活動(使用)/ 所得的現金淨值	Net cash (used in)/generated from operating activities		(44,094)
			256,020
			245,934

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
	附註 Note		
投資活動	Investing activities		
受限制銀行存款減少	Decrease in restricted bank deposits	17,512	17,444
購置物業、廠房及設備	Purchase of property, plant and equipment	(17,968)	(2,027)
出售附屬公司之現金 流入淨額	Net cash inflows from disposal of subsidiaries	32(d) 136	-
已收利息	Interest received	5,756	4,946
投資活動所得的現金淨值	Net cash generated from investing activities	5,436	20,363
融資活動	Financing activities		
新增銀行及其他借貸之 所得款項	Proceeds from new bank and other borrowings	92,166	115,682
償還銀行及其他借貸	Repayment of bank and other borrowings	(140,322)	(34,734)
已付融資費用	Finance charges paid	-	(2,338)
已付利息	Interests paid	(1,869)	(1,566)
融資活動(使用)/ 所得的現金淨值	Net cash (used in)/generated from financing activities	(50,025)	77,044
現金及現金等值項目 (減少)/增加淨值	Net (decrease)/increase in cash and cash equivalents	(88,683)	343,341
年初現金及現金等值項目	Cash and cash equivalents at beginning of the year	1,649,125	1,396,365
匯率變動之影響	Effect of changes in exchange rate	104,660	(90,581)
年末現金及現金等值項目	Cash and cash equivalents at end of the year	24 1,665,102	1,649,125

第69頁至171頁之附註構成財務報表其中一部份。

The notes on pages 69 to 171 form part of these financial statements.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

1. 一般資料

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

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

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

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

1. GENERAL

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

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

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

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

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策

a) 遵守聲明

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

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

2. 主要會計政策(續)

b) 財務報表編製基準

截至二零一七年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司。

除若干金融工具於下文會計政策所闡述按公平值計量外，編製財務報表所採用之計量基準為歷史成本法。

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

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

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

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

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策(續)

c) 附屬公司及非控股權益

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

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

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

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

2. 主要會計政策(續)

c) 附屬公司及非控股權益(續)

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

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

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

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

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策(續)

d) 商譽

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

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

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

於出售相關賺取現金單位之任何應佔商譽金額均包括於出售時所釐定之損益內。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Goodwill

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

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

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

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

2. 主要會計政策(續)

e) 物業、廠房及設備

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策(續)

e) 物業、廠房及設備(續)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment (Continued)

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

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

2. 主要會計政策(續)

f) 租賃資產

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

i) 出租予本集團之資產分類

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Lease assets

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

i) Classification of assets leased to the Group

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

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策(續)

f) 租賃資產(續)

ii) 經營租賃費用

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

根據經營租賃持有之土地之收購成本乃於租賃期內以直線法攤銷。

iii) 租賃土地及樓宇

當本集團就物業權益(包括租賃土地及樓宇部份)付款時，本集團視乎租賃有否轉讓土地擁有權的重大風險及回報，判斷以決定分類。除非明顯地兩個部分均為經營租賃，在此情況下，整份租約會分類為經營租賃。特別是全部代價(包括任何一筆過預付款)將按初始確認時租賃土地部分及樓宇部分之租賃權益之相關公平價值比例分配至租賃土地及樓宇部分。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Lease assets (Continued)

ii) Operating lease charges

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

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

iii) Leasehold land and building

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

2. 主要會計政策(續)

f) 租賃資產(續)

iii) 租賃土地及樓宇(續)

倘能可靠地分配相關款項，則入賬列為經營租賃之租賃土地權益將於綜合財務狀況表內列作「經營租約下預付土地租金」，並於租賃期內以直線法攤銷入賬。當租金無法在土地部份與樓宇部份間可靠分配時，整項物業通常分類為融資租賃(猶如租賃土地乃根據融資租賃持有)。

g) 資產減值

i) 應收款之減值

按成本值或攤銷成本列賬的流動與非流動應收款項會於各個申報期間結算日進行檢討，以判斷有否存在客觀減值證據。減值之客觀證據包括本集團注意到以下一項或多項虧損事項之顯著數據：

- 債務人有重大財務困難；
- 違反合約，如拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響。

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Lease assets (Continued)

iii) Leasehold land and building (Continued)

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments on land under operating leases" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is finance lease.

g) Impairment of assets

i) Impairment of receivables

Current and non-current receivables that are carried at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

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2. 主要會計政策(續)

g) 資產減值(續)

i) 應收款之減值(續)

如存在任何上述證據，則會釐定及確認減值虧損如下：

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

i) Impairment of receivables (Continued)

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

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

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

2. 主要會計政策(續)

g) 資產減值(續)

i) 應收款之減值(續)

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

ii) 其他資產之減值

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

i) Impairment of receivables (Continued)

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

ii) Impairment of other assets

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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2. 主要會計政策(續)

g) 資產減值(續)

ii) 其他資產之減值(續)

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

– 可收回數額計算

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. 主要會計政策(續)

g) 資產減值(續)

ii) 其他資產之減值(續)

– 減值虧損確認

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

– 減值虧損撥回

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

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截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

2. 主要會計政策(續)

g) 資產減值(續)

iii) 中期財務報告及減值

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

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

h) 存貨

存貨按成本值及可變現淨值(以較低者為準)列賬。

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

iii) Interim financial reporting and impairment

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

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

h) Inventories

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

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

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

2. 主要會計政策(續)

h) 存貨(續)

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

i) 應收賬款及其他應收款

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

j) 計息貸款

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories (Continued)

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

i) Trade and other receivables

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

j) Interest-bearing borrowings

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

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2. 主要會計政策(續)

k) 應付賬款及其他應付款

應付賬款及其他應付款初步按公平值確認，其後按攤銷成本列賬，除非折現之影響並不重大，於此情況下則按成本列賬。

l) 現金及現金等值項目

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

m) 僱員福利

i) 短期僱員福利及界定供款退休計劃之供款

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

l) Cash and cash equivalents

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

m) Employee benefits

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

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

2. 主要會計政策(續)

m) 僱員福利(續)

ii) 以股份為基礎之付款

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Employee benefits (Continued)

ii) Share based payments

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

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

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2. 主要會計政策(續)

m) 僱員福利(續)

iii) 終止福利

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

n) 所得稅

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Employee benefits (Continued)

iii) Termination benefits

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

n) Income tax

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

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

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

2. 主要會計政策(續)

n) 所得稅(續)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income tax (Continued)

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

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

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2. 主要會計政策(續)

n) 所得稅(續)

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

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

分派股息所產生之額外所得稅在支付有關股息之責任確認時予以確認。

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income tax (Continued)

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

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

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

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

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

2. 主要會計政策(續)

n) 所得稅(續)

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

o) 撥備及或然負債

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income tax (Continued)

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

o) Provisions and contingent liabilities

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

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

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2. 主要會計政策(續)

p) 收入確認

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

i) 銷售貨品

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

ii) 利息收入

利息收入乃採用實際利率法於應計時確認。

q) 外幣換算

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Revenue recognition

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

i) Sale of goods

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

ii) Interest income

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

q) Translation of foreign currencies

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

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

2. 主要會計政策(續)

q) 外幣換算(續)

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

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

r) 貸款成本

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Translation of foreign currencies (Continued)

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

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

r) Borrowing costs

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

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

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2. 主要會計政策(續)

s) 關連人士

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

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

(b) 倘若以下任何條件適用，則該實體乃與本集團有關連：

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Related parties

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

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

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

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

2. 主要會計政策(續)

s) 關連人士(續)

(b) 倘若以下任何條件適用，則該實體乃與本集團有關連：(續)

v) 實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。

vi) 實體受附註2(s)(a)所識別人土所控制或共同控制。

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

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

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

t) 分部報告

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Related parties (Continued)

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

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

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

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

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

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

t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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2. 主要會計政策(續)

t) 分部報告(續)

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

3. 會計政策之變動

香港會計師公會已頒佈多項香港財務報告準則之修訂本，該等修訂本於本集團之本會計期間首次生效。採納該等修訂本並無對本集團之會計政策造成重大影響。然而，附註36已載入額外披露以符合香港會計準則第7號修訂本「現金流量表：披露計劃」的新披露規定，該修訂本要求實體提供披露資料，使財務報表使用者可評估融資活動所產生負債之變動，包括現金流量產生之變動及非現金變動。根據修訂本之過渡條文，本集團並無披露上一年度之比較資料。

本集團並無應用於本會計期間尚未生效之任何新增準則或詮釋。

4. 關鍵會計判斷及估計不確定性之主要來源

a) 估計不確定性之主要來源

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Segment reporting (Continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these amendments have any material impact on the accounting policies of the Group. However, additional disclosure has been included in note 36 to satisfy the new disclosure requirements introduced by the Amendments to HKAS 7 “Statement of Cash Flows: Disclosure Initiative”, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Key sources of estimation uncertainty

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

4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

i) 物業、廠房及設備以及經營租約下預付土地租金之可使用年期及剩餘價值

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

ii) 物業、廠房及設備減值之估算

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

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

a) Key sources of estimation uncertainty (Continued)

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

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

ii) Estimation of impairment of property, plant and equipment

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

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

ii) 物業、廠房及設備減值之估算(續)

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量折現至其現值，此需要對收益水平及經營成本金額作出重大判斷。本集團利用所有可得資料(包括基於合理及有力假設之估計以及對收益水平及經營成本金額之預測)，釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能導致於未來期間之額外減值支出或撥回減值。於二零一七年十二月三十一日，物業、廠房及設備之賬面值約254,983,000港元(二零一六年：319,212,000港元)。

iii) 經營租約下預付土地租金減值之估算

本集團根據附註2(g)(ii)所載之本集團會計政策，每年對經營租約下預付土地租金是否出現減值進行評估。賺取現金單位之可收回金額乃根據使用價值計算而釐定。該等計算需要使用管理層對業務之未來營運作出之估計及假設、稅前折現率以及其他有關使用價值計算之假設。於二零一七年十二月三十一日，經營租約下預付土地租金之賬面值約為139,965,000港元(二零一六年：143,648,000港元)。

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

a) Key sources of estimation uncertainty (Continued)

ii) Estimation of impairment of property, plant and equipment (Continued)

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2017, the carrying amount of property, plant and equipment is approximately HK\$254,983,000 (2016: HK\$319,212,000).

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

The Group performs annual assessments on whether there has been impairment of prepaid lease payments on land under operating leases in accordance with the Group's accounting policy stated in note 2(g)(ii). The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value in use calculations. As at 31 December 2017, the carrying amount of prepaid lease payments on land under operating leases is approximately HK\$139,965,000 (2016: HK\$143,648,000).

4. 關鍵會計判斷及估計不確定性之主要來源(續)

a) 估計不確定性之主要來源(續)

iv) 應收款減值之估算

應收款減值確認政策乃根據對應收款收回可能性之評估、賬齡分析及管理層判斷制定實行。在評估該等應收款最終能否變現時，需要作出大量判斷，包括每名債務人之現時信譽及過往收款紀錄。倘該等債務人之財務狀況轉差，將會影響其還款能力，因而可能需要作出額外減值虧損。於二零一七年十二月三十一日，應收賬款及其他應收款之賬面值約為337,091,000港元(二零一六年：281,622,000港元)。應收款減值之詳情已於附註22(c)作出披露。

v) 存貨之可變現淨值

存貨乃按成本與可變現淨值之較低者列賬。可變現淨值乃根據日常業務過程中之估計售價，減估計完成成本及進行銷售所需之估計成本釐定。該等估計是根據目前市況及製造和銷售同類產品之過往經驗而作出。本公司董事主要根據最近期之發票價格及現時市況估計存貨之可變現淨值。截至二零一七年十二月三十一日止年度，本公司董事按逐項產品基準對存貨進行定期檢討，並撇除為數約26,331,000港元(二零一六年：14,730,000港元)及作出存貨撇除撥回約694,000港元(二零一六年：2,168,000港元)。

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

a) Key sources of estimation uncertainty (Continued)

iv) Estimation of impairment of receivables

The policy for recognition of impairment on receivables is based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in impairment of their ability to make payments, additional impairment loss may be required. As at 31 December 2017, the carrying amount of trade and other receivables is approximately HK\$337,091,000 (2016: HK\$281,622,000). Details of the impairment of receivables are disclosed in note 22(c).

v) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. The directors of the Company estimate the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. During the year ended 31 December 2017, the directors of the Company performed periodic review on a product-by-product basis and made a write down of its inventories of approximately HK\$26,331,000 (2016: HK\$14,730,000) and a reversal of write down of inventories of approximately HK\$694,000 (2016: HK\$2,168,000).

