



Burwill Holdings Limited
寶威控股有限公司

(於百慕達註冊成立之有限公司)

股份代號：24

年 報 2017



Contents 目錄

Corporate Information 公司資料	2
Management Discussion and Analysis 管理層討論與分析	4
Biographies of Directors 董事簡歷	12
Report of Directors 董事局報告	16
Corporate Governance Report 企業管治報告	41
Environmental, Social and Governance Report 環境、社會及管治報告	55
Independent Auditors' Report 獨立核數師報告	65
Consolidated Balance Sheet 綜合資產負債表	74
Consolidated Income Statement 綜合損益表	76
Consolidated Statement of Comprehensive Income 綜合全面損益表	78
Consolidated Statement of Changes in Equity 綜合權益變動表	79
Consolidated Statement of Cash Flows 綜合現金流量表	81
Notes to the Consolidated Financial Statements 綜合財務報表附註	83
Five Years' Financial Summary 五年財務概要	208

Corporate Information 公司資料

DIRECTORS

CHAN Shing, *Chairman & Managing Director*
SIT Hoi Tung, *Executive Director & Deputy General Manager*
CHEUNG Kwan, *Executive Director*
KWOK Wai Lam, *Executive Director*
SHAM Kai Man, *Executive Director*
CUI Shu Ming, *Independent Non-Executive Director*
CHAN Ming Fai, *Independent Non-Executive Director*
TSANG Kwok Wa, *Independent Non-Executive Director*
CHEUNG Sing Din, *Independent Non-Executive Director*
HUANG Shenglan, *Non-Executive Director*

COMPANY SECRETARY

KWOK Wai Lam

AUDIT COMMITTEE

CUI Shu Ming
CHAN Ming Fai
TSANG Kwok Wa
CHEUNG Sing Din

REMUNERATION COMMITTEE

CUI Shu Ming
CHAN Ming Fai
SIT Hoi Tung

NOMINATION COMMITTEE

CHAN Shing
SIT Hoi Tung
CUI Shu Ming
CHAN Ming Fai
TSANG Kwok Wa
CHEUNG Sing Din

RISK COMMITTEE

CHAN Shing
SIT Hoi Tung
KWOK Wai Lam
SHAM Kai Man
NG Man Fai, Matthew

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

董事

陳城(主席兼董事總經理)
薛海東(執行董事兼副總經理)
張軍(執行董事)
郭偉霖(執行董事)
岑啟文(執行董事)
崔書明(獨立非執行董事)
陳明輝(獨立非執行董事)
曾國華(獨立非執行董事)
張聖典(獨立非執行董事)
黃勝藍(非執行董事)

公司秘書

郭偉霖

審核委員會

崔書明
陳明輝
曾國華
張聖典

薪酬委員會

崔書明
陳明輝
薛海東

提名委員會

陳城
薛海東
崔書明
陳明輝
曾國華
張聖典

風險委員會

陳城
薛海東
郭偉霖
岑啟文
吳文輝

核數師

國衛會計師事務所有限公司
香港執業會計師

Corporate Information 公司資料

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Appleby
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PRINCIPAL BANKERS

Bangkok Bank Public Company Limited
BNP Paribas
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

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主要往來銀行

盤谷銀行
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香港上海滙豐銀行有限公司
大華銀行

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Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK

During the year 2017, the Group's turnover decreased by 6% to approximately HK\$2,492 million year-on-year. Gross profits rose by 211% to approximately HK\$35 million year-on-year. The Group recorded a loss attributable to owners of the Company of approximately HK\$8 million. For the year, the Group has got the following exceptional items: share option expenses of approximately HK\$26 million, dilution loss and impairment loss of KPC in aggregate of approximately HK\$60 million and impairment loss on an associate, CL Assets, of approximately HK\$91 million.

Lithium-related Business

In recent years, more and more countries have strongly advocated the production and use of new energy vehicles, among which electric vehicles are in the dominant position, driven by the concerns on environmental issues and demand for clean energy. Some European countries and large international automobile conglomerates have set timetables to end the sales or production of internal combustion engine vehicles. As part of China's "Energy-Saving and New Energy Vehicle Industry Development Plan", the Chinese government has introduced a variety of policies to encourage the rapid development of new energy vehicles industry. China is now the world's largest energy vehicles producer and consumer. In 2017, the production and sales of new energy vehicles in China increased by more than 50% year-on-year, accounting for around half of the world's total. New energy vehicles have become the future direction of China's automobile industry.

At present, industry consensus indicates that the global electric vehicle market will grow by 5-10 times in the next 7-8 years. However, despite the capacity expansion of electric-vehicle lithium-ion batteries, its key raw materials, mainly lithium, still fall far short of the demand, thus imposing constraints to the industry.

In 2017, the Group maintained a firm commitment to executing business transformation by entering the upstream of the new energy industry chain, with the aim of securing lithium resources that are in high market demand, and expanding into the procurement, logistics and processing, as well as sales of relevant products. This business model represents the Group's existing strength and advantage in importing and processing iron ore into related products for sale. At present, the Group has opened up the upstream and midstream of the lithium-ion industry chain and become the only Hong Kong-listed company that owns upstream lithium resources and is able to process midstream lithium-ion materials through a joint venture.

回顧與展望

二零一七年，本集團營業額按年下跌6%，至約港幣24.92億元；毛利按年上升211%，至約港幣3,500萬元；本公司權益持有人應佔虧損約港幣800萬元。本年度集團有下列特殊項目：購股權支出約港幣2,600萬元、KPC權益攤薄虧損和減值合計約港幣6,000萬元；及聯營公司新港資產減值約港幣9,100萬元。

鋰相關業務

近年來，出於對環保和清潔能源的需求，越來越多的國家大力提倡以電動汽車為主流的新能源汽車的生產和使用。部分歐洲國家和國際大型汽車集團紛紛制定了禁售或停產燃油汽車的時間表。中國更是在政府《節能與新能源汽車產業規劃》的指導下，出台了一系列鼓勵加快發展新能源汽車產業的政策，現已成為全球最大的新能源汽車生產國和消費市場。二零一七年中國新能源汽車產銷量同比增長超過50%，份額約佔世界的一半。新能源汽車已經成為中國汽車產業未來發展的方向。

目前普遍認可的分析表明，未來7至8年內全球電動車市場將有5至10倍的增長，但隨著電動汽車動力電池產能的擴張，以鋰金屬為代表的關鍵原材料卻遠遠不能滿足需求，成為行業發展的掣肘。

本集團在二零一七年堅定轉型，進入新能源產業鏈的最上游，以獲取市場渴求的鋰礦資源，並進入相關產品的採購、物流加工和銷售，而這一業務模式又是本集團經營團隊以往進口鐵礦石以加工成相關產品銷售的所長和優勢。目前，本集團已經打通了鋰電材料的上中游產業鏈，成為目前香港上市公司中唯一既佔有上游鋰資源，又能夠通過合營公司加工中游鋰電材料的公司。

Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK (continued)

Lithium-related Business (continued)

In April, the Group was granted exclusive off-take rights for a five-year term and pre-emptive rights to the same for a subsequent five years with respect to the lithium concentrates produced by the Bald Hill Project in Western Australia. According to the offtake contract, starting from 2018, the Group will be supplied with all lithium concentrates produced at the Bald Hill Mine during the first two years. The Bald Hill Lithium Mine has commenced commissioning on schedule in February 2018 and is expected to ship its first production to China in April. It is also the first mine among all new lithium mining projects in Australia to commence operation in 2018.

In July, the Group established a joint venture company, namely Jiangxi Bao Jiang Lithium Industrial Limited, (“JV Company”) with Jiangxi Special Electric Motor Co., Ltd. (“Jiangxi Special Electric Motor”), a company listed on the Shenzhen Stock Exchange, for the import and processing of lithium concentrates, sales of lithium carbonate and lithium hydroxide, which are the primary raw materials for the production of cathode materials for lithium-ion batteries and are now in short supply on the market. In August, the JV Company began construction of a new plant with an annual output of 10,000 tonnes of lithium carbonate and 5,000 tonnes of lithium hydroxide, capacity to consume approximately 120,000 tons of lithium concentrates per annum. Currently, the project is progressing smoothly and trial production is slated for the second quarter this year.

To further secure upstream mineral resources, in October the Group invested in Alliance Mineral Assets Limited (“AMAL”), a Singapore-listed company that owns 50% of Bald Hill Project, thereby becoming AMAL’s single largest shareholder. In the same month, the Group’s partner, Jiangxi Special Electric Motor, invested in Tawana Resources NL, an Australia-listed company that owns the other 50% of Bald Hill Project, becoming Tawana Resources NL’s single largest shareholder. Therefore, the Group together with its partner have secured strategic stake in the Bald Hill Project.