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4. 關鍵會計判斷及估計不確定性之主要來源(續)

b) 在應用本集團會計政策時所作之重大會計判斷

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

i) 所得稅及遞延稅項

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

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

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

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

i) Income taxes and deferred taxation

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

4. 關鍵會計判斷及估計不確定性之主要來源(續)

b) 在應用本集團會計政策時所作之重大會計判斷(續)

i) 所得稅及遞延稅項(續)

有關若干暫時差異之遞延稅項資產，乃於管理層認為日後可能有可動用應課稅溢利抵銷暫時差異或稅項虧損之情況下予以確認。倘該項預期有別於原來估計，該等差額將影響更改有關改變估計期間所確認之遞延稅項資產及稅項支出。就此而言，本集團已於二零一六年十二月三十一日確認遞延稅項資產約4,525,000港元(二零一七年：無)。

ii) 分派股息所產生之預扣稅

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

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

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

i) *Income taxes and deferred taxation (Continued)*

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax charge in the periods in which such estimate is changed. In this regard, the Group recognised deferred tax assets of approximately HK\$4,525,000 as at 31 December 2016 (2017: Nil).

ii) *Withholding tax arising from distribution of dividends*

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

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5. 收入

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

5. REVENUE

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
稀土產品(包括熒光產品)銷售	Sales of rare earth products (including fluorescent products)	386,533	436,477
耐火產品(包括高溫陶瓷產品及鎂砂)銷售	Sales of refractory products (including high temperature ceramics products and magnesium grains)	250,629	272,643
		637,162	709,120

6. 其他收入

6. OTHER INCOME

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
銀行存款利息收入	Interest income from bank deposits	5,756	4,946

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7. 其他經營開支及其他收益／(虧損)淨值

a) 其他經營開支

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
暫時性停產期間之開支	Expenses incurred during temporary suspension of production	(39,550)	(11,055)

截至二零一七年及二零一六年十二月三十一日止年度，由於進行內部整合，本集團暫時停止其若干生產線。於暫時性停產期間所產生之相關開支已計入其他經營開支內。

During the years ended 31 December 2017 and 2016, the Group temporarily suspended certain of its production for internal consolidation. The related expenses incurred during the temporary production suspension were included in other operating expenses.

b) 其他收益／(虧損)淨值

b) Other net gain/(loss)

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
匯兌收益／(虧損)淨額	Net exchange gain/(loss)	6,296	(5,000)
應收賬款之減值虧損	Impairment loss on trade receivables	(990)	(10,352)
其他應收款之減值虧損	Impairment loss on other receivables	(593)	(203)
應收賬款之減值虧損撥回	Reversal of impairment loss on trade receivables	4,445	4,376
其他應收款之減值虧損撥回	Reversal of impairment loss on other receivables	181	166
出售物業、廠房及設備之虧損	Loss on disposal of property, plant and equipment	(7)	–
其他	Others	(607)	410
		8,725	(10,603)

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8. 除稅前虧損

除稅前虧損已扣除下列各項：

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
a) 財務成本	a) Finance costs		
銀行貸款利息支出 (附註36)	Interest expenses on bank borrowings (note 36)	1,869	1,566
其他借貸之融資費用	Finance charges on other borrowings	–	2,338
		1,869	3,904
b) 員工成本(包括附註10 所載之董事酬金) #	b) Staff costs (including directors' remuneration in note 10) #		
薪金及工資	Salaries and wages	39,601	47,229
退休福利計劃供款(附註12)	Retirement benefits scheme contributions (note 12)	4,414	5,752
員工遣散費用	Staff redundancy costs	–	1,905
		44,015	54,886

8. 除稅前虧損(續)

8. LOSS BEFORE TAXATION (Continued)

		二零一七年	二零一六年
		2017	2016
		千港元	千港元
		HK\$'000	HK\$'000
c) 其他項目	c) Other items		
核數師酬金	Auditors' remuneration		
– 審核服務	– audit services	2,610	2,610
– 其他服務	– other services	675	575
		3,285	3,185
存貨成本(附註21(b)) [#]	Cost of inventories (note 21(b)) [#]	611,531	704,190
物業、廠房及設備之折舊 [#]	Depreciation of property, plant and equipment [#]	57,156	60,177
經營租約下預付土地租金攤銷 [#]	Amortisation of prepaid lease payments on land under operating leases [#]	4,089	4,223
租賃物業經營租賃支出 [#]	Operating lease charges on rented premises [#]	2,075	2,779

[#] 截至二零一七年十二月三十一日止年度內，存貨成本包括有關員工成本、折舊及攤銷開支以及經營租約費用約40,207,000港元(二零一六年：79,178,000港元)，有關款項亦已就各類別開支計入上文獨立披露之總額內。

[#] During the year ended 31 December 2017, cost of inventories included approximately HK\$40,207,000 (2016: HK\$79,178,000) relating to staff costs, depreciation and amortisation expenses, and operating lease charges, which amounts were also included in the respective total amounts disclosed separately above for each of these types of expenses.

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9. 綜合損益表內之所得稅

a) 綜合損益表內之所得稅指：

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

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
本期稅項－中國企業所得稅	Current tax – PRC Enterprise Income Tax		
本年度撥備(附註28(a))	Provision for the year (note 28(a))	(5,299)	(1,477)
未匯出盈利之預扣稅(附註28(a))	Withholding tax on unremitted earnings (note 28(a))	-	(8,147)
		(5,299)	(9,624)
遞延稅項	Deferred taxation		
暫時性差異之產生及撥回(附註28(b))	Origination and reversal of temporary differences (note 28(b))	(80)	151
所得稅支出	Income tax charge	(5,379)	(9,473)

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

由於本集團於截至二零一七年及二零一六年十二月三十一日止年度並無於香港產生估計應課稅溢利，因此無就香港利得稅作出撥備。

截至二零一七年及二零一六年十二月三十一日止年度內，中國企業所得稅乃根據本公司於中國成立之附屬公司之估計應課稅溢利按法定所得稅率25%計算。

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

No provision for Hong Kong Profits Tax is provided for as the Group has no estimated assessable profits arising in Hong Kong during the years ended 31 December 2017 and 2016.

PRC Enterprise Income Tax is calculated at the statutory income tax rate of 25% on the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2017 and 2016.

9. 綜合損益表內之所得稅(續)

a) (續)

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

根據中國有關稅務法例及規例，宜興新威利成耐火材料有限公司(「利成耐火」)獲分類為外商投資之「高新技術企業」，由二零一七年一月一日起三年期間可享有優惠所得稅率15%。

b) 所得稅支出與會計虧損之間按適用稅率計算之對賬如下：

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

a) (Continued)

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

Pursuant to the relevant tax laws and regulations in the PRC, Yixing Xinwei Leeshing Refractory Materials Company Limited (“Leeshing Refractory”) is classified as foreign invested “New and High Technology Enterprises” and is entitled to a preferential income tax rate of 15% for a period of three years from 1 January 2017.

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
除稅前虧損	Loss before taxation	(79,402)	(98,403)
除稅前虧損按各稅務司法權區適用法定稅率計算之名義稅項	Notional tax on loss before taxation, calculated at statutory tax rates applicable to the respective tax jurisdictions concerned	(16,105)	(22,820)
不可抵扣支出之稅務影響	Tax effect of non-deductible expenses	3,476	2,624
毋須課稅收入之稅務影響	Tax effect of non-taxable income	(83)	(4)
未確認稅務虧損之稅務影響	Tax effect of tax losses not recognised	22,965	21,526
動用先前未確認稅務虧損之稅務影響	Tax effect of utilisation of tax losses previously not recognised	(2,879)	–
中國附屬公司獲授優惠稅率之稅務影響	Tax effect of concessionary tax rate granted to a PRC subsidiary	(1,995)	–
本公司正在進行註銷程序之附屬公司未匯出盈利之預扣稅	Withholding tax on unremitted earnings of the Company's subsidiaries which are under deregistration process	–	8,147
所得稅支出	Income tax charge	5,379	9,473

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10. 董事酬金

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

10. DIRECTORS' EMOLUMENTS

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

		二零一七年					
		2017					
		薪金、津貼及 董事袍金	實物福利	酌情花紅	退休福利 計劃供款	以股份為 基礎之付款	總計
		Salaries, allowances Directors' fees	and benefit- in-kind	Discretionary bonus	Retirement scheme contributions	Share- based payments	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
執行董事	Executive directors						
錢元英女士(附註(i))	Ms. Qian Yuanying (note (i))	-	1,928	-	-	-	1,928
蔣泉龍先生(附註(ii))	Mr. Jiang Quanlong (note (ii))	-	1,430	-	-	-	1,430
蔣大偉先生(附註(iii))	Mr. Jiang Dawei (note (iii))	-	150	-	1	-	151
蔣才南先生	Mr. Jiang Cainan	-	60	-	-	-	60
		-	3,568	-	1	-	3,569
獨立非執行董事	Independent non-executive directors						
黃春華先生	Mr. Huang Chunhua	72	-	-	-	-	72
金重先生	Mr. Jin Zhong	42	-	-	-	-	42
王國珍先生	Mr. Wang Guozhen	69	-	-	-	-	69
		183	-	-	-	-	183
總計	Total	183	3,568	-	1	-	3,752

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10. 董事酬金 (續)

10. DIRECTORS' EMOLUMENTS (Continued)

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

附註：

- (i) 錢元英女士已由本公司之副主席兼行政總裁調任為本公司之主席，由二零一七年九月七日起生效。
- (ii) 蔣泉龍先生已辭任本公司主席職務，由二零一七年九月七日起生效。
- (iii) 蔣大偉先生已獲委任為本公司執行董事兼本公司行政總裁，由二零一七年九月七日起生效。

截至二零一七年及二零一六年十二月三十一日止年度內，概無董事向本集團收取任何酬金，作為鼓勵加入本集團或加入本集團時之獎勵或離職補償。於該兩個年度，概無董事放棄或同意放棄任何酬金。

Notes:

- (i) Ms. Qian Yuanying was redesignated from the Deputy Chairman and the Chief Executive Officer of the Company, to the Chairman of the Company with effect from 7 September 2017.
- (ii) Mr. Jiang Quanlong resigned as the Chairman of the Company with effect from 7 September 2017.
- (iii) Mr. Jiang Dawei appointed as an executive director of the Company and Chief Executive Officer of the Company with effect from 7 September 2017.

During the years ended 31 December 2017 and 2016, no director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during both years.

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11. 最高薪人士及高級管理人員酬金

a) 五名最高薪人士

截至二零一七年十二月三十一日止年度，本集團五名最高薪人士中，其中兩名（二零一六年：兩名）為本公司董事，其酬金於附註10披露。其餘三名（二零一六年：三名）最高薪人士之酬金總額如下：

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

a) Five highest paid individuals

During the year ended 31 December 2017, out of the five highest paid individuals in the Group, two (2016: two) are directors of the Company whose emoluments are disclosed in note 10. The aggregate emoluments in respect of the remaining three (2016: three) highest paid individuals are as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
薪金及其他酬金	Salaries and other emoluments	2,217	2,119
酌情花紅	Discretionary bonus	-	-
退休福利計劃供款	Retirement benefits scheme contributions	56	62
以股份為基礎之付款	Share-based payments	-	-
		2,273	2,181

其餘三名（二零一六年：三名）最高薪人士之酬金介乎於下列範圍：

The emoluments of the remaining three (2016: three) highest paid individuals are within the following band:

		二零一七年 2017 人數 Number of individuals	二零一六年 2016 人數 Number of Individuals
範圍：	Bands:		
零 - 1,000,000港元	Nil - HK\$1,000,000	2	2
1,000,001港元 - 1,500,000港元	HK\$1,000,001 - HK\$1,500,000	1	1
		3	3

11. 最高薪人士及高級管理人員酬金(續)

a) 五名最高薪人士(續)

截至二零一七年及二零一六年十二月三十一日止年度，本集團並無向五位最高薪人士支付或應付任何酬金，作為鼓勵其加入或於加入本集團時的報酬或離職賠償。

b) 高級管理人員酬金

已付或應付予高級管理人員之酬金介乎下列範圍：

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

a) Five highest paid individuals (Continued)

No emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2017 and 2016.

b) Senior management's emoluments

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

		二零一七年 2017 人數 Number of individuals	二零一六年 2016 人數 Number of Individuals
範圍：	Bands:		
零 – 1,000,000港元	Nil – HK\$1,000,000	6	6
1,000,001元 – 1,500,000港元	HK\$1,000,001 – HK\$1,500,000	1	1
		7	7

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12. 僱員退休福利

如中國有關規則及條例的規定，本公司於中國成立之附屬公司須為其全體僱員根據僱員基本薪金的若干百分比參與國家資助退休計劃（一項界定供款退休金計劃）。僱員退休後的生活津貼由國家資助退休計劃負責支付。該等附屬公司除每年供款外，毋須支付實際退休金，亦毋須負責僱員的退休後福利。截至二零一七年十二月三十一日止年度，退休計劃供款額約為4,346,000港元（二零一六年：5,684,000港元）。該計劃供款即時歸屬。

本集團自二零零零年十二月一日起已參與強制性公積金計劃（「強積金計劃」）。該計劃為界定供款退休金計劃。本集團每月按僱員基本薪金若干百分比向該計劃供款。截至二零一七年十二月三十一日止年度，本集團向強積金計劃供款約68,000港元（二零一六年：68,000港元）。強積金的資產與本集團的資產分開持有，並由獨立專業基金經理管理。該計劃供款按時歸屬。

13. 股息

本公司董事不建議派付截至二零一七年十二月三十一日止年度之股息（二零一六年：無）。

12. EMPLOYEE RETIREMENT BENEFITS

As stipulated by the relevant rules and regulations in the PRC, the Company's subsidiaries established in the PRC are required to participate in a state-sponsored retirement plan, which is a defined contribution pension scheme, for all of their employees based on certain percentages of the employee's basic salary. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees and these subsidiaries have no further obligations for the actual pension payments or other post-retirement benefits beyond the annual contributions. For the year ended 31 December 2017, the retirement plan contribution amounted to approximately HK\$4,346,000 (2016: HK\$5,684,000). Contributions to the plan vest immediately.

The Group has participated in Mandatory Provident Fund Scheme ("MPF Scheme"), which is a defined contribution pension scheme, since 1 December 2000. The Group makes monthly contribution to the scheme based on certain percentage of the employees' basic salaries. For the year ended 31 December 2017, the Group's contributions to the MPF Scheme were approximately HK\$68,000 (2016: HK\$68,000). The assets of the fund are held separately from the Group and are managed by independent professional fund managers. Contributions to the scheme vest progressively.

13. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

14. 每股虧損

每股基本虧損

本公司擁有人之每股基本虧損乃根據下列數據計算：

14. LOSS PER SHARE

Basic loss per share

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
就計算每股基本虧損 之本公司擁有人 應佔年度虧損	Loss for the year attributable to owners of the Company for the purpose of basic loss per share	82,839	104,242
		Number of shares	
		股份數目	
		二零一七年 2017 千股 '000	二零一六年 2016 千股 '000
計算每股基本虧損之 普通股份加權平均數	Weighted average number of ordinary shares for the purpose of basic loss per share	2,341,700	2,341,700

每股攤薄虧損

由於本公司於截至二零一七年及二零一六年十二月三十一日止年度期間並無尚未行使之潛在攤薄普通股，因此每股攤薄虧損與每股基本虧損相同。

Diluted loss per share

Diluted loss per share equals to the basic loss per share as the Company has no potential dilutive ordinary shares outstanding during the years ended 31 December 2017 and 2016.

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15. 分部報告

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

稀土：製造及銷售稀土產品（包括熒光產品）

耐火：製造及銷售耐火產品（包括高溫陶瓷產品及鎂砂）

a) 分部業績、資產及負債

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

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

15. SEGMENT REPORTING

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

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

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

a) Segment results, assets and liabilities

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

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

15. 分部報告(續)

a) 分部業績、資產及負債(續)

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

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

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

15. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

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

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

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

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15. 分部報告 (續)

a) 分部業績、資產及負債 (續)

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

15. SEGMENT REPORTING (Continued)

a) Segment results, assets and liabilities (Continued)

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

		稀土		耐火		總計	
		Rare earth		Refractory		Total	
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
		2017	2016	2017	2016	2017	2016
		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
來自對外客戶之收入	Revenue from external customers	386,533	436,477	250,629	272,643	637,162	709,120
分部間收入	Inter-segment revenue	214	28	-	-	214	28
呈報分部收入	Reportable segment revenue	386,747	436,505	250,629	272,643	637,376	709,148
呈報分部(虧損)/溢利(經調整EBITDA)	Reportable segment (loss)/profit (Adjusted EBITDA)	(37,455)	(46,465)	34,752	26,966	(2,703)	(19,499)
利息收入	Interest income	2,906	2,333	2,850	2,612	5,756	4,945
財務成本	Finance costs	(1,869)	(3,904)	-	-	(1,869)	(3,904)
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	(27,573)	(30,630)	(29,577)	(29,540)	(57,150)	(60,170)
經營租約下預付土地租金之攤銷	Amortisation of prepaid lease payments on land under operating leases	(1,905)	(1,903)	(2,184)	(2,320)	(4,089)	(4,223)
應收賬款之減值虧損	Impairment loss on trade receivables	(934)	(1,795)	(56)	(8,557)	(990)	(10,352)
其他應收款之減值虧損	Impairment loss on other receivables	(165)	(25)	(428)	(178)	(593)	(203)
應收賬款之減值虧損撥回	Reversal of impairment loss on trade receivables	898	333	3,547	4,043	4,445	4,376
其他應收款之減值虧損撥回	Reversal of impairment loss on other receivables	6	126	175	40	181	166
出售附屬公司之虧損	Loss on disposal of subsidiaries	(5,697)	-	-	-	(5,697)	-
呈報分部資產	Reportable segment assets	1,637,014	1,703,199	1,885,148	1,764,463	3,522,162	3,467,662
添置非流動分部資產： - 物業、廠房及設備	Additions to non-current segment assets: - Property, plant and equipment	12,665	99	5,303	1,928	17,968	2,027
呈報分部負債	Reportable segment liabilities	576,568	636,600	191,635	185,760	768,203	822,360

15. 分部報告(續)

b) 呈報分部收入、溢利或虧損、資產及負債之對賬

15. SEGMENT REPORTING (Continued)

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
收入	Revenue		
呈報分部收入	Reportable segment revenue	637,376	709,148
撇銷分部間收入	Elimination of inter-segment revenue	(214)	(28)
綜合收入	Consolidated revenue	637,162	709,120
溢利或虧損	Profit or loss		
呈報分部虧損	Reportable segment loss	(2,703)	(19,499)
撇銷分部間溢利或虧損	Elimination of inter-segment profit or loss	-	-
來自本集團對外客戶之呈報分部虧損	Reportable segment loss derived from Group's external customers	(2,703)	(19,499)
其他收入	Other income	5,756	4,946
物業、廠房及設備折舊	Depreciation of property, plant and equipment	(57,156)	(60,177)
經營租約下預付土地租金之攤銷	Amortisation of prepaid lease payments on land under operating leases	(4,089)	(4,223)
財務成本	Finance costs	(1,869)	(3,904)
未分配企業開支	Unallocated corporate expenses	(19,341)	(15,546)
綜合除稅前虧損	Consolidated loss before taxation	(79,402)	(98,403)
所得稅支出	Income tax charge	(5,379)	(9,473)
綜合除稅後虧損	Consolidated loss after taxation	(84,781)	(107,876)

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15. 分部報告(續)

b) 呈報分部收入、溢利或虧損、資產及負債之對賬(續)

15. SEGMENT REPORTING (Continued)

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
資產	Assets		
呈報分部資產	Reportable segment assets	3,522,162	3,467,662
撇銷分部間應收款項	Elimination of inter-segment receivables	(613,103)	(572,380)
		2,909,059	2,895,282
未分配現金及現金等值項目	Unallocated cash and cash equivalents	10,010	12,117
未分配企業資產	Unallocated corporate assets	771	1,435
遞延稅項資產	Deferred tax assets	-	4,525
可收回稅項	Tax recoverable	1,751	1,642
綜合資產總值	Consolidated total assets	2,921,591	2,915,001
負債	Liabilities		
呈報分部負債	Reportable segment liabilities	768,203	822,360
撇銷分部間應付款項	Elimination of inter-segment payables	(613,103)	(572,380)
		155,100	249,980
未分配企業負債	Unallocated corporate liabilities	6,168	6,634
遞延稅項負債	Deferred tax liabilities	-	811
應付稅項	Tax payable	6,513	2,561
綜合負債總值	Consolidated total liabilities	167,781	259,986

15. 分部報告(續)

c) 地區資料

(i) 來自對外客戶之收入

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

15. SEGMENT REPORTING (Continued)

c) Geographical information

(i) Revenues from external customers

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
中國(註冊地點)	The PRC (place of domicile)	508,856	551,484
日本	Japan	63,372	65,042
歐洲	Europe	25,930	42,926
美利堅合眾國	The United States of America	14,294	29,724
其他	Others	24,710	19,944
		128,306	157,636
		637,162	709,120

(ii) 特定非流動資產

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

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

(ii) Specified non-current assets

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

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

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15. 分部報告(續)

c) 地區資料(續)

(ii) 特定非流動資產(續)

該等特定非流動資產之地區位置
載列如下：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
中國(註冊地點)	The PRC (place of domicile)	409,074	475,844
香港	Hong Kong	8	13
		409,082	475,857

d) 有關主要客戶之資料

來自個別客戶之收入佔本集團總收入
10%或以上如下：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
客戶A	Customer A	101,613	129,960
客戶B	Customer B	78,760	—

於截至二零一七年及二零一六年十二月三十一日止年度期間來自上述客戶之收入乃產生自銷售稀土產品。

15. SEGMENT REPORTING (Continued)

c) Geographical information (Continued)

(ii) Specified non-current assets (Continued)

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

d) Information about major customers

Revenue from external customers individually contributing
10% or more of the Group's total revenue is as follows:

Revenue from the above customers during the years
ended 31 December 2017 and 2016 are generated from
sales of rare earth products.

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16. 商譽

16. GOODWILL

千港元
HK\$'000

成本	Cost	
於二零一六年一月一日	At 1 January 2016	214,962
匯兌差異	Exchange differences	<u>(4,971)</u>
於二零一六年十二月三十一日及 二零一七年一月一日	At 31 December 2016 and 1 January 2017	209,991
匯兌差異	Exchange differences	<u>5,150</u>
於二零一七年十二月三十一日	At 31 December 2017	<u>215,141</u>
累計減值	Accumulated impairment	
於二零一六年一月一日	At 1 January 2016	214,962
匯兌差異	Exchange differences	<u>(4,971)</u>
於二零一六年十二月三十一日及 二零一七年一月一日	At 31 December 2016 and 1 January 2017	209,991
匯兌差異	Exchange differences	<u>5,150</u>
於二零一七年十二月三十一日	At 31 December 2017	<u>215,141</u>
賬面值	Carrying amount	
於二零一七年及 二零一六年十二月三十一日	At 31 December 2017 and 2016	<u><u>—</u></u>

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16. 商譽(續)

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

16. GOODWILL (Continued)

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

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

收購高溫陶瓷及蘇海鎂礦之股權所產生之商譽已於以往年度全數減值。

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

17. 物業、廠房及設備

17. PROPERTY, PLANT AND EQUIPMENT

		持作 自用樓宇 Buildings held for own use 千港元 HK\$'000	機器及設備 Machinery and equipment 千港元 HK\$'000	辦公室設備 及裝置 Office equipment and fixtures 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	在建工程 Construction- in-progress 千港元 HK\$'000	總值 Total 千港元 HK\$'000
成本	Cost						
二零一六年一月一日	At 1 January 2016	388,685	926,255	9,474	17,508	16,537	1,358,459
添置	Additions	-	862	33	971	161	2,027
由在建工程轉入	Transfer from construction-in-progress	5,765	-	-	-	(5,765)	-
處置	Disposals	-	-	(92)	-	-	(92)
匯兌差異	Exchange differences	(24,820)	(58,741)	(575)	(1,140)	(872)	(86,148)
於二零一六年 十二月三十一日及 二零一七年一月一日	At 31 December 2016 and 1 January 2017	369,630	868,376	8,840	17,339	10,061	1,274,246
添置	Additions	-	3,964	-	-	14,004	17,968
由在建工程轉入	Transfer from construction-in-progress	-	11,854	-	-	(11,854)	-
處置	Disposals	-	-	(82)	-	-	(82)
出售附屬公司時終止確認 (附註32)	Derecognised on disposal of subsidiaries (note 32)	(100,929)	(45,007)	(809)	(956)	-	(147,701)
匯兌差異	Exchange differences	25,236	61,130	589	1,210	781	88,946
於二零一七年 十二月三十一日	At 31 December 2017	293,937	900,317	8,538	17,593	12,992	1,233,377

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17. 物業、廠房及設備(續)

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

		持作 自用樓宇 Buildings held for own use	機器及設備 Machinery and equipment	辦公室設備 及裝置 Office equipment and fixtures	汽車 Motor vehicles	在建工程 Construction- in-progress	總值 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
累計折舊及減值	Accumulated depreciation and impairment						
於二零一六年一月一日	At 1 January 2016	250,856	685,164	8,963	12,540	-	957,523
本年度計提	Charge for the year	16,162	41,438	368	2,209	-	60,177
處置撥回	Written back on disposals	-	-	(92)	-	-	(92)
匯兌差異	Exchange differences	(16,413)	(44,742)	(555)	(864)	-	(62,574)
於二零一六年 十二月三十一日及 二零一七年一月一日	At 31 December 2016 and 1 January 2017	250,605	681,860	8,684	13,885	-	955,034
本年度計提	Charge for the year	16,263	39,830	71	992	-	57,156
處置撥回	Written back on disposals	-	-	(75)	-	-	(75)
出售附屬公司時抵銷 (附註32)	Eliminated on disposal of subsidiaries (note 32)	(72,182)	(28,057)	(806)	(956)	-	(102,001)
匯兌差異	Exchange differences	17,674	49,022	582	1,002	-	68,280
於二零一七年 十二月三十一日	At 31 December 2017	212,360	742,655	8,456	14,923	-	978,394
賬面值	Carrying amount						
於二零一七年 十二月三十一日	At 31 December 2017	81,577	157,662	82	2,670	12,992	254,983
於二零一六年 十二月三十一日	At 31 December 2016	119,025	186,516	156	3,454	10,061	319,212

附註：

Notes:

- i) 於二零一七年及二零一六年十二月三十一日，持作自用樓宇乃位於中國根據中期租約持有之土地。
- ii) 於二零一六年十二月三十一日，賬面總值約32,393,000港元(二零一七年：無)之若干樓宇已抵押作為取得其他借貸之抵押品。有關其他借貸之詳情載於附註27。

- i) As at 31 December 2017 and 2016, the buildings held for own use are situated on lands held under medium-term leases in the PRC.
- ii) As at 31 December 2016, certain buildings with aggregate carrying amount of approximately HK\$32,393,000 (2017: Nil) were pledged as collateral for other borrowings. Details of the other borrowings are set out in note 27.

18. 經營租約下預付土地租金

18. PREPAID LEASE PAYMENTS ON LAND UNDER OPERATING LEASES

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
於一月一日之賬面值	Carrying amount at 1 January	143,648	157,737
本年度攤銷(附註(i))	Amortisation for the year (note (i))	(4,089)	(4,223)
出售附屬公司時終止確認 (附註32)	Derecognised on disposal of subsidiaries (note 32)	(9,457)	–
匯兌差異	Exchange differences	9,863	(9,866)
於十二月三十一日之賬面值	Carrying amount at 31 December	139,965	143,648
於中國之租賃土地：	Leasehold lands in the PRC:		
中期租約	Medium-term leases	139,965	143,648
就報告目的而作出之分析如下：	Analysed for reporting purposes as:		
流動資產	Current asset	4,007	3,956
非流動資產	Non-current asset	135,958	139,692
		139,965	143,648

附註：

- (i) 攤銷支出約773,000港元(二零一六年：765,000港元)及3,316,000港元(二零一六年：3,458,000港元)分別計入截至二零一七年十二月三十一日止年度綜合損益表中銷售成本及管理費用內。
- (ii) 於二零一六年十二月三十一日，賬面值約9,108,000港元(二零一七年：無)之租賃土地已抵押作為取得其他借貸之抵押品。有關其他借貸之詳情載於附註27。

Notes:

- (i) The amortisation charges of approximately HK\$773,000 (2016: HK\$765,000) and HK\$3,316,000 (2016: HK\$3,458,000) are included in cost of sales and administrative expenses, respectively, in the consolidated statement of profit or loss for the year ended 31 December 2017.
- (ii) As at 31 December 2016, a leasehold land with carrying amount of approximately HK\$9,108,000 (2017: Nil) was pledged as collateral for other borrowings. Details of the other borrowings are set out in note 27.