回顧與展望(續)

鋰相關業務(續)

四月，本集團成功獲得澳洲西部巴爾德山所產鋰精粉為期五年的獨家包銷及後續五年的優先購買權。根據包銷合約，集團二零一八年可於首兩年得到該礦山所生產的所有鋰精粉供應。巴爾德山鋰礦已經按計劃於二零一八年二月試生產，預計將於四月裝運第一船產品到中國。這也是二零一八年澳洲新的鋰礦項目中第一個實現投產的礦山。

七月，集團與國內A股上市公司一江西特種電機股份有限公司(「江特電機」)成立合資公司江西寶江鋰業有限公司(「該合資公司」)，進口鋰輝石精粉，加工成碳酸鋰和氫氧化鋰產品銷售。此為動力電池所需之正極材料的初級原料，在相關產品市場上供不應求。該合資公司於八月開工建設，年產規模10,000噸碳酸鋰和5,000噸氫氧化鋰，年消耗鋰精粉約12萬噸。目前項目進展順利，將於今年第二季度竣工試生產。

為進一步獲取上游礦產資源，集團於十月投資擁有巴爾德山項目50%權益的新加坡上市公司Alliance Mineral Assets Limited，並成為其單一大股東。同月，合資夥伴江特電機投資於擁有巴爾德山項目另50%權益的澳大利亞上市公司Tawana Resources NL並成其為單一最大股東。從而，集團與其合資夥伴一起在與巴爾德山項目上形成利益相關方的戰略協同。

Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK (continued)

Lithium-related Business (continued)

While the rise of electric vehicles is stimulating the lithium resource development, the Bald Hill Lithium Mine amongst all developing projects is an earliest one that has commenced production and could be superiorly characterized by simple processing, rapid ramping-up, and high product purity. In comparison with brine lithium projects that supply the conventional industrial (instead of lithium-ion for electric vehicles) market, the Bald Hill Project is better positioned to enjoy the best market timing and price peak, thus laying a solid foundation for the Group's transformation to enter the new energy industry.

In February 2018, the Group entered into a strategic agreement with Hunan Changyuan Lico Co. Ltd. ("Hunan Changyuan Lico"), a subsidiary of China Minmetals Corporation, to jointly seek cooperation in areas such as supplying raw materials for cathode materials for lithium batteries. Hunan Changyuan Lico is a renowned cathode materials manufacturer in China. It plans to expand such production capacity this year and will become one of China's largest and most technologically advanced manufacturers of cathode materials for lithium batteries. The cooperation will help further extend the Group's business scope and establish a presence in relevant links of the new energy industry chain.

In the meantime, the Group is also keeping a close watch on other metal resources that are essential for electric vehicles batteries, such as cobalt and nickel, and seeking involvement in superior projects.

In 2017, the Group has successfully transformed to enter into the new energy industry and is preliminarily enjoying a favorable position in the upstream and midstream of resource materials. With the strong earnings from the recently-operated lithium mine in Australia and the joint venture plant in China in 2018, the Group will proactively seize development opportunities in related business areas and strive to deliver greater returns for shareholders.

回顧與展望(續)

鋰相關業務(續)

在電動汽車發展擾動鋰資源開發之際，巴爾德山鋰礦作為較早實現投產的項目，具有生產工藝簡單，產能提升迅速，產品純度高等特點，與供應傳統工業市場的鹽湖鋰項目相比，更有利於搶佔市場先機和價格高點，為集團轉型進入新能源行業奠定了良好的基礎。

二零一八年二月，集團與中國五礦集團附屬公司湖南長遠鋰科有限公司(「長遠鋰科」)簽訂戰略協議，將攜手在鋰電池正極材料原材料的供應等業務方面尋求合作。長遠鋰科為國內著名的正極材料企業，今年將部署在該領域進行擴產，將成為中國產能最大、技術領先的鋰電池正極材料製造商之一。此合作將集團的業務進一步延伸，奠定在新能源產業鏈相關環節的地位。

同時，集團也在關注鈷、鎳等動力電池所必需的其它新能源金屬資源，並尋求對高質項目的參與或合作。

二零一七年，集團成功轉型進入新能源產業並初步佔據了資源材料端上中游的有利位置。隨著二零一八年澳洲鋰礦和中國合資工廠近期投產帶來的強勁盈利，本集團會積極抓緊相關業務的發展機遇，努力為股東取得良好回報。

Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK (continued)

Steel Trading

Despite the fact that the Group's steel trading business has contracted as compared with 2016, its overall efficiency has improved.

During 2017, the Chinese government implemented rigorous "Supply-Side Reform" measures for the steel industry and continued its efforts in de-capacity. It not only cut 50 million tons of steel capacity but also phased out the production of 140 million tons of low-quality steel. As supply declined, total social inventories reached a year high of 12.05 million tons in February and continued to fall to a year low of 7.44 million tons in December, which was also a new low in the last four years according to statistics from the China Iron and Steel Industry Association. Against this backdrop, steel prices continued to oscillate upward and return to high levels. In December 2017, China's steel price composite index was at 166.2, increased by 22.3% compared to the same period in 2016, among which, the long product price index was at 180.4, up 33.1% year-on-year.

As China's steel supply decreases, domestic steel prices have risen, thus leading to price inversion between the domestic and foreign markets. Under the circumstances that profits for domestic sales are higher than the export prices, the willingness of steel mills to export is greatly reduced. In addition, factors such as the anti-dumping tariff imposed on Chinese steel products by various markets and the significant appreciation of the Renminbi have weakened the export capacity, thereby resulting in shrinking exports. According to statistics from the General Administration of Customs of PRC, China exported 75.43 million tons of steel in 2017, dropped by nearly 30% compared to 2016.

The domestic and international market conditions still present both opportunities and challenges to the steel trading business. During this period of significant price fluctuations, the Group strictly adhered to the principles of proactivity and stability, strengthened risk management and prudently evaluated the contract execution capabilities of suppliers and customers. Meanwhile, the Group established a sound information system as well as a market price monitoring and management system to enhance analysis, early warning and response capability.

回顧與展望(續)

鋼鐵貿易

二零一七年本集團的鋼鐵貿易業務較二零一六年略為收縮，但整體效益卻有改善。

二零一七年國家對鋼鐵行業實行嚴格的「供給側」整改措施，去產能持續推進，不僅減去了5,000萬噸的產能，更清理了1.4億噸「地條鋼」(劣質鋼材)。供應縮減，社會庫存總量在二月份時達到1,205萬噸的全年高點後，持續下跌至十二月時的744萬噸全年低點，也是近4年來的新低點(據中鋼協統計)。鋼材價格在此環境下持續震盪攀升，重回高位。二零一七年十二月全國鋼材綜合價格指數為166.2，比二零一六年同期上升22.3%。其中，長材價格指數為180.4，同比上升更達33.1%之多。

中國鋼鐵供應減少，國內鋼價上漲，與國外市場倒掛。在內銷利潤高於出口價格下，鋼廠出口意願大減。加上期間各地市場對中國鋼材徵收反傾銷關稅及人民幣大幅升值等因素削弱了出口能力，以致出口量萎縮。據中國海關總署統計，二零一七年中國出口鋼材7,543萬噸，比二零一六年下降近三成。

國內外的市場狀況依然給鋼鐵貿易業務帶來機會和挑戰。在價格大幅波動期間，本集團緊守積極穩健的大原則，加強風險管理，審慎評估供應商及客戶的合同執行能力，同時建立完善的資訊系統及市場價格監測管理制度，加強分析預警，提高應變能力。

Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK (continued)

Steel Trading (continued)

In order to avoid operational risks of certain highly speculative steel products, the Group is committed to strengthening its high value-added high-end steel and project-using steel businesses; and has successfully secured steel orders for large-scale renewable energy projects. During the period under review, the Group has also entered into tripartite supply and distribution agreements with two professional factories and customers, meanwhile, successfully obtained overseas import qualification certificates on behalf of suppliers, thereby establishing a solid network for the high-end steel business.

It is expected that in 2018, the Chinese government will continue to implement steady-growth policy and bolster infrastructure construction. Major steel-consuming industries such as machinery, automobiles and household appliances are also expected to maintain steady growth, thus giving boost to steel demand. As de-capacity continues to raise the bar on China's steel quality, high value-added steel products will gain higher competitiveness. However, given that international trade protectionism for the steel industry will persist, the present situation where domestic trade is in better position than foreign trade is likely to continue. Overall, the steel export situation is still challenging. In such complicated and ever-changing environment, the Group will continue its unremitting efforts in a prudent and proactive manner to boost operating revenues from the steel trading business.

回顧與展望(續)

鋼鐵貿易(續)

為規避某些投機性較高鋼鐵產品的經營風險，本集團致力加強高附加值的高端品種鋼和項目用鋼業務，並成功獲取大型再生能源項目用鋼的訂單。回顧期內，更先後跟兩家專業工廠和客戶簽訂三方供銷協定，同時代表供應工廠取得海外市場的進口資質認證，為經營高端品種鋼材建立了穩固的管道關係。

預計二零一八年，國家將繼續推行穩增長政策及基礎設施建設，機械、汽車和家電等主要用鋼行業亦有望保持平穩增長，鋼材需求將有所支援。而去產能則使中國鋼材質量水準不斷提升，高附加值的鋼材品種將具有較高競爭力。惟國外鋼鐵貿易保護主義還將繼續存在，內貿好於外貿的現狀或將延續，鋼鐵出口形勢總體仍面對挑戰。本集團在複雜多變的環境下，將不懈努力，審慎積極，以提高鋼鐵貿易業務的經營收益。

Management Discussion and Analysis 管理層討論與分析

REVIEW AND OUTLOOK (continued)

Commercial Property Investment

The Group holds a 45% share capital in China Land Assets Limited ("CLA"). CLA was unable to repay loans to the Group as scheduled, and Charm Best Investments Inc. ("Charm Best"), which held 55% of the share capital of CLA, failed with respect to repayment obligations on CLA's behalf; therefore the Group exercised its right to take over the charged shares in accordance with the deed of share charge on 14 October 2016. On 4 November 2016, the Group issued a Writ of Summons to Charm Best and its key shareholder at the High Court of the Hong Kong Special Administrative Region. This action was done to declare that the Group has the right under the deed to take over the charged shares. The Group filed a Reply and Defence in Court in accordance with the standard legal procedures in July 2017 (the "Legal Proceedings") and is confident of the outcome of the Legal Proceedings.

As of today, the parties to the Legal Proceedings were at discovery stage, and the date of trial of the Legal Proceedings has not been fixed.

It is the intention of the Company to pursue with the Legal Proceedings until an outcome of which become certain and hence the audit qualification could be removed. Nevertheless, only as the last resort, as an alternative to remove the audit qualification, the Company may consider disposal of its 45% interest in CLA to third party at a reasonable market price.

CLA holds 69% equity interests in Yangzhou Times Square and originally held 100% interests in Wuxi Sunshine Plaza. The former's operating conditions remain sound and stable. With regard to the Wuxi property, during the period when the major shareholder of Charm Best was acting as the legal representative, chairman and general manager, the major shareholder, without the authorization of the board of directors and the shareholders, had committed numerous arrangements including shares pledge, assets pledge and corporate guarantee to secure for his personal loans. Since October 2016 till now, the official company seal and management control of the Wuxi property had not been handed over, and the Group was unable to grasp its financial position. Given no control over assets of Wuxi property company, the Group had written off its net book value from CLA in light of the audit qualification. The Group is also considering to take legal actions against this major shareholder in China.

回顧與展望(續)

商業地產及投資

集團持有新港資產有限公司(「新港資產」) 45% 股權。由於新港資產未如期還款給本集團，持有其 55% 股權的股東 Charm Best Investment Inc.(「Charm Best」) 未有依據合約代其向集團歸還欠款，二零一六年十月十四日，集團根據股份質押契據接管了 Charm Best 持有的 55% 新港資產股份。同年十一月四日，集團於香港特別行政區高等法院向 Charm Best 及其主要股東發出傳訊令，以聲明集團有權處置相關質押股份。於二零一七年七月，集團已按法律程序向法院提交訴狀(「法律訴訟」)。集團對法律訴訟結果極具信心。

現時，法律訴訟各方處於開示階段及法律訴訟之審訊日期仍未確定。

本公司意向繼續透過法律訴訟直至其結果變得確定，便可對保留意見予以移除。然而，以合理的市場價格處置本公司所持的 45% 新港資產權益予第三者，將是移除保留意見的最終替代方案。

新港資產持有 69% 揚州時代廣場及原持有 100% 無錫陽光廣場股權。前者經營狀況非常良好穩定，惟後者由於 Charm Best 的主要股東出任法人、董事長及總經理期間，未有知會及未取得董事會及股東會授權，為其私人貸款作出多項公司借款擔保，於二零一六年十月後至今仍不肯交出公司印鑑及管理權，導致集團未能掌握其資產情況。本集團鑑於未能完全確定無錫物業公司的資產是否妥為保存，及基於審核保留意見，於年底在新港資產投資上全數撇除無錫物業公司淨資產價值。此外，本集團正研究在國內對該股東採取相關的法律行動的可行性。

Management Discussion and Analysis 管理層討論與分析

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the group had cashed in its non-profit making business and self-use office premises at record high to spare funds for the group's development of the lithium business. On financing activities, the Group has succeeded in arranging for approximately HK\$181 million non-current borrowings, including company notes and convertible bonds for the lithium business. All these investing and financing activities had not only enhanced the Group's liquidity but also strengthened the Group's capital structure. As at 31 December 2017, the Group's total equity increased to approximately HK\$952 million. The Group's gearing ratio, as a ratio of total borrowings net of total cash and cash equivalents to total equity, decreased to 0.37 (2016: 0.40) and current ratio, as a ratio of current assets to current liabilities, increased to 2.32 (2016: 1.57) respectively as at 31 December 2017.

The total borrowings of the Group increased to approximately HK\$471 million (2016: HK\$430 million) as at 31 December 2017 and their maturity profile as agreed with the lenders was as follows:

Within one year	一年內
Between one and two years	一至二年內
Between two and five years	二至五年內
Over five years	超過五年

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

資產流動性及財務資源

年內，本集團將其不獲利業務出售及高位兌現自用辦公室，為本集團發展鋰業務騰出資金。就融資活動而言，本集團已成功安排約港幣1.81億元非流動借貸，包括公司票據及可換股債券以配合鋰業務。所有這些投資、融資活動不僅增強了本集團的資金流動性，而且加強了本集團的資本結構。本集團二零一七年十二月三十一日之權益總額增至港幣9.52億元。於二零一七年十二月三十一日，本集團的負債比率（總貸款扣除總現金及現金等價物結餘與總權益相比）減至0.37（二零一六年：0.40）及流動比率（流動資產與流動負債相比）增至2.32（二零一六年：1.57）。

於二零一七年十二月三十一日，本集團之總貸款增至約港幣4.71億元（二零一六年：港幣4.3億元），已與貸款人協議之還款期如下：

	2017 二零一七年 HK\$ million 港幣百萬元	2016 二零一六年 HK\$ million 港幣百萬元
	251	275
	159	8
	61	78
	-	69
	471	430

本集團貸款以美元、人民幣、港元、歐元及新加坡元為貨幣單位，支付市場息率利息。

Management Discussion and Analysis 管理層討論與分析

FOREIGN EXCHANGE RISK EXPOSURE

The Group's receipts, payments, assets and liabilities are principally denominated in US Dollar, Renminbi, Hong Kong Dollar, Euro and Singapore Dollar. The Group considers that its exposure to exchange rate risk is modest except for Euro. To minimise the exchange rate risk, forward exchange contracts are used when required, in particular for Euro.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2017.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had capital commitments of approximately HK\$48,192,000 in respect of joint venture investment (2016: Nil).

CHARGE ON ASSETS

As at 31 December 2017, the following assets were pledged: (i) certain bank balances of approximately HK\$27,696,000 (2016: HK\$12,574,000); (ii) certain bills and accounts receivable of approximately HK\$126,436,000 (2016: HK\$76,520,000); (iii) certain inventories of approximately HK\$27,355,000 (2016: HK\$15,917,000); and (iv) certain financial assets at fair value through profit or loss of approximately HK\$169,792,000 (2016: Nil).

STAFF

As at 31 December 2017, the Group employed 282 staff. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits. The Group also provides other staff benefits which include contributory provident fund and medical insurance. Share options and discretionary bonus may also be granted to eligible staff based on individual and the Group performances. Training programmes for staff are provided as and when required.

外匯兌換風險

本集團之收入、支出、資產及負債均主要為美元、人民幣、港元、歐元及新加坡元。本集團認為其外匯風險不大，除卻歐元。為減低外匯風險，於有需要時會利用遠期外匯合同，尤其是歐元。

或然負債

二零一七年十二月三十一日，本集團並無重大或然負債。

資本承擔

於二零一七年十二月三十一日，本集團就合營公司投資有資本承擔約港幣48,192,000元（二零一六年：無）。

資產抵押

於二零一七年十二月三十一日，以下資產已予抵押：(i) 部份銀行結餘約港幣27,696,000元（二零一六年：港幣12,574,000元）；(ii) 部份應收票據及應收帳項約港幣126,436,000元（二零一六年：港幣76,520,000元）；(iii) 部份存貨約港幣27,355,000元（二零一六年：港幣15,917,000元）；及(iv) 部份按公平值透過損益列帳的財務資產約港幣169,792,000元（二零一六年：無）。

僱員

於二零一七年十二月三十一日，本集團共僱用282名員工。僱員薪酬一般乃參考市場條件及根據個別表現制定及檢討。本集團並為僱員提供其它福利，包括需供款之公積金及醫療保險。此外，本集團亦根據公司經營業績按員工個別表現而授出購股權及發放酌情花紅，並會視乎需要為僱員提供培訓計劃。

Biographies of Directors 董事簡歷

MR. CHAN SHING, AGED 62

Chairman and Managing Director

Mr. Chan joined the Group as Chairman and Managing Director in 1998. Mr. Chan has over 20 years of experience in international trading of metal, the processing and manufacturing of related products, the management of industrial enterprises, the investment in industrial and commercial properties, and corporate planning and management.