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19. 附屬公司之投資

於二零一七年十二月三十一日，本公司附屬公司之詳情如下：

19. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2017, the particulars of the Company's subsidiaries are as follows:

附屬公司名稱	註冊成立/成立 之地點及日期	營運地點	已發行及已繳足 股本之詳情	所有權權益比例			主營業務
				本集團 實際權益	本公司持有	一間附屬 公司持有	
Name of subsidiary	Place and date of incorporation/ establishment	Place of business	Particulars of issued and paid up capital	Effective interest of the Group %	Held by the Company %	Held by a subsidiary %	Principal activities
利成控股有限公司	英屬處女群島 一九九八年十二月三日	附註(d)	20股每股面值 1美元之普通股	100	100	-	投資控股
Lee Shing Holdings Limited	British Virgin Islands 3 December 1998	Note (d)	20 ordinary shares of US\$1 each	100	100	-	Investment holding
龍科國際貿易(上海)有限公司 (附註(a))	中國 二零零零年二月二十四日	中國	註冊資本 200,000美元	100	100	-	貿易稀土產品
Wellfire (Shanghai) Company Limited (note (a))	The PRC 24 February 2000	The PRC	Registered capital US\$200,000	100	100	-	Trading of rare earth products
Dynamic Goal Worldwide Inc.	英屬處女群島 二零零零年五月三十一日	附註(d)	2股每股面值 1美元之普通股	100	-	100	投資控股
Dynamic Goal Worldwide Inc.	British Virgin Islands 31 May 2000	Note (d)	2 ordinary shares of US\$1 each	100	-	100	Investment holding
宜興新威利成稀土有限公司 (附註(b))	中國 一九九三年七月十七日	中國	註冊資本 15,660,000美元	95	-	95	製造及銷售稀土產品
Yixing Xinwei Leeshing Rare Earth Company Limited (note (b))	The PRC 17 July 1993	The PRC	Registered capital US\$15,660,000	95	-	95	Manufacturing and sales of rare earth products
利成耐火(附註(a))	中國 一九九九年七月三十日	中國	註冊資本 17,000,000美元	100	-	100	製造及銷售耐火產品
Leeshing Refractory (note (a))	The PRC 30 July 1999	The PRC	Registered capital US\$17,000,000	100	-	100	Manufacturing and sales of refractory products

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19. 附屬公司之投資(續)

19. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/成立 之地點及日期	營運地點	已發行及已繳足 股本之詳情	所有權權益比例			主營業務
				本集團 實際權益	本公司持有	一間附屬 公司持有	
Name of subsidiary	Place and date of incorporation/ establishment	Place of business	Particulars of issued and paid up capital	Effective interest of the Group	Held by the Company	Held by a subsidiary	Principal activities
				%	%	%	
無錫新威熒光材料有限公司 (附註(a))	中國 二零一一年十二月二十日	中國	註冊資本 8,520,000美元	100	-	100	暫無業務(附註(e))
Wuxi Xinwei Fluorescent Materials Co., Ltd. (note (a))	The PRC 20 December 2011	The PRC	Registered capital US\$8,520,000	100	-	100	Dormant (note (e))
微科資源有限公司	香港 一九九八年十月二十三日	香港	普通股 2港元	100	-	100	貿易稀土產品
Microtech Resources Limited	Hong Kong 23 October 1998	Hong Kong	Ordinary shares HK\$2	100	-	100	Trading of rare earth products
中國稀土貿易有限公司	香港 二零零零年三月二十四日	香港	普通股 2港元	100	-	100	暫無業務
China Rare Earth Trading Limited	Hong Kong 24 March 2000	Hong Kong	Ordinary shares HK\$2	100	-	100	Dormant
高溫陶瓷(附註(a))	中國 二零零二年四月一日	中國	註冊資本 30,000,000港元	100	-	100	製造及銷售高溫陶瓷產品
High Temperature Ceramics (note (a))	The PRC 1 April 2002	The PRC	Registered capital HK\$30,000,000	100	-	100	Manufacturing and sales of high temperature ceramics products

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19. 附屬公司之投資 (續)

19. INVESTMENTS IN SUBSIDIARIES (Continued)

附屬公司名稱	註冊成立/成立 之地點及日期	營運地點	已發行及已繳足 股本之詳情	所有權權益比例			主營業務
				本集團 實際權益	本公司持有	一間附屬 公司持有	
Name of subsidiary	Place and date of incorporation/ establishment	Place of business	Particulars of issued and paid up capital	Effective interest of the Group	Held by the Company	Held by a subsidiary	Principal activities
				%	%	%	
蘇海鎂礦 (附註(c))	中國 二零零二年四月二十七日	中國	註冊資本 人民幣25,000,000元	100	-	100	製造及銷售鎂砂產品
Suhai Magnesium (note (c))	The PRC 27 April 2002	The PRC	Registered capital RMB25,000,000	100	-	100	Manufacturing and sales of magnesium products
宜興威爾發非金屬材料有限公司 (附註(a))	中國 二零零六年九月二十七日	中國	註冊資本 3,000,000美元	100	-	100	製造及銷售耐火相關產品
Yixing Wellfire Nonmetal Materials Co., Ltd. (note (a))	The PRC 27 September 2006	The PRC	Registered capital US\$3,000,000	100	-	100	Manufacturing and sales of refractory related products
海城新威利成鎂資源有限公司 (附註(a))	中國 二零零六年九月二十八日	中國	註冊資本 3,500,000美元	100	-	100	製造及銷售鎂砂產品
Hai Cheng Xinwei Leeshing Magnesium Resources Co., Ltd. (note (a))	The PRC 28 September 2006	The PRC	Registered capital US\$3,500,000	100	-	100	Manufacturing and sales of magnesium products
宜興常容貿易發展有限公司 (附註(a))	中國 二零一零年十一月二十六日	中國	註冊資本 200,000,000港元	100	-	100	暫無業務 (附註(e))
Yixing Changrong Trading Development Co., Ltd. (note (a))	The PRC 26 November 2010	The PRC	Registered capital HK\$200,000,000	100	-	100	Dormant (note (e))
金茂控股有限公司	香港 二零一零年十二月六日	附註(d)	普通股 1港元	100	-	100	投資控股
Golden Mile Holdings Limited	Hong Kong 6 December 2010	Note (d)	Ordinary share HK\$1	100	-	100	Investment holding

19. 附屬公司之投資(續)

附註：

- a) 該等公司根據中國法例註冊成立為外商獨資企業。
- b) 該公司根據中國法例註冊成立為中外合營企業。
- c) 該公司根據中國法例註冊成立為有限責任公司。
- d) 該等公司為並無特定主要營業地點之投資控股公司。
- e) 該等公司正在按中國法例進行註銷程序。

概無附屬公司擁有任何於年結日或年內任何時間持續有效之債務證券。

截至二零一七年及二零一六年十二月三十一日止年度，本集團並無附屬公司持有重大非控股權益。

20. 其他非流動資產

本集團其他非流動資產指丁蜀鎮人民政府(「丁蜀政府」)將予賠償之一幅租賃土地之成本。

於截至二零一二年十二月三十一日止年度，本公司之附屬公司宜興新威利成稀土有限公司收到丁蜀政府頒令，就新政府城鎮規劃，需要徵用一幅拋光粉生產廠房所處之租賃土地，並以另一幅土地及若干現金作為賠償。現金代價已於以往年度全數收取。

於二零一七年十二月三十一日，丁蜀政府已確定新土地之位置，惟本集團仍須待有關政府機關授出正式土地使用權證。本公司董事認為，於二零一七年十二月三十一日無需確認任何其他非流動資產之減值虧損。

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- a) These companies are registered under the laws of the PRC as wholly-owned foreign enterprises.
- b) This company is registered under the laws of the PRC as a sino-foreign equity enterprise.
- c) This company is registered under the laws of the PRC as limited liability enterprises.
- d) These companies are investment holding companies which have no specific principal place of business.
- e) These companies are under deregistration process under the laws of the PRC.

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

The Group had no subsidiary which has material non-controlling interests for the years ended 31 December 2017 and 2016.

20. OTHER NON-CURRENT ASSET

Other non-current asset of the Group represents the cost of a piece of leasehold land to be compensated by Dingshu Town People's Government ("Dingshu Government").

During the year ended 31 December 2012, Yixing Xinwei Leeshing Rare Earth Company Limited, the Company's subsidiary, received an order from Dingshu Government to confiscate a piece of leasehold land, on which a factory for polishing powder production plant was located, due to a new government town plan with compensation for another piece of land and certain amount of cash. Cash consideration was received in full in previous years.

As at 31 December 2017, the location for the new piece of land has been ascertained by Dingshu Government but the grant of the formal land use right certificate from respective government authority to the Group is still in progress. In the opinion of the directors of the Company, no impairment loss on the other non-current asset should be recognised as at 31 December 2017.

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21. 存貨

a) 綜合財務狀況表之存貨包括：

21. INVENTORIES

a) Inventories in the consolidated statement of financial position comprise:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
原材料	Raw materials	30,578	34,127
在製品	Work in progress	82,146	72,040
產成品	Finished goods	60,038	86,808
		172,762	192,975

b) 確認為開支之存貨金額之分析如下：

b) The analysis of the amount of inventories recognised as an expense is as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
已售存貨之賬面值	Carrying amount of inventories sold	585,894	691,628
存貨撇除	Write down of inventories	26,331	14,730
存貨撇除撥回	Reversal of write down of inventories	(694)	(2,168)
		611,531	704,190

產生存貨撇除撥回乃由於年內市況變動導致若干產品之估計可變現淨值增加。

The reversal of write down of inventories arose due to an increase in the estimated net realisable value of certain products during the year as a result of change in market conditions.

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22. 應收賬款及其他應收款、預付款項及按金 22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
應收賬款及應收票據	Trade debtors and bills receivables	169,180	258,315
減：應收賬款及應收票據之 減值虧損(附註(c))	Less: Impairment loss on trade debtors and bills receivables (note (c))	(30,672)	(34,183)
應收賬款及應收票據淨額 (附註(b))	Trade debtors and bills receivables, net (note (b))	138,508	224,132
其他應收款	Other receivables	152,595	6,389
減：其他應收款之減值虧損 (附註(c))	Less: Impairment loss on other receivables (note (c))	(2,064)	(1,530)
其他應收款淨額	Other receivable, net	150,531	4,859
應收關連公司款項(附註(e))	Amount due from a related company (note (e))	-	4,957
貸款及應收款	Loan and receivables	289,039	233,948
其他可退回稅項	Other tax refundable	48,052	47,674
應收賬款及其他應收款	Trade and other receivables	337,091	281,622
就購買材料向供應商預付 款項(附註(f))	Prepayments to suppliers for purchase of materials (note (f))	317,860	254,672
其他預付款項及按金	Other prepayments and deposits	13,936	33,634
預付款項及按金	Prepayments and deposits	331,796	288,306
總計	Total	668,887	569,928

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

22. 應收賬款及其他應收款、預付款項及按金(續)

附註：

- a) 所有應收賬款及其他應收款、預付款項及按金預期可於一年內收回或確認為開支。
- b) 應收賬款按發票日期及應收票據按發出日期(與收入確認日期相若)呈列之賬齡分析如下：

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes:

- a) All of the trade and other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.
- b) The presentation of ageing analysis of the trade debtors based on the invoice date and the bills receivables based on the issuance date, which is approximate to the revenue recognition date, is as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
6個月以內	Less than 6 months	93,271	130,307
6個月至1年以內	6 months to less than 1 year	23,264	34,062
1至2年以內	1 year to less than 2 years	14,099	47,532
2年以上	Over 2 years	38,546	46,414
		169,180	258,315
減：應收賬款及應收票據之減值虧損	Less: Impairment loss on trade debtors and bills receivables	(30,672)	(34,183)
		138,508	224,132

於截至二零一七年及二零一六年十二月三十一日止年度，本集團給予其客戶0至180日之平均信貸期。

本集團信貸於評估客戶的財政能力及付款往績後授出。本集團為所有客戶制定信貸限額，僅在管理層之批准下方可超過信貸限額。管理層亦監督已逾期之應收賬款及應收票據並跟進收回該等應收款項。

During the years ended 31 December 2017 and 2016, the Group allows an average credit period of 0 to 180 days to its customers.

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade debtors and bills receivables, and follows up the collection of these receivables.

22. 應收賬款及其他應收款、預付款項及按金(續)

附註：(續)

- c) 應收賬款及應收票據以及其他應收款之減值

呆賬撥備之變動如下：

	應收賬款及應收票據之減值 Impairment of trade debtors and bills receivables	其他應收款之減值 Impairment of other receivables
	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
於一月一日	At 1 January	34,183
已確認減值虧損	Impairment loss recognised	990
減值虧損撥回	Reversal of impairment loss	(4,445)
出售附屬公司時 終止確認	Derecognised on disposal of subsidiaries	(2,315)
匯兌差異	Exchange differences	2,259
於十二月三十一日	At 31 December	30,672

應收賬款及應收票據以及其他應收款之減值虧損採用準備賬列賬，除非本集團認為該款項之收回性微乎其微，在該情況下，減值虧損將在應收賬款及應收票據以及其他應收款直接撇銷(見附註2(g)(i))。

應收賬款及應收票據以及其他應收款減值虧損撥回指先前認為予以減值之該等應收款之債項回收。過往年度就該等應收賬款作出之準備相應予以撥回。

於二零一七年十二月三十一日，本集團分別為數約30,672,000港元(二零一六年：34,183,000港元)及2,064,000港元(二零一六年：1,530,000港元)之應收賬款及應收票據以及其他應收款個別釐定為減值並已作出全數撥備。該等個別減值應收款為於申報期間結算日超過1年尚未償還或為應收陷入財務困境債務人之款項。因此，應收賬款及應收票據以及其他應收款之特定呆賬準備分別約990,000港元(二零一六年：10,352,000港元)及593,000港元(二零一六年：203,000港元)已於年內確認。本集團並無就該等結餘持有任何抵押品。

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes: (Continued)

- c) Impairment of trade debtors and bills receivables, and other receivables

The movements of allowance for doubtful debts is as follows:

	應收賬款及應收票據之減值 Impairment of trade debtors and bills receivables	其他應收款之減值 Impairment of other receivables
	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
於一月一日	At 1 January	34,183
已確認減值虧損	Impairment loss recognised	990
減值虧損撥回	Reversal of impairment loss	(4,376)
出售附屬公司時 終止確認	Derecognised on disposal of subsidiaries	-
匯兌差異	Exchange differences	(2,111)
於十二月三十一日	At 31 December	34,183

Impairment loss in respect of trade debtors and bills receivables, and other receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables, and other receivables directly (see note 2(g)(i)).