MR. SIT HOI TUNG, AGED 52

Executive Director and Deputy General Manager

Mr. Sit joined the Group in 1998 and was appointed as an Executive Director in 2000. He was promoted to Deputy General Manager in 2006. Mr. Sit is in-charge of contracts and import/export bills operation for commodity transaction. He had worked for banking sector and metal trading companies and has over 20 years of experience in international metal trading and import/export bills operation.

MS. CHEUNG KWAN, AGED 60

Executive Director

Ms. Cheung joined the Group as an Executive Director in November 2015. Ms. Cheung has around 20 years of experience in project investment, corporation management, merger and acquisition. Her investments in diverse industries ranges from mining, resources, clean energy, cultural industry, health product and agriculture. Particularly, under the national project of "One Belt and One Road", she has gained many experiences and strong business network. Currently, she is the Chairperson as well as managing director of the board of Kazakhstan Potash Corporation Limited, a company listed on the Australian Securities Exchange and the Chairperson of Asia Investment Finance Group Limited, a company listed on the Hong Kong Stock Exchange.

陳城先生，六十二歲

主席兼董事總經理

陳先生於一九九八年加入本集團為主席兼董事總經理。陳先生在國際金屬貿易及加工製造相關之產品、工商企業管理、工商物業投資、企業策劃與管理方面擁有逾二十年經驗。

薛海東先生，五十二歲

執行董事兼副總經理

薛先生於一九九八年加入本集團，並於二零零零年獲委任為執行董事。二零零六年獲晉升為副總經理。薛先生主管大宗商品貿易的合同及出入口票據結算運作。彼曾任職銀行界及金屬貿易公司，彼在國際金屬貿易及出入口票據結算方面擁有逾二十年經驗。

張軍女士，六十歲

執行董事

張女士於二零一五年十一月加入本集團為執行董事。張女士從事項目投資、企業管理、收購兼併等方面的工作近二十年，在礦產、資源、清潔能源、文化健康及農業領域有豐富的投資管理經驗，尤其是在目前「一帶一路」項目中積累了許多經驗和良好的人脈資源。她目前擔任澳大利亞證券交易所上市公司Kazakhstan Potash Corporation Limited(哈薩克斯坦鉀鹽有限公司)董事局主席兼董事總經理及香港交易所上市公司亞投金融集團有限公司董事局主席。

Biographies of Directors 董事簡歷

MR. KWOK WAI LAM, AGED 55

Executive Director

Mr. Kwok joined the Group in 1994 and is an Executive Director. He is also the Company Secretary and the Group's Financial Controller. Mr. Kwok has over 30 years' experience in the areas of auditing, finance and accounting. He is a Fellow of The Association of Chartered Certified Accountants.

MR. SHAM KAI MAN, AGED 51

Executive Director

Mr. Sham joined the Group in 2000 and was appointed as an Executive Director in July 2009. He is the Managing Director of Burwill Resources Limited, a subsidiary of the Company, in-charge of the Group's steel and mineral trading business. Mr. Sham graduated from The University of Hong Kong and, prior to joining the Group, had worked for a multinational steel trading company for 7 years. He has over 20 years extensive experience in steel trading and gains good international connections.

MR. CUI SHU MING, AGED 80

Independent Non-Executive Director

Mr. Cui joined the Group as an Independent Non-Executive Director in 1998. Mr. Cui graduated from People's University of China. He was the Deputy Head of the Bank of China, Jiangsu branch, the Executive Director of The National Commercial Bank, Ltd. and the General Manager of its Hong Kong branch, a Director and the Executive Vice President of The Ka Wah Bank Ltd.. Mr. Cui is currently an Independent Non-Executive Director of China LotSynergy Holdings Limited and Yue Da Mining Holdings Limited, both are listed companies in Hong Kong. He has over 40 years of experience in international finance and corporate planning and management.

郭偉霖先生，五十五歲

執行董事

郭先生於一九九四年加入本集團，現任執行董事。彼為本公司公司秘書及集團財務總監。郭先生具有逾三十年之核數、財務及會計經驗。彼乃英國特許公認會計師公會資深會員。

岑啟文先生，五十一歲

執行董事

岑先生於二零零零年加入本集團，並於二零零九年七月獲委任為執行董事，彼為本公司附屬公司寶威物料供應有限公司董事總經理，主管集團鋼鐵及礦產貿易進出口業務。岑先生畢業於香港大學，加入本集團前曾於跨國鋼鐵貿易公司任職七年，具國際人脈關係，在鋼鐵貿易方面擁有逾二十年的豐富經驗。

崔書明先生，八十歲

獨立非執行董事

崔先生於一九九八年加入本集團為獨立非執行董事。崔先生於中國人民大學畢業。彼曾任中國銀行江蘇省分行副行長、浙江興業銀行常務董事兼香港分行總經理、香港嘉華銀行董事兼執行副總裁。崔先生現時為香港上市公司China LotSynergy Holdings Limited(華彩控股有限公司)及悅達礦業控股有限公司之獨立非執行董事。彼在國際金融、企業策劃及管理等方面擁有逾四十年經驗。

Biographies of Directors 董事簡歷

MR. CHAN MING FAI, AGED 56

Independent Non-Executive Director

Mr. Chan joined the Group as an Independent Non-Executive Director in October 2011. He is currently an independent business consultant. Prior to that, Mr. Chan was the Chief Executive Officer of Full Seas Technology Group and the President of Dandelion Capital Group, which is a private financial advisory company. He has over twenty years of experience in investment banking and asset management. Mr. Chan had worked for Jardine Fleming Investment Management with a major responsibility to market unit trusts and asset management products in Hong Kong and subsequently in various Asian markets, and was particularly instrumental in the establishment of Jardine Fleming's investment trust operation in Japan, Korea and Indonesia. Mr. Chan also cofounded the KGI Group, which is a pan-Asian investment bank with shareholders including major investors and institutions in Asia, where he was the head of the asset management operation which managed about USD400 million in hedge funds and other portfolios, and was also a member of the management committee of KGI Group. Mr. Chan received a bachelor's degree in Social Sciences with major in Economics from the University of Hong Kong. Mr. Chan is currently an Independent Non-Executive Director of China LotSynergy Holdings Limited.

MR. TSANG KWOK WA, AGED 52

Independent Non-Executive Director

Mr. Tsang joined the Group as an Independent Non-Executive Director in June 2017. Mr. Tsang has over 30 years of experience in accounting area. He holds a master degree of commerce with major in accounting from Charles Sturt University in Australia. Mr. Tsang is a member of the Hong Kong Institute of Certified Public Accountants, a member of the CPA Australia and a fellow member of the Taxation Institute of Australia. Mr. Tsang was an independent non-executive director of China Investment Fund Company Limited, a listed company in Hong Kong, during the period from 2012 to 2015. He was also an independent non-executive director of Asia Energy Logistics Group Limited.

陳明輝先生，五十六歲

獨立非執行董事

陳先生於二零一一年十月加入本集團為獨立非執行董事。彼現為獨立之商業顧問。陳先生之前曾任匯海科技集團行政總裁及盛達資本集團總裁(其為財務諮詢顧問服務公司)。彼在投資銀行及資產管理方面擁有逾二十年經驗。陳先生曾服務於怡富投資管理，主力負責香港及後至其他亞洲市場信託基金及其他資產管理服務之業務拓展，尤其專注於日本、韓國及印尼成立怡富投資信託之業務發展。陳先生並曾創辦凱基證券集團，其為泛亞洲的投資銀行，股東包括區內知名金融及商業機構。彼曾出任凱基資產管理部主管，該部門負責管理超過四億美元的對沖基金及投資組合，彼並為該集團管理委員會成員。陳先生持有香港大學社會科學學士學位，主修經濟。陳先生現為 China LotSynergy Holdings Limited(華彩控股有限公司)之獨立非執行董事。

曾國華先生，五十二歲

獨立非執行董事

曾先生於二零一七年六月加入本集團為獨立非執行董事。曾先生於會計方面積逾三十年經驗。曾先生持有澳洲 Charles Sturt 大學之商學碩士學位，主修會計。彼為香港會計師公會會員、澳洲會計師公會會員及澳洲稅務學會資深會員。曾先生於二零一二年至二零一五年期間出任香港上市公司中國投資基金有限公司獨立非執行董事職務。彼曾為亞洲能源物流集團有限公司獨立非執行董事。

Biographies of Directors 董事簡歷

MR. CHEUNG SING DIN, AGED 48

Independent Non-Executive Director

Mr. Cheung joined the Group as an Independent Non-Executive Director in June 2017. Mr. Cheung has over 24 years of experience in property industry area and had served various founded surveying firms, financial institutions and developers. He holds a master degree of Project Management and a master degree of Finance from The Hong Kong Polytechnic University as well as Executive Master of Business Administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). He is currently the corporate development director of PRUDEN Holdings Limited (formerly Icon City Group Limited).

MR. HUANG SHENGLAN, AGED 66

Non-Executive Director

Mr. Huang joined the Group in September 2004 and was re-designated as a Non-Executive Director in March 2017. Mr. Huang was an Executive Director and the Deputy Governor of China Everbright Bank, Head Office, an Executive Director and the General Manager of China Everbright Technology Limited, an Executive Director of Asia Investment Finance Group Limited and an Independent Non-Executive Director of the Company, Chongqing Road & Bridge Co. Ltd. and Symphony Holdings Limited. Mr. Huang holds a diploma in Arts from Huazhong Normal University and in International Economics from Huadong Normal University and a certificate in International Economic Law from Xiamen University and in Advanced Management Programme from the Business School of Harvard University, USA. Mr. Huang is an Independent Non-Executive Director of China LotSynergy Holdings Limited and a Non-Executive Director of China Fortune Investments (Holding) Limited.

張聖典先生，四十八歲

獨立非執行董事

張先生於二零一七年六月加入本集團為獨立非執行董事。張先生擁有超過廿四年從事房地產行業的經驗，曾工作於多間著名測量師行、金融機構及大型發展商。張先生持有香港理工大學項目管理學碩士、財務學碩士及香港中文大學行政人員工商管理碩士，彼為香港測量師學會會員及註冊專業測量師(產業測量)。張先生現為普緝控股有限公司(前稱理想城市集團有限公司)之集團企業發展部總監。

黃勝藍先生，六十六歲

非執行董事

黃先生於二零零四年九月加入本集團並於二零一七年三月調任為非執行董事。黃先生曾任中國光大銀行總行執行董事兼副行長、中國光大科技有限公司執行董事兼總經理；亞投金融集團有限公司之執行董事及本公司、重慶路橋股份有限公司及新豐集團有限公司之獨立非執行董事。黃先生持有華中師範大學文學、華東師範大學國際經濟學文憑和廈門大學國際經濟法學及美國哈佛大學商學院高級管理課程證書。黃先生現時為China LotSynergy Holdings Limited(華彩控股有限公司)之獨立非執行董事及中國幸福投資(控股)有限公司之非執行董事。

Report of Directors 董事局報告

The board of Directors of Burwill Holdings Limited (the “Company”) presents to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 31 December 2017.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement on pages 76 and 77.

The state of affairs of the Group as at 31 December 2017 is set out in the balance sheet on pages 74 and 75.

The Group’s cash flows are set out in the consolidated statement of cash flows on pages 81 and 82.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of the Group are lithium concentrate investment, productions and distributions; international metal trading and mineral resources investment.

The Group’s segment results for the year and other segment information are set out in note 5 to the consolidated financial statements.

DIVIDEND

No interim dividend was paid during the year.

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

Burwill Holdings Limited(寶威控股有限公司) (「本公司」)董事局謹向各股東提呈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年度之董事局報告及經審核財務報表。

財務業績

本集團截至二零一七年十二月三十一日止年度之業績載列於第76頁及第77頁之綜合損益表內。

本集團於二零一七年十二月三十一日之財務狀況已載列於第74頁及第75頁之資產負債表內。

本集團之現金流動情況載列於第81頁及第82頁之綜合現金流量表內。

主要業務及營運分類分析

本公司之主要業務為投資控股公司。

本集團之主要業務為鋰精礦投資、生產及銷售；國際金屬貿易及礦產資源投資。

本集團之年度分部業績及其它分部資料載列於綜合財務報表附註5。

股息

本年度並無派付中期股息。

董事局不擬就截至二零一七年十二月三十一日止年度派付末期股息(二零一六年：無)。

Report of Directors 董事局報告

MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases attributable to the Group's major suppliers are as follows:

	%
– the largest supplier	11
– five largest suppliers combined	44

The percentage of sales attributable to the Group's major customers are as follows:

	%
– the largest customer	11
– five largest customers combined	36

None of the Directors, their respective close associates nor shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the above suppliers or customers at any time during the year.

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in note 7 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

The particulars of the Company's principal subsidiaries and associates as at 31 December 2017 are set out in notes 9 and 10 to the consolidated financial statements.

BANK LOANS

The particulars of the Group's bank loans are set out in note 22 to the consolidated financial statements.

The Group's bank loans were denominated in Hong Kong Dollar, US Dollar and Euro. As at 31 December 2017, around 83% of the Group's bank loans were denominated in US Dollar. All the bank loans bear interest at prevailing market rates.

主要供應商及客戶

本集團之主要供應商所佔購貨額之百分比如下：

	百分比
– 最大供應商	11
– 五大供應商合併購貨額	44

本集團之主要客戶合併佔營業額之百分比如下：

	百分比
– 最大客戶	11
– 五大客戶合併營業額	36

各董事、其各自緊密聯繫人或據董事局所知擁有本公司股本中5%以上權益之股東，於本年度內任何時間概無擁有上述供應商或客戶之任何權益。

物業、機器及設備

本年度內物業、機器及設備之變動情況載列於綜合財務報表附註7。

附屬公司及聯營公司

本公司於二零一七年十二月三十一日之主要附屬公司及聯營公司資料載列於綜合財務報表附註9及10。

銀行貸款

本集團之銀行貸款之資料載於綜合財務報表附註22。

借予集團銀行貸款乃以港元、美元及歐元為貨幣單位。於二零一七年十二月三十一日，本集團約83%之銀行貸款均為美元貸款。所有銀行貸款均按目前市場息率支付利息。

Report of Directors 董事局報告

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 19 to the consolidated financial statements.

RESERVES

Details of movements in reserves during the year are set out in note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution to shareholders calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK\$228,004,000 (2016: HK\$228,004,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no statutory restriction against the granting of such rights under the laws of Bermuda.

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

During the year ended 31 December 2017, the Company via Hillot Limited, a wholly-owned subsidiary of the Company, repurchased a total of 53,136,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the general mandate granted by the shareholders at the annual general meeting held on 22 June 2016, details of which were as follows:

Month/Year	Number of shares repurchased	Price per share		Total consideration (before expense)
		Highest	Lowest	
月/年	購回股份數目	每股價格 最高	最低	代價總額 (未計開支)
		HK\$	HK\$	HK\$'000
		港元	港元	港幣千元
04/2017	53,136,000	0.165	0.156	8,506

股本

本公司股本於本年度之變動情況詳列於綜合財務報表附註19。

儲備

本年度內儲備之變動情況詳列於綜合財務報表附註21。

可分派儲備

於二零一七年十二月三十一日，按照百慕達一九八一年公司法所計算，本公司可分派予股東之儲備為港幣228,004,000元(二零一六年：港幣228,004,000元)。

股份優先購買權

百慕達法律對授出股份優先購買權並無法定限制，本公司之公司細則亦無就授出該等權利作出規定。

購買、出售或贖回本公司上市證券

截至二零一七年十二月三十一日止年度內，本公司透過全資附屬公司Hillot Limited根據於二零一六年六月二十二日舉行之股東週年大會上獲股東授予董事購回股份之一般授權，於香港聯合交易所有限公司(「聯交所」)購回本公司股份合共53,136,000股，詳情如下：

Report of Directors 董事局報告

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

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 8 June 2011 (the "Option Scheme"), certain options were granted to subscribe for new ordinary shares of the Company. Details of which are set out as follows:

(I) Summary of terms of the Option Scheme

(i) Purpose of the Option Scheme

The purpose of the Option Scheme is to provide incentives or rewards to Participants (as stated in paragraph (ii)) for the contribution to the Group and to enable the Group to recruit and retain high-calibre employees and other personnel that are valuable to the Group.

(ii) Participants

Any individual being an employee (whether full-time or part-time), officer, buying agent, selling agent, consultant, sales representative or marketing representative of, or supplier or provider of goods or services to, the Company or any of its subsidiaries, including any executive or non-executive director of the Company or any of its subsidiaries, who satisfies the criteria set out in the Option Scheme.