Reversal of impairment loss on trade debtors and bills receivables, and other receivables represented the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

As at 31 December 2017, trade debtors and bills receivables, and other receivables amounting to approximately HK\$30,672,000 (2016: HK\$34,183,000) and HK\$2,064,000 (2016: HK\$1,530,000), respectively, were individually determined to be impaired and full allowance had been made. These individually impaired receivables had been outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. Accordingly, specific allowances for doubtful debts of trade debtors and bills receivables, and other receivables of approximately HK\$990,000 (2016: HK\$10,352,000) and HK\$593,000 (2016: HK\$203,000), respectively, were recognised during the year. The Group does not hold any collateral over these balances.

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22. 應收賬款及其他應收款、預付款項及按金(續)

附註：(續)

d) 並無減值之應收賬款及應收票據

並無個別或共同視為將出現減值之應收賬款及應收票據之賬齡分析如下：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
未逾期且未減值	Neither past due nor impaired	60,396	113,851
逾期少於6個月	Less than 6 months past due	45,814	48,579
逾期超過6個月但少於1年	More than 6 months but less than 1 year past due	17,946	36,952
逾期超過1年	More than 1 year past due	14,352	24,750
		78,112	110,281
		138,508	224,132

未逾期且未減值之應收款乃與多名近期沒有拖欠紀錄之客戶有關。

已逾期但未減值之應收款與多名與本集團保持良好往績記錄之獨立客戶有關。按照過往經驗，管理層相信，由於信貸質素並無重大變動，且該等結餘仍被視為可全數收回，故毋須就有關結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

e) 於二零一六年十二月三十一日，應收關連公司無錫泛亞環保科技有限公司(「無錫泛亞」)款項為無抵押、免息及按要求時償還。本公司董事蔣泉龍先生亦為無錫泛亞之董事。於截至二零一六年十二月三十一日止年度，未償還最高款項約為5,293,000港元。

f) 於二零一七年十二月三十一日，本集團就購買稀土及耐火材料向多名供應商預付合共約317,860,000港元(二零一六年：254,672,000港元)。

22. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes: (Continued)

d) Trade debtors and bills receivables that are not impaired

The ageing analysis of trade debtors and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
未逾期且未減值	Neither past due nor impaired	60,396	113,851
逾期少於6個月	Less than 6 months past due	45,814	48,579
逾期超過6個月但少於1年	More than 6 months but less than 1 year past due	17,946	36,952
逾期超過1年	More than 1 year past due	14,352	24,750
		78,112	110,281
		138,508	224,132

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

e) As at 31 December 2016, the amount due from a related company, Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan-Asia") was unsecured, interest-free and repayable on demand. Mr. Jiang Quanlong, a director of the Company, is also a director of Wuxi Pan-Asia. The maximum amount outstanding during the year ended 31 December 2016 was approximately HK\$5,293,000.

f) As at 31 December 2017, the Group prepaid an aggregate amount of approximately HK\$317,860,000 (2016: HK\$254,672,000) to several suppliers for purchase of rare earth and refractory materials.

23. 受限制銀行存款

於二零一六年十二月三十一日，受限制銀行存款指銀行就向若干供應商發出信用證所限制之銀行存款。受限制銀行存款按年利率1.55%計息。

23. RESTRICTED BANK DEPOSITS

As at 31 December 2016, the restricted bank deposits represented bank deposits restricted by banks for issuance of letters of credit to certain suppliers. The restricted bank deposits carried interest rate at 1.55% per annum.

24. 現金及現金等值項目

24. CASH AND CASH EQUIVALENTS

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
銀行結餘及現金	Bank balances and cash	1,665,102	1,649,125

現金及現金等值項目包括本集團持有之現金及按現行市場年利率介乎0%至0.3% (二零一六年：0%至0.3%) 計息之銀行結餘。

Cash and cash equivalents comprise cash held by the Group and bank balances at prevailing market interest rates ranging from 0% to 0.3% (2016: 0% to 0.3%) per annum.

於二零一七年十二月三十一日，本集團不可自由轉換或須遵守中國外匯管制之人民幣計值銀行結餘及現金約為1,635,632,000港元(二零一六年：1,624,803,000港元)。

As at 31 December 2017, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC amounting to approximately HK\$1,635,632,000 (2016: HK\$1,624,803,000).

25. 應付賬款及應付票據、應計款項及其他應付款

25. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
應付賬款及應付票據	Trade and bills payables	81,473	101,317
預提費用及其他應付款	Accrued expenses and other payables	27,598	66,974
預收款項	Receipts in advance	46,931	3,113
其他應付稅項	Other tax payables	1,492	3,932
應計款項及其他應付款	Accruals and other payables	76,021	74,019
總額	Total	157,494	175,336

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25. 應付賬款及應付票據、應計款項及其他應付款(續)

應付賬款按發票日期及應付票據按發出日期呈列之賬齡分析如下：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
6個月以內	Less than 6 months	38,471	62,869
6個月至1年以內	6 months to less than 1 year	10,480	21,137
1至2年以內	1 year to less than 2 years	18,578	13,168
2年以上	Over 2 years	13,944	4,143
		81,473	101,317

26. 應付董事款項

錢元英女士
蔣泉龍先生
蔣才南先生

Ms. Qian Yuanying
Mr. Jiang Quanlong
Mr. Jiang Cainan

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
	45	45
	3,562	3,044
	167	156
	3,774	3,245

應付董事款項為無抵押、免息及按要求時償還。

25. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES (Continued)

The ageing analysis of trade and bills payables presented based on the invoice date of trade payables and the issuance date of bills payables, is as follows:

26. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and repayable on demand.

27. 銀行及其他借貸

27. BANK AND OTHER BORROWINGS

		二零一七年	二零一六年
		2017	2016
		千港元	千港元
		HK\$'000	HK\$'000
銀行借貸(附註(a))	Bank borrowings (note (a))	–	50,084
其他借貸(附註(b))	Other borrowings (note (b))	–	27,949
		–	78,033

附註：

- a) 於二零一六年十二月三十一日，銀行借貸以人民幣列值、無抵押、為定息貸款，按現行年利率5%計息及須於一年內償還。
- b) 於二零一六年十二月三十一日，其他借貸以人民幣列值，須每月繳付財務費用2.7%及零利息，由本集團位於中國賬面總值約32,393,000港元之樓宇及本集團位於中國賬面值約9,108,000港元之租賃土地提供抵押，及須於一年內償還。

Notes:

- a) As at 31 December 2016, the bank borrowings were denominated in Renminbi, unsecured, fixed rate borrowings which carried prevailing interest rate at 5% per annum and repayable within one year.
- b) As at 31 December 2016, the other borrowings were denominated in Renminbi with monthly finance charge at a rate of 2.7% and with zero interest rate, secured by the Group's buildings situated in the PRC with aggregate carrying amount of approximately HK\$32,393,000 and the Group's leasehold land situated in the PRC with carrying amount of approximately HK\$9,108,000 and repayable within one year.

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28. 於綜合財務狀況表之所得稅

- a) 年內，綜合財務狀況表之應付／(可收回)稅項之變動載列如下：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) The movement of tax payable/(recoverable) in the consolidated statement of financial position during the year are as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
於一月一日	At 1 January	919	1,296
本年度撥備(附註9(a))	Provision for the year (note 9(a))		
— 中國企業所得稅	— PRC Enterprise Income Tax	5,299	1,477
未匯出盈利之預扣稅 (附註9(a))	Withholding tax on unremitted earnings (note 9(a))	-	8,147
出售附屬公司時終止確認	Derecognised upon disposal of subsidiaries	6	-
本年度已付所得稅	Income tax paid during the year		
— 中國企業所得稅	— PRC Enterprise Income Tax	(1,491)	(1,939)
— 未匯出盈利之預扣除	— Withholding tax on unremitted earnings	-	(8,147)
		(1,491)	(10,086)
		4,733	834
匯兌差異	Exchange differences	29	85
於十二月三十一日	At 31 December	4,762	919
於綜合財務狀況表確認之 可收回稅項	Tax recoverable recognised in the consolidated statement of financial position	(1,751)	(1,642)
於綜合財務狀況表確認之 應付稅項	Tax payable recognised in the consolidated statement of financial position	6,513	2,561
應付稅項淨值	Net tax payable	4,762	919

28. 於綜合財務狀況表之所得稅(續)

b) 已確認之遞延稅項資產及負債

於本報告期間及上一個報告期間已確認遞延稅項資產/(負債)之主要組成部份及其變動如下：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised

The major components of deferred tax assets/(liabilities) recognised and movements thereon during the current and prior reporting period:

	物業、廠房及 設備之公平值調整	經營租約下 預付土地租金 之公平值調整	總值
	Fair value adjustment on property, plant and equipment	Fair value adjustment on prepaid lease payments on land under operating leases	Total
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000

就下列各項產生之遞延稅項：

Deferred tax arising from:

於二零一六年一月一日	At 1 January 2016	4,695	(886)	3,809
損益表列支(附註9(a))	Charged to profit or loss (note 9(a))	131	20	151
匯兌差異	Exchange differences	(301)	55	(246)
於二零一六年十二月三十一日及 二零一七年一月一日	At 31 December 2016 and at 1 January 2017	4,525	(811)	3,714
損益表列支(附註9(a))	Charged to profit or loss (note 9(a))	(99)	19	(80)
出售附屬公司時終止確認 (附註32)	Derecognised on disposal of subsidiaries (note 32)	(4,707)	842	(3,865)
匯兌差異	Exchange differences	281	(50)	231
於二零一七年十二月三十一日	At 31 December 2017	-	-	-

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28. 於綜合財務狀況表之所得稅(續)

b) 已確認之遞延稅項資產及負債(續)

以下乃就財務報告目的而言之遞延稅項資產／(負債)分析：

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred tax assets and liabilities recognised (Continued)

The following is the analysis of the deferred tax assets/(liabilities) for financial reporting purposes:

		二零一七年 2017 千港元 HK\$'000	於二零一六年 2016 千港元 HK\$'000
於綜合財務狀況表確認之遞延稅項資產	Deferred tax assets recognised in the consolidated statement of financial position	-	4,525
於綜合財務狀況表確認之遞延稅項負債	Deferred tax liabilities recognised in the consolidated statement of financial position	-	(811)
		-	3,714

c) 尚未確認之遞延稅項資產

於二零一七年十二月三十一日，未於該等財務報表確認有關稅項虧損之可扣減暫時差異約為1,590,006,000港元(二零一六年：1,501,819,000港元)。由於難以預測未來溢利來源，故並無就有關可扣減暫時差異確認遞延稅項資產。上述已計入僅可結轉最多五年之稅項虧損約1,153,442,000港元(二零一六年：1,065,062,000港元)。其他虧損可無限期結轉。

c) Deferred tax assets not recognised

As at 31 December 2017, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately HK\$1,590,006,000 (2016: HK\$1,501,819,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately HK\$1,153,442,000 (2016: HK\$1,065,062,000) which can only be carried forward for a maximum period of five years. Other losses may be carried forward indefinitely.

28. 於綜合財務狀況表之所得稅(續)

d) 尚未確認之遞延稅項負債

根據於二零零八年一月一日起生效之中國企業所得稅法，並無於中國成立或設有業務之非駐居企業或於中國成立或設有業務但相關收入並非實際與於中國成立或設有業務相關，則將須就各類被動收入(如源自中國之股息)按10%稅率繳納預扣所得稅。於二零零八年二月二十二日，財政部及國家稅務總局批准財稅(2008)1號，據此，於二零零七年十二月三十一日前自外資企業保留溢利作出之股息分派將獲豁免繳納預扣所得稅。

於二零一七年十二月三十一日，有關於中國成立之附屬公司自二零零八年之未分配溢利之暫時差異約為402,178,000港元(二零一六年：367,115,000港元)。由於本集團能控制暫時差異之撥回時間，且於可見將來不大可能撥回暫時差異，故尚未就該等暫時差異確認遞延稅項負債約40,218,000港元(二零一六年：36,712,000港元)。

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

d) Deferred tax liabilities not recognised

Under the PRC Enterprise Income Tax Law with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. On 22 February 2008, the Ministry of Finance and State Administration of Tax approved Caishui (2008) No. 1, pursuant to which dividend distributions out of retained profits of foreign investment enterprises prior to 31 December 2007 will be exempted from withholding income tax.