購買、出售或贖回本公司上市證券(續)

所有購回之股份已全部註銷，另本公司之已發行股本亦已扣除此等股份之面值。購回股份是為提高每股資產淨值及每股盈利，有利於股東整體利益而進行。

除上文所披露者外，截至二零一七年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

購股權計劃

根據於二零一一年六月八日本公司採納之購股權計劃(「購股權計劃」)，已授出若干購股權以認購本公司新普通股股份，其詳情如下：

(I) 購股權計劃主要條款

(i) 購股權計劃之目的

購股權計劃的宗旨是鼓勵參與者(見本文(ii)段)為本集團作出貢獻而提供之獎勵或報酬，以及令本集團招攬及挽留對本集團具有重要價值的高質素僱員及其它人士。

(ii) 參與者

需符合載列於購股權計劃準則之任何人士，為本公司或其任何附屬公司之僱員(不論是全職或兼職)、主管、採購代理、銷售代理、顧問、銷售代表或市務代表或貨品或服務供應商或提供商，(包括本公司或其任何附屬公司之執行董事或非執行董事)。

Report of Directors 董事局報告

SHARE OPTION SCHEME (continued)

(I) Summary of terms of the Option Scheme (continued)

(iii) Maximum number of shares

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option schemes of the Company and/or any subsidiary must not exceed 30 per cent. of the number of issued shares from time to time. The total number of shares available for issue under the Option Scheme as at the date of this report is 421,135,968 shares, representing approximately 8.46 per cent. of the issued share capital of the Company as of that date.

(iv) Maximum entitlement of each Participant

Unless approved by shareholders in general meeting, no Participant shall be granted an option which would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such Participant in any 12-month period immediately preceding the proposed date of grant for such options would exceed 1 per cent. of the number of shares in issue as at the proposed date of grant.

(v) Option period

An option may be exercised in accordance with the terms of the Option Scheme at any time during a period of not exceeding 10 years to be notified by the Board to the grantee, such period to commence on the date of grant or such later date as the Board may determine and expiring on the last day of the said period. Under the Option Scheme, the Board may, at its discretion, prescribe a minimum period for which an option must be held before it can be exercised.

購股權計劃(續)

(I) 購股權計劃主要條款(續)

(iii) 股份數目上限

根據購股權計劃與及本公司及／或任何附屬公司之任何其它購股權計劃可授出而有待行使之全部尚未行使購股權獲行使後發行之股份總數限額，不可超逾不時已發行股份數目30%。於本報告日期，根據購股權計劃可予發行之股份數量為421,135,968股，相等於當日本公司已發行股本約8.46%。

(iv) 每位參與者可獲授權益上限

除獲股東在股東大會上批准外，倘參與者於行使所有其已獲授予及將獲授予的購股權(包括已行使、已註銷及尚未行使的購股權)後，將令致其於緊接建議授出購股權日期前十二個月期間內已獲發行及可能發行之股份數目超逾建議授出該購股權當日已發行股份數目之1%，則不得向該參與者授出購股權。

(v) 購股權期限

任何購股權均可於董事局通知承授人在不超過十年之期限內任何時間根據購股權計劃之條款予以行使，該段期限由授出購股權日期或董事局決定之較後日期起計，並於該期限最後一日終止。根據購股權計劃，董事局可酌情訂定購股權獲行使前須持有之最短期限。

Report of Directors 董事局報告

SHARE OPTION SCHEME (continued)

(I) Summary of terms of the Option Scheme (continued)

(vi) Payment on acceptance of option

HK\$1.00 in cash is payable by the Participant who accepts the grant of an option in accordance with the terms of the Option Scheme on acceptance of the grant of an option.

(vii) Subscription price

The subscription price for the shares under the options to be granted under the Option Scheme will be a price determined by the Board and notified to a Participant at the time the grant of the options is made to (and subject to acceptance by) the Participant and will be at least the highest of: (a) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant (subject to acceptance) of the option; and (c) the nominal value of the shares.

(viii) The life of the Option Scheme

The Option Scheme shall be valid and effective for a period of ten years commencing from 8 June 2011, after which period no further options will be granted nor accepted but the provisions of the Option Scheme shall remain in full force and effect in all other respects.

購股權計劃(續)

(I) 購股權計劃主要條款(續)

(vi) 接納購股權須付款額

根據購股權計劃條款接納獲授購股權之參與者，在接納購股權時，須繳付現金港幣1元。

(vii) 認購價

根據購股權計劃授出之購股權項下股份之認購價，將由董事局釐定及於授予(有待接受)參與者該購股權時知會各參與者，並最少為下列價格中之最高者：(a)股份在授出(有待接受)購股權當日(必須為營業日)在聯交所每日報價表所列之收市價；(b)股份在緊接授出(有待接受)購股權之日期前五個營業日，在聯交所每日報價表所列之平均收市價；及(c)股份之面值。

(viii) 購股權計劃之限期

購股權計劃之有效期由二零一一年六月八日起計，為期十年，其後將不得再授出或接納任何購股權，惟購股權計劃之條文在其它各方面將仍具有十足效力。

Report of Directors 董事局報告

SHARE OPTION SCHEME (continued)

購股權計劃(續)

(II) Movements of option shares under the Option Scheme:

(II) 購股權計劃項下之購股權股份變動：

	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Exercise period 行使期		outstanding as at 01/01/2017 於二零一七年一月一日 結存	Number of option shares 購股權股份數目				
			from 由	until 至		granted during the year 年內授出 (Note 1) (附註1)	exercised during the year 年內行使 (Note 2) (附註2)	cancelled during the year 年內註銷	lapsed during the year 年內失效	balance as at 31/12/2017 於二零一七年十二月三十一日 結餘
(i) Directors										
董事										
CHAN Shing 陳城	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
SIT Hoi Tung 薛海東	13/06/2017	0.217	14/07/2017	13/07/2019	-	10,000,000	-	-	-	10,000,000
CHEUNG Kwan 張軍	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
KWOK Wai Lam 郭偉霖	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
SHAM Kai Man 岑啟文	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
CUI Shu Ming 崔書明	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
CHAN Ming Fai 陳明輝	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
TSANG Kwok Wa 曾國華	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
CHEUNG Sing Din 張聖典	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
HUANG Shenglan 黃勝藍	13/06/2017	0.217	14/07/2017	13/07/2019	-	4,900,000	-	-	-	4,900,000
(ii) Continuous contract employees 連續合約僱員	13/06/2017	0.217	14/07/2017	13/07/2019	-	381,900,000	9,400,000	-	-	372,500,000
Total:										
總計：					-	<u>436,000,000</u>	<u>9,400,000</u>	<u>-</u>	<u>-</u>	<u>426,600,000</u>

Report of Directors 董事局報告

SHARE OPTION SCHEME (continued)

(II) Movements of option shares under the Option Scheme: (continued)

Notes:

1. The closing price per share of the Company on 13 June 2017, being the date of grant of the options, is HK\$0.217.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

According to Black-Scholes options pricing model, the fair value of options granted as at 13 June 2017 was approximately HK\$26,160,000 of which the Group recognised a share option expenses of approximately HK\$26,160,000 for the year ended 31 December 2017.

2. Details of option shares exercised during the year ended 31 December 2017 are as follows:

Exercise date	Exercise price per share	Weighted average closing price per share of the Company at exercise date		Number of option shares exercised
		行使日之本公司每股收市加權平均價	行使日之本公司每股收市加權平均價	
行使日期	每股行使價	HK\$	HK\$	獲行使購股權股份數目
	港元	港元	港元	
13/09/2017	0.217	0.231		500,000
17/10/2017	0.217	0.344		4,900,000
18/10/2017	0.217	0.358		1,000,000
30/10/2017	0.217	0.353		3,000,000

購股權計劃(續)

(II) 購股權計劃項下之購股權股份變動：

附註：

1. 於二零一七年六月十三日(即購股權授出當日)，本公司股份收市價為每股港幣0.217元。

僱員為獲取授予購股權而提供的服務的公平值確認為費用。列作開支的總金額乃參照已授出購股權的公平值釐定：

- 包括任何市場表現情況(例如公司股價)；
- 不包括任何有關服務及非市場表現的歸屬條件(例如盈利能力、銷售增長目標及於一段特定期間內保留一名公司僱員)的影響；及
- 包括任何非歸屬條件(例如規定僱員儲蓄或在某特定時期持有股份)的影響。

根據「柏力克－舒爾斯」期權計價模式，於二零一七年六月十三日所授出購股權之公平值約港幣26,160,000元，其中本集團截至二零一七年十二月三十一日止年度確認購股權支出約港幣26,160,000元。

2. 截至二零一七年十二月三十一日止年度內購股權股份獲行使之詳情如下：

Report of Directors 董事局報告

DIRECTORS

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

Executive Directors

Mr. CHAN Shing (*Chairman and Managing Director*)
Mr. SIT Hoi Tung (*Deputy General Manager*)
Ms. CHEUNG Kwan
Mr. KWOK Wai Lam
Mr. SHAM Kai Man
Mr. WEI Jiafu (*removed on 9 June 2017*)

Independent Non-Executive Directors

Mr. CUI Shu Ming
Mr. CHAN Ming Fai
Mr. TSANG Kwok Wa (*appointed on 2 June 2017*)
Mr. CHEUNG Sing Din (*appointed on 2 June 2017*)
Mr. HUANG Shenglan
(*re-designated as Non-Executive Director on 3 March 2017*)

In accordance with bye-law 85 and 92 of the Bye-laws of the Company, Messrs. CHEUNG Kwan, TSANG Kwok Wa, CHEUNG Sing Din and HUANG Shenglan shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of the Directors of the Company are set out on pages 12 to 15.

董事

本公司於本年度內至本報告刊行日期止之董事詳列如下：

執行董事

陳城先生(*主席兼董事總經理*)
薛海東先生(*副總經理*)
張軍女士
郭偉霖先生
岑啟文先生
魏家福先生(*於二零一七年六月九日被罷免*)

獨立非執行董事

崔書明先生
陳明輝先生
曾國華先生(*於二零一七年六月二日獲委任*)
張聖典先生(*於二零一七年六月二日獲委任*)
黃勝藍先生
(*於二零一七年三月三日調任為非執行董事*)

依據本公司之公司細則第85、92條之規定，張軍女士、曾國華先生、張聖典先生及黃勝藍先生於應屆股東週年大會上告退，惟彼等均願意膺選連任。

本公司董事之簡歷載列於第12頁至第15頁。

Report of Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company (including those interests and short positions which were taken or deemed to have interests and short positions under the provisions of the Securities and Futures Ordinance (the "SFO") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the 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:

董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉

於二零一七年十二月三十一日，根據本公司按照證券及期貨條例（「證券及期貨條例」）第352條所規定須予備存的登記冊所載，或如依據上市發行人董事進行證券交易的標準守則通知本公司及聯交所，本公司各董事及行政總裁於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）股份、相關股份及債券證中擁有或按照證券及期貨條例被視為擁有的權益及淡倉，詳情如下：

Interests in Shares and Underlying Shares of the Company

本公司股份及相關股份權益

Name of Director 董事姓名	Number of issued voting ordinary shares held 所持已發行有投票權普通股股份數目			Total 總數	Approximate percentage in the Company's issued voting shares 約佔本公司已發行有投票權股份百分比	Number of option shares personally held 個人所持購股權股份數目 (Note 1) (附註1)
	Personal Interests 個人權益	Family Interests 家族權益	Corporate Interests 公司權益			
CHAN Shing 陳城	165,872,521 (L)	104,042,601 (L)	1,086,844,149 (L) (Note 2) (附註2)	1,356,759,271 (L)	27.28% (L)	4,900,000
SIT Hoi Tung 薛海東	5,413,869 (L)	-	-	5,413,869 (L)	0.11% (L)	10,000,000
CHEUNG Kwan 張軍	539,110,000 (L)	-	123,000,000 (L) (Note 3) (附註3)	662,110,000 (L)	13.31% (L)	4,900,000
KWOK Wai Lam 郭偉霖	-	-	-	-	0% (L)	4,900,000
SHAM Kai Man 岑啟文	1,000,000 (L)	-	-	1,000,000 (L)	0.02% (L)	4,900,000
CUI Shu Ming 崔書明	2,250,000 (L)	-	-	2,250,000 (L)	0.05% (L)	4,900,000
CHAN Ming Fai 陳明輝	1,250,000 (L)	-	-	1,250,000 (L)	0.03% (L)	4,900,000
TSANG Kwok Wa 曾國華	-	-	-	-	0% (L)	4,900,000
CHEUNG Sing Din 張聖典	-	-	-	-	0% (L)	4,900,000
HUANG Shenglan 黃勝藍	2,250,000 (L)	-	-	2,250,000 (L)	0.05% (L)	4,900,000

Report of Directors 董事局報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Interests in Shares and Underlying Shares of the Company (continued)

Notes:

1. These underlying shares were unlisted option shares granted pursuant to the share option scheme of the Company. Particulars of which are set out in section "Share Option Scheme".
2. 874,477,336 shares were held by Glory Add Limited ("Glory Add"), a wholly-owned subsidiary of Favor King Limited ("Favor King"). 211,900,848 shares were held by Strong Purpose Corporation ("Strong Purpose"). Favor King and Strong Purpose are wholly-owned by Mr. CHAN Shing and Ms. LAU Ting, the spouse of Mr. CHAN Shing. 465,965 shares were held by Hang Sing Overseas Limited, a wholly-owned subsidiary of Orient Strength Limited (a company which is wholly-owned by Ms. LAU Ting).
3. 123,000,000 shares were held by The Internet of Things Investment Ltd. which is wholly-owned by Ms. CHEUNG Kwan.
4. The letter "L" denotes long position and the letter "S" denotes short position.

Save as otherwise disclosed above, as at 31 December 2017, none of the Directors or chief executive of the Company had, or were deemed under the SFO to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the 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.

董事及行政總裁於股份、相關股份及債券證中擁有的權益及淡倉(續)

本公司股份及相關股份權益(續)

附註：

1. 此等相關股份屬根據本公司購股權計劃授出之非上市購股權股份，其詳情載於「購股權計劃」一節內。
2. 874,477,336股由Favor King Limited(「Favor King」)全資附屬公司Glory Add Limited(「Glory Add」)持有。211,900,848股由Strong Purpose Corporation(「Strong Purpose」)持有。陳城先生及其配偶劉婷女士全資擁有Favor King及Strong Purpose。465,965股由劉婷女士全資擁有的公司Orient Strength Limited透過其全資附屬公司Hang Sing Overseas Limited持有。
3. 123,000,000股由張軍女士全資擁有的公司The Internet of Things Investment Ltd.持有。
4. 「L」表示好倉；「S」表示淡倉。

除上文所披露者外，於二零一七年十二月三十一日，本公司各董事或行政總裁概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券證中擁有或按照證券及期貨條例被視為擁有任何權益或淡倉記錄在按照證券及期貨條例第352條所規定須備存之登記冊內，或須如依據上市發行人董事進行證券交易的標準守則通知本公司及聯交所。

Report of Directors 董事局報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company:

Interests in Shares and Underlying Shares

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of issued voting ordinary shares held 所持已發行有投票權普通股股份數目	Approximate percentage in the Company's issued voting shares 約佔本公司已發行有投票權股份百分比	Number of option shares held by family members 家族所持購股權股份數目
LAU Ting 劉婷	Personal, Family & Corporate 個人、家族及公司	1,356,759,271 (L) (Note 1) (附註1)	27.28% (L)	4,900,000 (Note 2) (附註2)
Favor King	Corporate 公司	874,477,336 (L) (Note 3) (附註3)	17.59% (L)	-

Notes:

- 104,042,601 shares were directly held by Ms. LAU Ting. 165,872,521 shares were directly held by Mr. CHAN Shing, the spouse of Ms. LAU Ting. 874,477,336 shares were held by Glory Add, a wholly-owned subsidiary of Favor King. 211,900,848 shares were held by Strong Purpose. Favor King and Strong Purpose are wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 465,965 shares were held by Hang Sing Overseas Limited, a wholly-owned subsidiary of Orient Strength Limited (a company which is wholly-owned by Ms. LAU Ting). As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
- These underlying shares were unlisted option shares held by Mr. CHAN Shing, the spouse of Ms. LAU Ting, granted pursuant to the share option scheme of the Company. Particulars of which are set out in section "Share Option Scheme". As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same underlying shares.
- These interests were held by Glory Add, a company which is wholly-owned by Favor King. Favor King is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting.
- The letter "L" denotes long position and the letter "S" denotes short position.

主要股東於股份及相關股份中擁有的權益及淡倉

於二零一七年十二月三十一日，根據本公司按照證券及期貨條例第336條所規定須予備存之登記冊所載，以下人士（本公司董事及行政總裁除外）於本公司股份及相關股份中擁有權益及淡倉：

股份及相關股份權益

Name of shareholder 股東名稱	Nature of interest 權益性質	Number of issued voting ordinary shares held 所持已發行有投票權普通股股份數目	Approximate percentage in the Company's issued voting shares 約佔本公司已發行有投票權股份百分比	Number of option shares held by family members 家族所持購股權股份數目
LAU Ting 劉婷	Personal, Family & Corporate 個人、家族及公司	1,356,759,271 (L) (Note 1) (附註1)	27.28% (L)	4,900,000 (Note 2) (附註2)
Favor King	Corporate 公司	874,477,336 (L) (Note 3) (附註3)	17.59% (L)	-

附註：

- 104,042,601股由劉婷女士直接持有。165,872,521股由劉婷女士之配偶陳城先生直接持有。874,477,336股由Favor King全資附屬公司Glory Add持有。211,900,848股由Strong Purpose持有。陳城先生及劉婷女士全資擁有Favor King及Strong Purpose。465,965股由劉婷女士全資擁有的公司Orient Strength Limited透過其全資附屬公司Hang Sing Overseas Limited持有。由於陳城先生及劉婷女士之權益被視為彼此的權益，故所列數字指相同的股份。
- 此等相關股份屬根據本公司購股權計劃授出由劉婷女士之配偶陳城先生所持之非上市購股權股份，其詳情載於「購股權計劃」一節內。由於陳城先生及劉婷女士之權益被視為彼此的權益，故所列數字指相同的相關股份。
- 此等權益由Favor King全資擁有的公司Glory Add擁有。陳城先生及劉婷女士全資擁有Favor King。
- 「L」表示好倉；「S」表示淡倉。

Report of Directors 董事局報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Shares and Underlying Shares (continued)

Save as disclosed above, as at 31 December 2017, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

DISPOSAL OF INTEREST IN A SUBSIDIARY

On 8 February 2017, Burwill and Company Limited (as vendor), a wholly-owned subsidiary of the Company, the Company (as guarantor) and Huge Mark International Holdings Limited (as purchaser) entered into a conditional sale and purchase agreement dated 8 February 2017, pursuant to which Burwill and Company Limited conditionally agreed to sell and Huge Mark International Holdings Limited conditionally agreed to acquire the entire issued share capital of Burwill Steel Company Limited at a consideration of HK\$97,000,000 (the "Disposal"). The transaction was completed in April 2017. The Group records a gain of approximately HK\$66 million from the Disposal.