As at 31 December 2017, temporary differences relating to the undistributed profits of subsidiaries established in the PRC since 2008 amounted to approximately HK\$402,178,000 (2016: HK\$367,115,000). Deferred tax liabilities of approximately HK\$40,218,000 (2016: HK\$36,712,000) have not been recognised in respect of these temporary differences as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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29. 股本及儲備

- a) 本集團綜合權益之各項部份於年初及年末之對賬載於綜合權益變動表內。有關本公司權益之個別部份於年初至年末期間之變動詳情，載列如下：

29. CAPITAL AND RESERVES

- a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		本公司擁有人應佔 Attributable to owners of the Company			總值 Total
		股本 Share capital	股份溢價 Share premium	累計虧損 Accumulated losses	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一六年一月一日	At 1 January 2016	234,170	2,243,256	(2,360)	2,475,066
二零一六年之權益變動：	Changes in equity for 2016:				
本年度虧損	Loss for the year	-	-	(16,624)	(16,624)
本年度其他全面收益	Other comprehensive income for the year	-	-	-	-
本年度全面虧損總值	Total comprehensive loss for the year	-	-	(16,624)	(16,624)
於二零一六年十二月三十一日及二零一七年一月一日	At 31 December 2016 and 1 January 2017	234,170	2,243,256	(18,984)	2,458,442
二零一七年之權益變動：	Changes in equity for 2017:				
本年度虧損	Loss for the year	-	-	(12,959)	(12,959)
本年度其他全面收益	Other comprehensive income for the year	-	-	-	-
本年度全面虧損總值	Total comprehensive loss for the year	-	-	(12,959)	(12,959)
於二零一七年十二月三十一日	At 31 December 2017	234,170	2,243,256	(31,943)	2,445,483

29. 股本及儲備(續)

b) 法定及已發行股本

每股面值0.10港元之普通股

Ordinary shares of HK\$0.10 each

29. CAPITAL AND RESERVES (Continued)

b) Authorised and issued share capital

	股份數目	金額
	Number of	Amount
	shares	
	千股	千港元
	'000	HK\$'000

法定

Authorised

於二零一六年十二月三十一日、
二零一七年一月一日及
二零一七年十二月三十一日

At 31 December 2016,
1 January 2017 and
31 December 2017

4,000,000 400,000

已發行及繳足

Issued and fully paid

於二零一六年十二月三十一日、
二零一七年一月一日及
二零一七年十二月三十一日

At 31 December 2016,
1 January 2017 and
31 December 2017

2,341,700 234,170

普通股持有人有權獲得不時宣派之股息及於本公司會議上享有每股一票之投票權。所有普通股對本公司之剩餘資產均享有相等權益。

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

c) 儲備之性質及目的

i) 股份溢價

根據開曼群島公司法(經修訂)，股份溢價賬可供分派予本公司股東，惟於緊隨建議分派股息之日期後，本公司將有能力於日常業務過程中償還其到期債務。

本公司之股份溢價包括實繳盈餘約149,950,000港元，即本公司交換利成控股有限公司全部已發行股本所發行股份之面值，與本公司於一九九九年九月二十九日收購利成控股有限公司所持有附屬公司當日彼等之相關淨資產價值之差額。

c) Nature and purpose of reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The share premium of the Company included the contribution surplus of approximately HK\$149,950,000 which represented the difference between the nominal value of the shares of the Company issued in exchange for the entire issued share capital of Lee Shing Holdings Limited and the value of the underlying net assets of the subsidiaries held by Lee Shing Holdings Limited at the date they were acquired by the Company on 29 September 1999.

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29. 股本及儲備(續)

c) 儲備之性質及目的(續)

ii) 資本儲備

資本儲備指本集團因應集團重組而已資本化之分配至法定儲備之總額。

iii) 法定儲備

自保留盈利撥至法定儲備金乃根據有關之中國規則及規定以及本公司於中國成立之附屬公司之公司章程而作出，並經由各自之董事會批准。

法定儲備金可用於抵銷過往年度之虧損(如有)並可轉換為實繳資本，惟於進行該轉換後之法定儲備金結餘不得少於實體註冊資本之25%。

本公司若干於中國之附屬公司須最低限度向法定儲備轉撥按中國會計規則及規定釐定之純利之10%，直至該儲備結餘達至註冊資本之50%為止。作出之轉撥須於向擁有人分派股息之前進行。

iv) 匯兌儲備

匯兌儲備包括因換算境外經營業務之財務報表而產生之所有匯兌差額。該儲備乃根據附註2(q)所載之會計政策予以處理。

29. CAPITAL AND RESERVES (Continued)

c) Nature and purpose of reserves (Continued)

ii) Capital reserve

The capital reserve represents the capitalised aggregate appropriations to the statutory reserves made by the Group as a result of group reorganisation.

iii) Statutory reserves

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to offset previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of the entity's registered capital.

The Company's certain subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations to the statutory reserves until the reserve balances reaches 50% of the registered capital. The transfer must be made before distribution of dividends to owners.

iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(q).

29. 股本及儲備(續)

d) 儲備之可供分派情況

於二零一七年十二月三十一日，可供分派予本公司擁有人之本公司儲備總額約為2,211,313,000港元(二零一六年：2,224,272,000港元)，其中包括本公司股份溢價約2,243,256,000港元(二零一六年：2,243,256,000港元)及抵銷累計虧損約31,943,000港元(二零一六年：18,984,000港元)。該等儲備可作出分派，惟緊隨建議宣派股息之日，本公司必須有能力償還於日常業務中到期的債項，方能作出分派。

e) 資本管理

本集團管理資本之主要目標乃保障本集團持續經營之能力以為股東帶來回報及讓其他股權持有人獲益，並維持優化之資本架構以減少資金成本。

本集團會積極及定期審閱及管理其資金架構，以在盡可能提高股東回報與穩健資本狀況可承受之較高貸款水平帶來的好處及保障之間取得平衡，並因應經濟狀況之變動對資本架構作出調整。為維持或調整資本架構，本集團可透過調整向股東支付之股息金額、發行新股、退還資本予股東或出售資產以減債。

與業界慣例一致，本集團以資產負債比率監控資本架構。該比率以本集團之銀行及其他借貸減現金及現金等值項目除以本公司擁有人應佔權益總值計算。本集團於二零一七年及二零一六年十二月三十一日並無淨債項。截至二零一七年十二月三十一日止年度期間，本集團之策略與二零一六年相同。

本公司及其任何附屬公司毋須遵守外界實施之資本規定。

29. CAPITAL AND RESERVES (Continued)

d) Distributability of reserves

As at 31 December 2017, the aggregate amount of the Company's reserves available for distribution to owners of the Company was approximately HK\$2,211,313,000 (2016: HK\$2,224,272,000) which included the Company's share premium of approximately HK\$2,243,256,000 (2016: HK\$2,243,256,000), and offsetting with accumulated losses of approximately HK\$31,943,000 (2016: HK\$18,984,000). These reserves are available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as the Group's bank and other borrowings less cash and cash equivalents over its total equity attributable to owners of the Company. There were no net debt for the Group as at 31 December 2017 and 2016. During the year ended 31 December 2017, the Group's strategy was unchanged from year 2016.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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30. 購股權計劃

於二零一四年六月六日舉行之股東週年大會上，本公司股東批准採納一項購股權計劃（「購股權計劃」），將於採納日期起計十年有效。

根據購股權計劃，本公司董事可向對本集團之發展及增長有所貢獻或將有貢獻之合資格人士，包括本公司及其附屬公司之董事、任何股東、供應商、客戶、專家顧問、顧問及合作夥伴或業務聯盟在該計劃條款及條件之規限下接受購股權認購本公司股份。合資格參與者將就每次授出之購股權支付象徵式代價。購股權可於本公司董事在提出要約時所釐定及指定予各承授人之期間內任何時間行使，惟不得超過各購股權授出日起計十年之期間，惟可遵照購股權計劃予以提早終止。

截至二零一七年及二零一六年十二月三十一日止年度內，並無購股權計劃項下之購股權獲授出、行使、沒收或尚未行使。

30. SHARE OPTION SCHEME

At the annual general meeting of the Company held on 6 June 2014, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"), which will be valid for 10 years from the date of its adoption.

Under the Share Option Scheme, the directors of the Company may grant share options to eligible persons, including directors of the Company and its subsidiaries, any of its shareholders, suppliers, customers, consultants, advisers and joint venture partners or business alliance who have contributed or will contribute to the development and growth of the Group, to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A nominal consideration will be paid by eligible participants for each lot of share options granted. An option may be exercised at any time during a period to be determined and identified by the directors of the Company to each grantee at the time of making the offer, but in any event, shall not exceed the period of ten years from the date of grant of the particular option, subject to the early termination of the Share Option Scheme.

There were no share options granted, exercised, forfeited nor outstanding under the Share Option Scheme during the years ended 31 December 2017 and 2016.

31. 重大關連人士交易

a) 與關連人士之交易

除該等財務報表其他地方所披露之交易及結餘外，本公司董事認為，下列為截至二零一七年及二零一六年十二月三十一日止年度內本集團訂立之重大關連人士交易：

31. MATERIAL RELATED PARTY TRANSACTIONS

a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the directors of the Company consider that the followings are the material related party transactions entered into by the Group during the years ended 31 December 2017 and 2016:

關連人士名稱	與本集團之關係	交易性質	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
Name of related party	Relationship with the Group	Nature of transaction		
蔣泉龍先生 Mr. Jiang Quanlong	本公司執行董事 Executive director of the Company	本集團支付租金費用 Payment of rental expenses by the Group	832	831
無錫泛亞 Wuxi Pan-Asia	本公司董事蔣泉龍先生亦為其董事之公司 A company of which Mr. Jiang Quanlong, a director of the Company, is also a director	本集團支付租金費用 Payment of rental expenses by the Group	61	61

本公司董事認為，上述交易乃於一般業務過程中根據規管該等交易之協議條款訂立。

The directors of the Company are of the opinion that the above transactions were entered into under the normal course of business and in accordance with the terms of the agreements governing such transactions.

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31. 重大關連人士交易(續)

b) 與主要管理人員之交易

主要管理人員之酬金(包括支付予附註10所披露之本公司董事及附註11所披露之最高薪酬人士及高級管理人員之金額)如下:

31. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with key management personnel

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 10, and the highest paid employees and senior management as disclosed in note 11 are as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
短期僱員福利	Short-term employee benefits	6,282	6,140
退休後福利	Post-employment benefits	61	67
		6,343	6,207

32. 出售附屬公司

於二零一七年十二月二十二日,本集團與一名獨立第三方訂立股份轉讓協議,以出售銀茂控股有限公司(「銀茂」)之100%股權,現金代價為500,000港元(「出售事項」)。銀茂及其附屬公司宜興銀茂熒光材料有限公司主要從事製造及銷售熒光產品。出售事項已於二零一七年十二月二十二日完成。

32. DISPOSAL OF SUBSIDIARIES

On 22 December 2017, the Group entered into a share transfer agreement with an independent third party to dispose of its 100% equity interest in Silver Mile Holdings Limited ("Silver Mile") at a cash consideration of HK\$500,000 (the "Disposal"). Silver Mile and its subsidiary namely Yixing Silver Mile Fluorescent Materials Co., Ltd. were principally engaged in manufacturing and sales of fluorescent products. The Disposal was completed on 22 December 2017.

a) 已收代價

a) Consideration received

		千港元 HK\$'000
已收現金及現金等值項目代價	Consideration received in cash and cash equivalents	500

32. 出售附屬公司(續)

b) 失去控制權資產及負債之分析

32. DISPOSAL OF SUBSIDIARIES (Continued)

b) Analysis of assets and liabilities over which control was lost

		千港元 HK\$'000
物業、廠房及設備	Property, plant and equipment	45,700
經營租約下預付土地租金	Prepaid lease payments on land under operating leases	9,457
遞延稅項資產	Deferred tax assets	4,707
存貨	Inventories	5,797
應收賬款及其他應收款	Trade and other receivables	22,418
預付款項及按金	Prepayments and deposits	1,600
可收回稅項	Tax recoverable	6
現金及現金等值項目	Cash and cash equivalents	364
應付賬款及應付票據	Trade and bills payables	(11,594)
應計款項及其他應付款	Accruals and other payables	(46,236)
銀行及其他借貸	Bank and other borrowings	(33,274)
遞延稅項負債	Deferred tax liabilities	(842)
出售負債淨額	Net liabilities disposed of	<u>(1,897)</u>

c) 出售附屬公司之虧損

c) Loss on disposal of subsidiaries

		千港元 HK\$'000
已收代價	Consideration received	500
出售負債淨額	Net liabilities disposed of	1,897
就失去附屬公司之控制權由權益重分類為損益之附屬公司負債淨值之累計匯兌虧損	Cumulative exchange loss in respect of the net liabilities of the subsidiaries reclassified from equity to profit or loss on loss of control in the subsidiaries	<u>(8,094)</u>
於損益中確認出售附屬公司之虧損	Loss on disposal of subsidiaries recognised in profit or loss	<u>(5,697)</u>

d) 出售附屬公司之現金流入淨額

d) Net cash inflows on disposal of subsidiaries

		千港元 HK\$'000
已收現金及現金等值項目代價	Consideration received in cash and cash equivalents	500
減：出售現金及現金等值項目	Less: Cash and cash equivalents disposed of	<u>(364)</u>
出售之現金流入淨額	Net cash inflows on disposal	<u>136</u>

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33. 承擔

- a) 於申報期間結算日，本集團於該等財務報表內有關物業、廠房及設備之收購及建造之已訂約但未撥備的資本承擔如下：

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
物業、廠房及設備之收購及建造	3,581	1,405

- b) 於各申報期間結算日，本集團根據物業之不可撤銷經營租賃於日後所須繳付的最低租金款項承擔之到期日如下：

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
1年內	884	2,015
1年後但5年內	-	882
	884	2,897

經營租賃付款指本集團就其若干辦公室應付之租金。租約及租金乃通過磋商釐定，為期一至五年。概無租賃涉及或然租金。

33. COMMITMENTS

- a) At the end of the reporting period, the Group had capital commitments in respect of acquisition and construction of property, plant and equipment contracted but not provided for in these financial statements as follows:

- b) At the end of each reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of properties which fall due as follows:

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases and rentals are negotiated and fixed for a period of one to five years. None of the leases includes contingent rentals.

33. 承擔(續)

b) (續)

上述承擔包括於附註31所披露之本公司董事蔣泉龍先生及關連人士無錫泛亞之未來租金付款約21,000港元(二零一六年: 884,000港元), 到期日如下:

33. COMMITMENTS (Continued)

b) (Continued)

The above commitments included future lease payments to Mr. Jiang Quanlong, a director of the Company, and Wuxi Pan-Asia, a related party as disclosed in note 31, of approximately HK\$21,000 (2016: HK\$884,000) which fall due as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
應付予蔣泉龍先生之未來租金付款	Future lease payments to Mr. Jiang Quanlong		
– 1年內	– Within one year	–	805
– 1年後但5年內	– After one year but within five years	–	–
		–	805
應付予無錫泛亞之未來租金付款	Future lease payments to Wuxi Pan-Asia		
– 1年內	– Within one year	21	59
– 1年後但5年內	– After one year but within five years	–	20
		21	79
		21	884

34. 按類別劃分之金融工具

34. FINANCIAL INSTRUMENTS BY CATEGORIES

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
金融資產	Financial assets		
應收賬款及應收票據	Trade debtors and bills receivables	138,508	224,132
其他應收款	Other receivables	150,531	4,859
應收關連公司款項	Amount due from a related company	–	4,957
受限制銀行存款	Restricted bank deposits	–	16,993
現金及現金等值項目	Cash and cash equivalents	1,665,102	1,649,125
貸款及應收款	Loans and receivables	1,954,141	1,900,066
按攤銷成本計量之金融負債	Financial liabilities measured at amortised cost		
應付賬款及應付票據	Trade and bills payables	81,473	101,317
預提費用及其他應付款	Accrued expenses and other payables	27,598	66,974
應付董事款項	Amounts due to directors	3,774	3,245
銀行及其他借貸	Bank and other borrowings	–	78,033
		112,845	249,569

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35. 財務風險管理及金融工具之公平值

金融工具之風險包括本集團在日常業務過程中產生之信貸風險、流動資金風險、利率風險及貨幣風險。

a) 信貸風險

信貸風險指交易對手無法履行合約責任導致本集團財務虧損之風險。本集團所採用的政策為僅與信譽良好之交易對手進行買賣，並取得足夠抵押品（如適用），以減輕無法履行合約責任導致財務虧損之風險。

為盡量減低應收賬款及其他應收款之信貸風險，管理層已訂立一項信貸政策，並對有關信貸風險進行持續監察。本集團會定期對各主要客戶之財務狀況及條件進行信貸評估。該等評估針對客戶過往支付到期款項之歷史及目前之支付能力，並考慮客戶特定資料及客戶經營所處經濟環境之資料。本集團並無就其金融資產要求任何抵押品。

本集團須承受之信貸風險主要受各名客戶之個別特點所影響。客戶所經營行業及國家之拖欠風險亦會對信貸風險有所影響，但程度較低。於申報期間結算日，應收賬款總額中13%（二零一六年：5%）來自本集團之五大客戶。於二零一七年及二零一六年十二月三十一日並無未支付應收賬款來自本集團最大客戶。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The risks associated with the financial instruments include credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Group's business.

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In respect of trade and other receivables, in order to minimise credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and conditions are performed on each major customer periodically. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group does not require collateral in respect of its financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and the country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, 13% (2016: 5%) of the total trade debtors was due from the Group's five largest customers. No outstanding trade debtor was due from the Group's largest customer as at 31 December 2017 and 2016.

**35. 財務風險管理及金融工具之公平值
(續)**

a) 信貸風險(續)

有關本集團來自應收賬款及其他應收款之信貸風險之進一步量化披露載於附註22。

由於銀行現金、銀行存款及受限制銀行存款乃存放於多間信貸評級良好之銀行，因此該等款項承擔之信貸風險極微，故並無重大集中信貸風險。

於二零一七年及二零一六年十二月三十一日，本集團並無提供任何擔保導致本集團須承擔信貸風險。

b) 流動資金風險

本集團旗下之獨立營運實體須負責其各自之現金管理，包括現金盈餘之短期投資及籌措貸款以滿足預期現金需求，惟須獲董事會批准後，方可作實。本集團之政策為定期監察當前及預計之流動資金需求，以及遵守貸款契諾，確保本集團能維持充裕的現金及從主要金融機構取得足夠的承諾信貸融資，以滿足其短期及較長期流動資金需要。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

The credit risk for cash at banks, bank deposits and restricted bank deposits is considered minimal as these amounts are placed with various banks with good credit ratings and there is no significant concentration of credit risk.

As at 31 December 2017 and 2016, the Group did not provide any guarantees which expose the Group to credit risk.

b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the approval from board of directors. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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35. 財務風險管理及金融工具之公平值 (續)

b) 流動資金風險(續)

下表載列本集團之金融負債於申報期間結算日，基於合約未折現現金流量(包括使用合約利率計得之利息付款或，如按浮息，則按申報期間結算日之利率計)及本集團可被要求償還之最早日期所得之餘下合約期：

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

The following table set out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the end of the reporting period) and the earliest date the Group can be required to pay:

		二零一七年 2017			二零一六年 2016		
合約未折現現金流量 Contractual undiscounted cash flow					合約未折現現金流量 Contractual undiscounted cash flow		
一年內或 按要求償還		總額	賬面值		一年內或 按要求償還	總額	賬面值
Within 1 year or on demand		Total	Carrying amount		Within 1 year or on demand	Total	Carrying amount
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
非衍生金融負債	Non-derivative financial liabilities						
應付賬款及應付票據	Trade and bills payables	81,473	81,473	81,473	101,317	101,317	101,317
預提費用及其他應付款	Accrued expenses and other payables	27,598	27,598	27,598	66,974	66,974	66,974
應付董事款項	Amounts due to directors	3,774	3,774	3,774	3,245	3,245	3,245
銀行及其他借貸	Bank and other borrowings	-	-	-	79,285	79,285	78,033
		112,845	112,845	112,845	250,821	250,821	249,569

35. 財務風險管理及金融工具之公平值
(續)

c) 利率風險

本集團之利率風險主要來自現金及現金等值項目、受限制銀行存款以及銀行及其他借貸。由於現金及現金等值項目及受限制銀行存款以及銀行及其他借貸之利率預期不會重大變動，因此本集團預期將不會存在重大利率風險。

i) 利率組合

下表詳細載列本集團的現金及現金等值項目、受限制銀行存款以及銀行及其他借貸於申報期間結算日的利率組合：

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE
OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted bank deposits, and bank and other borrowings. The Group does not anticipate significant interest rate risk to cash and cash equivalents, restricted bank deposits, and bank and other borrowings because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's cash and cash equivalents, restricted bank deposits, and bank and other borrowings at the end of the reporting period:

	二零一七年		二零一六年	
	2017		2016	
	實際利率	千港元	實際利率	千港元
	Effective		Effective	
	interest rate	HK\$'000	interest rate	HK\$'000
現金及現金等值項目 Cash and cash equivalents	0%-0.3%	1,665,102	0%-0.3%	1,649,125
受限制銀行存款 Restricted bank deposits	不適用 N/A	-	1.55%	16,993
銀行及其他借貸 Bank and other borrowings	不適用 N/A	-	0%-5%	(78,033)
結餘淨值 Net balance		1,665,102		1,588,085

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35. 財務風險管理及金融工具之公平值 (續)

c) 利率風險 (續)

ii) 敏感度分析

於二零一七年十二月三十一日，在所有其他變數保持不變的情況下，估計利率整體上升/下降50個基點將減少/增加本集團本年度除稅後虧損及減少/增加本集團累計虧損約6,505,000港元(二零一六年：6,327,000港元)。利率整體上升或下降對綜合權益的其他部份並無影響。

上述敏感度分析乃根據於申報期間結算日所承擔之利率風險而釐定。有關分析乃假設於申報期結算日之未償還金融工具於整個年度尚未償還而編製。50個基點上升或下降為內部向主要管理人員匯報利率風險所使用之基點，並為管理層對利率的合理可能變動的評估。二零一六年已以相同基準作出分析。

d) 貨幣風險

本集團主要因以與有關集團實體的功能貨幣以外的貨幣進行買賣所產生應收款、應付款及現金及現金等值項目而面對貨幣風險。導致貨幣風險之貨幣主要為港元及美元。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

ii) Sensitivity analysis

As at 31 December 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after taxation for the year and decrease/increase the Group's accumulated losses by approximately HK\$6,505,000 (2016: HK\$6,327,000). Other components of consolidated equity would not be changed in response to the general increase or decrease in interest rates.

The sensitivity analysis above has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates. The analysis is performed on the same basis for year 2016.

d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, and cash and cash equivalents that are denominated in a currency other than the functional currency of the group entities to which they relate. The currencies giving rise to currency risk are primarily HK\$ and United States dollars ("US\$").

35. 財務風險管理及金融工具之公平值
(續)

d) 貨幣風險(續)

i) 所承擔之貨幣風險

下表詳列本集團就來自以與集團實體有關之功能貨幣以外貨幣計值之已確認資產或負債所承受貨幣風險。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE
OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

i) Exposure to currency risk

The following table details the Group's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the group entities to which they relate.

所承擔之貨幣風險(以千港元列值)

Exposure to currency risk (expressed in HK\$'000)

		二零一七年		二零一六年	
		2017		2016	
		港元	美元	港元	美元
		HK\$	US\$	HK\$	US\$
應收賬款及其他	Trade and other receivables				
應收款		-	20,056	-	38,838
現金及現金等值項目	Cash and cash equivalents	-	5,220	-	15,931
其他應付款	Other payables	-	(2,697)	-	(3,810)
所承擔之整體	Overall exposure to				
貨幣風險	currency risk	-	22,579	-	50,959

本集團現時並無就外幣應收款及負債採取外幣對沖政策。本集團將密切監察外幣風險，並將在有需要時考慮對沖重大貨幣風險。

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency receivables and debts. The Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arises.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

35. 財務風險管理及金融工具之公平值 (續)

d) 貨幣風險(續)

ii) 敏感度分析

下表列示本集團之除稅後虧損及累計虧損因應本集團於申報期間結算日面對重大風險之外幣匯率於該日可能出現之合理變動而隨即產生之變動，並假定其他風險變數維持不變。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after taxation and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

		除稅後虧損 減少/(增加)		除稅後虧損 減少/(增加)	
		及累計虧損 減少/(增加)		及累計虧損 減少/(增加)	
		外幣匯率 增加/(減少)	外幣匯率 增加/(減少)	外幣匯率 增加/(減少)	外幣匯率 增加/(減少)
		Decrease/ (increase) in loss after taxation and decrease/ (increase) in accumulated losses 二零一七年 2017 千港元 HK\$'000		Decrease/ (increase) in loss after taxation and decrease/ (increase) in accumulated losses 二零一六年 2016 千港元 HK\$'000	
港元	HK\$	5% (5%)	– –	5% (5%)	– –
美元	US\$	5% (5%)	966 (966)	5% (5%)	2,056 (2,056)

35. 財務風險管理及金融工具之公平值
(續)

d) 貨幣風險(續)

ii) 敏感度分析(續)

上表所示之分析結果代表對本公司於中國成立之各附屬公司按各自之功能貨幣計算並按各申報期間結算日之匯率換算為港元以供呈列之用的除稅後溢利或虧損及權益之即時影響總和。

上述敏感度分析乃假設外幣匯率之變動已用於重新計量本集團於申報期間結算日所持有之金融工具而釐定。此項分析依二零一六年之相同基準進行。

e) 公平值計量

按公平值以外價值計量之金融資產及負債之公平值

於二零一七年及二零一六年十二月三十一日，本集團按成本或攤銷成本計值之金融工具之賬面值與彼等之公平值並無重大差異。

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE
OF FINANCIAL INSTRUMENTS (Continued)

d) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

Results of the analysis as presented in the above table represent an aggregate of the instantaneous effects on profit or loss after taxation and equity for each of the Company's subsidiaries established in the PRC measured in their respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group at the end of the reporting period. The analysis is performed on the same basis for year 2016.

e) Fair value measurement

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 2016.

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NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

36. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債乃現金流量已或未來現金流量將於綜合現金流量表分類為融資活動產生之現金流量。

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

		銀行及 其他借貸 Bank and other borrowings (附註27) (Note 27) 千港元 HK\$'000
於二零一七年一月一日	At 1 January 2017	78,033
融資現金流量之變動：	Changes from financing cash flows:	
新增銀行及其他借貸之所得款項	Proceeds from new bank and other borrowings	92,166
預付銀行及其他借貸	Prepayment of bank and other borrowings	(140,322)
已付利息	Interests paid	(1,869)
融資現金流量變動總額	Total changes from financing cash flows	(50,025)
匯率變動之影響	Effect of changes in foreign exchange rates	3,397
其他變動：	Other changes:	
利息開支(附註8(a))	Interest expenses (note 8(a))	1,869
失去附屬公司控制權所產生之變動：	Changes arising from losing control of subsidiaries:	
出售附屬公司(附註32)	Disposal of subsidiaries (note 32)	(33,274)
於二零一七年十二月三十一日	At 31 December 2017	-

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截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

37. 公司層面之財務狀況表

37. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

			二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
		附註 Note		
非流動資產	Non-current assets			
設備	Equipment		8	13
附屬公司之投資	Investments in subsidiaries	19	151,707	151,707
			151,715	151,720
流動資產	Current assets			
預付款項及按金	Prepayments and deposits		763	760
其他應收款項	Other receivables		–	662
應收附屬公司款項	Amounts due from subsidiaries		2,291,225	2,302,545
現金及現金等值項目	Cash and cash equivalents		8,220	9,642
			2,300,208	2,313,609
流動負債	Current liabilities			
應計款項及其他應付款	Accruals and other payables		5,768	6,240
應付董事款項	Amounts due to directors		401	394
應付附屬公司款項	Amounts due to subsidiaries		271	253
			6,440	6,887
流動資產淨值	Net current assets		2,293,768	2,306,722
資產淨值	NET ASSETS		2,445,483	2,458,442
資本及儲備	CAPITAL AND RESERVES	29		
股本	Share capital		234,170	234,170
儲備	Reserves		2,211,313	2,224,272
權益總額	TOTAL EQUITY		2,445,483	2,458,442

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈下列於截至二零一七年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本、新訂準則及詮釋。其中包括以下可能與本集團有關者。

香港財務報告準則第2號之修訂本	以股份為基準之付款交易之分類及計量 ¹
香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第9號之修訂本	具有負補償之提早償還特性 ²
香港財務報告準則第15號	來自客戶合約之收益 ¹
香港財務報告準則第15號之修訂本	香港財務報告準則第15號之澄清 ¹
香港財務報告準則第16號	租賃 ²
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易及預付代價 ¹
香港（國際財務報告詮釋委員會）— 詮釋第23號	所得稅處理之不確定因素 ²

¹ 於二零一八年一月一日或之後開始之年度期間生效

² 於二零一九年一月一日或之後開始之年度期間生效

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issuance of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
HKFRS 9	Financial Instruments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 ¹
HKFRS 16	Leases ²
HK(IFRIC) – INT 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – INT 23	Uncertainty over Income Tax Treatments ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

本集團現正評估該等修訂本、新訂準則及詮釋於首次應用期間之預期影響。就本集團所知，新訂準則之部分範疇可能對綜合財務報表構成重大影響。該等預期影響之進一步詳情於下文論述。儘管有關香港財務報告準則第9號及香港財務報告準則第15號之評估已大致完成，惟首次採納該等準則時產生之實際影響可能有所不同，因為至今完成之評估乃根據本集團現時可得資料作出，而於本集團截至二零一八年六月三十日止六個月之中期財務報告首次應用該等準則前可能會識別其他影響。本集團亦可能變更其會計政策選擇(包括過渡選擇)，直至於有關財務報告首次應用該等準則。

香港財務報告準則第9號「金融工具」

香港財務報告準則第9號將取代金融工具會計處理之現行準則：香港會計準則第39號「金融工具：確認及計量」。香港財務報告準則第9號引入金融資產分類及計量之新規定，包括金融資產減值計量及對沖會計法。另一方面，香港財務報告準則第9號納入香港會計準則第39號有關確認及終止確認金融工具以及金融負債分類及計量之規定，且並無作出重大變動。

香港財務報告準則第9號於二零一八年一月一日或之後開始之年度期間追溯生效。本集團計劃採用豁免重列比較資料，並將就二零一八年一月一日之年初權益結餘確認任何過渡調整。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

HKFRS 9 "Financial Instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial instruments: Recognition and measurement". HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity as at 1 January 2018.

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截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第9號「金融工具」(續)

新規定對本集團綜合財務報表之預期影響如下：

(a) 分類及計量

香港財務報告準則第9號載有三個主要金融資產類別，分別為(i)以攤銷成本計量；(ii)透過損益按公平值列賬(「透過損益按公平值列賬」)計量；及(iii)透過其他全面收益按公平值列賬(「透過其他全面收益按公平值列賬」)計量：

- 債務工具分類根據實體管理金融資產的業務模式以及資產的合約現金流量特徵而釐定。倘若債務工具分類為透過其他全面收益按公平值列賬、利息收入、減值及出售收益／損失將在損益中確認。
- 對於權益證券，無論實體的業務模式如何都會被分類為透過損益按公平值列賬。唯一的例外情況是倘若權益證券並非持作買賣且實體不可撤回地選擇將該證券指定為透過其他全面收益按公平值列賬。倘若權益證券被指定為透過其他全面收益按公平值列賬，只有該證券的股息收入會在損益中確認。該證券的收益、損失及減值會在其他全面收益中確認且不會轉出。

本集團已評估其目前按攤銷成本及透過損益按公平值列賬計量的金融資產將於採用香港財務報告準則第9號時沿用其各自的分類及計量。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

Expected impacts of the new requirements on the Group’s consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (i) amortised cost, (ii) fair value through profit or loss (“FVTPL”) and (iii) fair value through other comprehensive income (“FVTOCI”):

- The classification for debt instruments is determined based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI, the interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity’s business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI, only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

The Group has assessed that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第9號「金融工具」(續)

(a) 分類及計量(續)

香港財務報告準則第9號下，金融負債的分類及計量規定大致繼承香港會計準則第39號，並無重大變動，惟香港財務報告準則第9號規定，指定為按透過損益按公平值列賬計量的金融負債因自身信貸風險變化所引起的公平值變動須於其他全面收益中確認(不得重新分類至損益)。本集團目前並無以指定按透過損益按公平值列賬計量的任何金融負債，因此該新規定將不會對本集團採納香港財務報告準則第9號造成影響。

(b) 減值

香港財務報告準則第9號中之新減值模式以「預期信貸損失」模式取代香港會計準則第39號之「已產生損失」模式。根據預期信貸損失模式，毋須再待發生損失事件後方確認減值損失。取而代之，實體需根據資產以及事實情況確認及計量十二個月之預期信貸損失或永久預期信貸損失。本集團預期應用預期信貸損失模式可能導致提早確認信貸損失。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

(a) Classification and measurement (Continued)

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model may result in earlier recognition of credit losses.

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截至二零一七年十二月三十一日止年度 For the year ended 31 December 2017

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(b) 減值 (續)

根據本公司董事之評估，倘若本集團應用預期信貸虧損模式，本集團於二零一八年一月一日將予確認之減值虧損累計金額將較根據香港會計準則第39號確認之累計金額輕微增加，主要由於應收賬款及其他應收款之預期信貸撥備。根據預期信貸虧損模式確認之進一步減值將增加於二零一八年一月一日之年初累計虧損。

(c) 對沖會計

香港財務報告準則第9號並未從根本上改變香港會計準則第39號下對有關計量及確認對沖無效部分。然而，對適用於對沖會計的交易類別已增加彈性。本集團現時並無進行任何對沖，因此本新規定對本集團採納香港財務報告準則第9號不會造成任何影響。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 9 “Financial Instruments” (Continued)

(b) Impairment (Continued)

Based on the assessment by the directors of the Company, if the expected credit model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit provision on trade and other receivables. Such further impairment recognised under expected credit loss model would increase the opening accumulated losses as at 1 January 2018.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第15號「來自客戶合約的收入」

香港財務報告準則第15號建立了一個確認來自客戶合約之收益之綜合框架。香港財務報告準則第15號將取代現有收益準則香港會計準則第18號「收益」(涵蓋銷售商品及提供服務產生之收益)及香港會計準則第11號「建造合約」(規定了來自建造合約之收益之會計處理)。根據至今完成之評估，本集團已識別下列預期將受影響之方面：

(a) 收益確認之時點

本集團之收益確認政策已於附註2(p)披露。目前，銷售貨品之收益通常在所有權風險及回報轉移至客戶時確認。根據香港財務報告準則第15號，收益於客戶獲得合約中承諾商品或服務之控制權時確認。香港財務報告準則第15號確定了對承諾商品或服務之控制權被視為隨時間轉移的三種情況：

- (i) 當客戶同時取得及消耗實體履約所提供之利益時；
- (ii) 實體之履約行為創造或改良了客戶在資產被創造或改良時就控制的資產；
- (iii) 實體之履約行為並未創造一項可被實體用於替代用途之資產，且實體具有就迄今為止已完成之履約部份獲得客戶付款之可執行權利。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 “Revenue”, which covers revenue arising from sale of goods and rendering of services, and HKAS 11 “Construction contracts”, which specifies the accounting for revenue from construction contracts. Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group’s revenue recognition policies are disclosed in note 2(p). Currently, revenue from sales of goods is generally recognised when the risks and rewards of ownership have passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (ii) When the entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- (iii) When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第15號「來自客戶合約的收入」(續)

(a) 收益確認之時點(續)

倘合約條款及實體之活動並不屬於任何該三種情況，則根據香港財務報告準則第15號，實體於某一時間點(即控制權轉移時)就銷售該商品或服務確認收益。所有權風險及回報之轉移僅為於釐定控制權轉移發生時將考慮的其中一項指標。本集團已評估新收益準則不太可能對其確認銷售貨品收益之方法造成重大影響。

(b) 重大融資部分

香港財務報告準則第15號規定，當合約包含重大融資部分時，實體須就貨幣之時間價值調整交易價格，無論來自客戶之付款將大部分預先或延後收取。

現時，本集團並無就預收款項應用有關政策。預付款項於本集團與客戶之安排中並不常見。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

(a) Timing of revenue recognition (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs. The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from sales of goods.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group does not apply such a policy when payments are received in advance. Advance payments are also not common in the Group's arrangements with its customers.

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第15號「來自客戶合約的收入」(續)

(c) 附退貨權的銷售

目前，當客戶可退回本集團產品時，本集團估計預期退貨水平，並對收入和銷售成本進行調整。本集團已評估，當客戶有退貨權時，採用香港財務報告準則第15號不會對本集團確認收益和銷售成本之方法產生重大影響。

然而，對預計將被退回的產品單獨確認退貨資產的新要求，將影響綜合財務狀況表中的列報，因為本集團目前就預計退貨調整存貨的賬面值，而不是確認一項獨立的資產。

根據現時可得資料，本公司董事初步評估於應用香港財務報告準則第15號時，可能只需要作出更多披露，而不會對各報告期間確認收入之時間及金額造成重大影響。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

(c) Sales with a right of return

Currently when the customers are allowed to return the Group's products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales. The Group has assessed that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return.

However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

Based on the existing available information, the directors of the Company have preliminarily assessed that the application of HKFRS 15 may only result in more disclosures instead of having material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第16號「租賃」

誠如附註2(f)所披露，本集團現時將租賃劃分為融資租賃及經營租賃，並視乎租賃劃分以不同方式對租賃安排進行會計處理。本集團已作為承租人訂立不同租賃。

預期香港財務報告準則第16號不會對出租人租賃權利與義務之會計處理造成重大影響。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。取而代之，除非使用若干權宜實行方法，否則承租人將按與現有融資租賃會計處理方法類似之方式對所有租賃進行會計處理，即於租約開始日期，承租人將按未來最低租賃付款額之現值確認及計量租賃負債，及將確認相應的「使用權」資產。初始確認該資產及負債後，承租人將確認租賃負債未付餘額所產生之利息費用及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生之租賃費用。作為權宜實行方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下)及低價值資產之租賃，於該等情況下，租賃費用將繼續於租期內按系統基準確認。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases”

As disclosed in note 2(f), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group has entered into some leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

38. 於截至二零一七年十二月三十一日止年度已頒佈但尚未生效之修訂本、新訂準則及詮釋之可能影響(續)

香港財務報告準則第16號「租賃」(續)

香港財務報告準則第16號將主要影響本集團作為物業、廠房及設備(現時劃分為經營租賃)租賃承租人之會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於綜合損益表確認費用之時間。誠如附註33(b)所披露，於二零一七年十二月三十一日，本集團就租賃物業根據不可撤銷經營租賃之未來最低租賃付款項約為884,000港元。因此，一旦採納香港財務報告準則第16號，該等款項部分可能須確認為租賃負債，並附帶相應使用權資產。經考慮權宜實行方法之適用性，就現時至採納香港財務報告準則第16號期間已訂立或終止之任何租賃及貼現影響作出調整後，本集團將須進行更為詳細之分析以釐定於採納香港財務報告準則第16號時經營租賃承擔所產生之新資產及負債之金額。

香港財務報告準則第16號將於二零一九年一月一日或之後開始之年度期間生效。該準則提供不同之過渡選擇及可行權宜方法，包括融入先前評估之可行權宜方法，當中現有安排為(或包含)租賃。倘選擇此可行權宜方法，本集團僅將香港財務報告準則第16號對租賃之新定義應用於首次應用日期或之後訂立之合約。倘並無選擇可行權宜方法，本集團將須使用新定義重新評估其對哪些現有合約為(或包含)租賃而作之所有決定。視乎本集團是否選擇以追溯方式採納該準則，或遵從經修訂可追溯方式確認對首次應用當日權益期初結餘之累計效應調整，本集團未必需要重列因重新評估而引致任何會計變動之比較資料。

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 "Leases" (Continued)

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 33(b), as at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately HK\$884,000 for lease of properties. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

財務概要

FINANCIAL SUMMARY

		截至十二月三十一日止年度 For the year ended 31 December				
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000
收入	Revenue	637,162	709,120	843,110	1,183,786	1,488,282
銷售成本	Cost of sales	(611,531)	(704,190)	(943,575)	(1,292,332)	(1,701,158)
毛利/(毛虧)	Gross profit/(loss)	25,631	4,930	(100,465)	(108,546)	(212,876)
除稅前虧損	Loss before taxation	(79,402)	(98,403)	(264,083)	(98,622)	(375,771)
所得稅(支出)/抵免	Income tax (charge)/credit	(5,379)	(9,473)	(3,535)	(3,406)	9,961
本年度虧損	Loss for the year	(84,781)	(107,876)	(267,618)	(102,028)	(365,810)
應佔： 本公司擁有人	Attributable to: Owners of the Company	(82,839)	(104,242)	(256,650)	(92,972)	(350,847)
非控股權益	Non-controlling interests	(1,942)	(3,634)	(10,968)	(9,056)	(14,963)
		(84,781)	(107,876)	(267,618)	(102,028)	(365,810)
		於十二月三十一日 As at 31 December				
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000
流動資產	Current assets	2,512,509	2,434,619	2,610,821	2,370,356	2,504,164
非流動資產	Non-current assets	409,082	480,382	577,089	820,054	779,222
資產總值	Total assets	2,921,591	2,915,001	3,187,910	3,190,410	3,283,386
流動負債	Current liabilities	167,781	259,175	250,500	191,838	135,797
非流動負債	Non-current liabilities	-	811	886	962	410
負債總值	Total liabilities	167,781	259,986	251,386	192,800	136,207
資產淨值	Net assets	2,753,810	2,655,015	2,936,524	2,997,610	3,147,179
股本	Share capital	234,170	234,170	234,170	167,264	167,264
儲備	Reserves	2,511,665	2,411,514	2,688,629	2,804,461	2,943,985
本公司擁有人 應佔權益	Equity attributable to owners of the Company	2,745,835	2,645,684	2,922,799	2,971,725	3,111,249
非控股權益	Non-controlling interests	7,975	9,331	13,725	25,885	35,930
權益總值	Total equity	2,753,810	2,655,015	2,936,524	2,997,610	3,147,179



中國稀土控股有限公司

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