Details of the Disposal were set out in the Company's announcement dated 8 February 2017.

DISPOSAL OF PROPERTY

On 20 March 2017, Yinmain Industrial Limited ("Yinmain"), a wholly-owned subsidiary of the Company, and Gold Merit Ventures Limited ("GMVL") entered into the provisional agreement for sale and purchase dated 20 March 2017, pursuant to which Yinmain agreed to sell, and GMVL agreed to acquire, the property located at Unit 1402, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong for a consideration of HK\$265,192,500 (the "Property Disposal"). The Property Disposal was duly approved by the Company's shareholders at the special general meeting of the Company held on 5 May 2017 and completed in May 2017. Based on the consideration of HK\$265,192,500 and associated direct cost of the Property Disposal, the Group records a gain on the Property Disposal of approximately HK\$202 million.

Details of the Property Disposal were set out in the Company's circular dated 11 April 2017.

主要股東於股份及相關股份中擁有的權益及淡倉(續)

股份及相關股份權益(續)

除上文所披露者外，於二零一七年十二月三十一日，概無任何人士(本公司董事及行政總裁除外)於本公司股份及相關股份中擁有權益或淡倉記錄於按照證券及期貨條例第336條所存置的登記冊內，及／或直接或間接地持有已發行股本的5%或以上權益，並可於任何情況下，有權在本集團任何成員公司的股東大會上投票的權益。

出售附屬公司權益

二零一七年二月八日，本公司全資附屬公司 Burwill and Company Limited (作為賣方)、本公司(作為擔保方)與宏成國際控股有限公司(作為買方)簽訂二零一七年二月八日有條件買賣協議，據此，Burwill and Company Limited 有條件地同意出售並且宏成國際控股有限公司有條件地同意購買 Burwill Steel Company Limited 之全部已發行股本，代價為港幣97,000,000元(「該出售」)。交易已於二零一七年四月完成。本集團就該出售錄得利潤約港幣6,600萬元。

該出售之詳情已列載於二零一七年二月八日本公司公佈內。

出售物業

二零一七年三月二十日，本公司全資附屬公司應鳴實業有限公司(「應鳴」)與Gold Merit Ventures Limited (「GMVL」)簽訂二零一七年三月二十日臨時買賣協議，據此，應鳴同意出售並且GMVL同意購買位於香港灣仔港灣道1號會議展覽廣場辦公大樓1402室的物業，代價為港幣265,192,500元(「該物業出售」)。該物業出售已獲本公司股東於二零一七年五月五日舉行的本公司股東特別大會上批准並已於二零一七年五月完成。根據代價港幣265,192,500元及與該物業出售相關之直接成本計算，本集團就該物業出售錄得利潤約港幣2.02億元。

該物業出售之詳情已列載於二零一七年四月十一日本公司通函內。

Report of Directors 董事局報告

LITHIUM CONCENTRATE OFFTAKE AGREEMENT/ CONTRACT AND FORMATION OF JOINT VENTURE

Burwill Commodity Limited (“BCL”), a wholly-owned subsidiary of the Company, principally engages in lithium concentrate procurement, lithium carbonate and lithium hydroxide processing and sales.

Australia

On 20 April 2017, BCL entered into exclusive lithium concentrate offtake agreements (as amended by supplemental agreements) (the “Offtake Agreement(s)”) with Alliance Mineral Assets Limited (“AMAL”), Lithco No. 2 Pty Ltd and Tawana Resources NL (collectively, the “Sellers”) respectively, pursuant to which, BCL advanced AUD25,000,000 to the Sellers and thereby has exclusive selling rights to the lithium concentrate flowing from the Bald Hill Project in Western Australia for a five years term and pre-emptive rights to the same for subsequent five years.

BCL subscribed for 74,810,228 AMAL new shares at a total consideration of AUD19,575,000 (equivalent to approximately SGD20,658,000) (the “Subscription”) under the shares subscription agreement dated 4 October 2017. On the other hand, Hillot Limited, a wholly-owned subsidiary of the Company, further acquired 5,578,500 AMAL shares at an aggregate consideration of SGD2,001,000 (equivalent to approximately HKD11,806,000) (the “Acquisition”) on the market. The Company, through its subsidiaries, holds an aggregate interest of approximately 14.47% in AMAL as of the date of this report. Through the Subscription and the Acquisition, the Company can enjoy the increase in value of AMAL shares, which is in line with the Company’s business strategy development direction.

Details of the Offtake Agreements, the Subscription and the Acquisition were set out in the Company’s announcements dated 20 April 2017, 4 October 2017, 23 October 2017, 8 February 2018.

鋰精礦包銷合約／合同及成立合資公司

寶威物料有限公司(「BCL」)為本公司全資附屬公司，專門從事鋰精礦的採購、碳酸鋰、氫氧化鋰的加工及銷售業務。

澳大利亞

二零一七年四月二十日，BCL與Alliance Mineral Assets Limited(「AMAL」)、Lithco No. 2 Pty Ltd及Tawana Resources NL(統稱「賣方」)分別簽訂獨家包銷鋰精礦合約(經補充合約修訂)(「包銷合約」)，據此，BCL向賣方支付預付款共25,000,000澳元從而擁有西澳大利亞巴爾德山(Bald Hill)所出產的鋰精礦為期五年的獨家包銷及後續五年優先購買權利。

BCL根據二零一七年十月四日股份認購協議以總代價19,575,000澳元(相當於約20,658,000新加坡元)認購74,810,228股AMAL新股份(「股份認購」)。另外，本公司全資附屬公司Hillot Limited以總代價2,001,000新加坡元(相當於約港幣11,806,000元)於市場額外增購5,578,500股AMAL股份(「股份增購」)。本公司於本報告日期透過其附屬公司合共持有AMAL約14.47%股權。通過股份認購及股份增購，本公司可享受AMAL股份在日後的增值機會和空間，符合本公司該業務戰略發展方向。

包銷合約、股份認購及股份增購之詳情已列載於本公司二零一七年四月二十日、二零一七年十月四日、二零一七年十月二十三日及二零一八年二月八日本公司之公佈內。

Report of Directors 董事局報告

LITHIUM CONCENTRATE OFFTAKE AGREEMENT/ CONTRACT AND FORMATION OF JOINT VENTURE (continued)

China

On 10 July 2017, BCL entered into the joint venture contract with Jiangxi Jiangte Mining Development Co., Ltd. (江西江特礦業發展有限公司) (“Jiangte Mining”) for the formation of a joint venture company (the “JV Company”) at Yichun, Jiangxi Province, China, namely Jiangxi Bao Jiang Lithium Industrial Limited (江西寶江鋰業有限公司), which is held as to 50% by BCL and 50% by Jiangte Mining, established on 4 August 2017 as a limited liability company with registered capital of RMB80,000,000. The JV Company has already started to establish production lines with annual production scale of up to 10,000 tons of lithium carbonate and 5,000 tons of lithium hydroxide.

On 9 February 2018, BCL entered into a strategic agreement with Hunan Changyuan Lico Co. Ltd. (湖南長遠鋰科有限公司) (“Hunan Changyuan”), a subsidiary of China Minmetals Corporation, to jointly develop the upstream and downstream of the new energy materials industry. Particularly in the area of lithium batteries, the JV Company will provide Hunan Changyuan with stable lithium carbonate and lithium hydroxide products in the long run so as to meet the production expansion plan of its cathode materials and make it become one of the largest and most technologically advanced lithium battery cathode material manufacturers in PRC.

Canada

On 9 June 2017, BCL entered into long-term lithium concentrate offtake contract (“Offtake Contract”) with North American Lithium Inc. (“NAL”), pursuant to which, BCL acquired off-take right, together with extension, of 80% of the total production of the La Corne Lithium Mine Project in Quebec, Canada for a total period of eight years. As NAL and BCL could not reach agreement on proposed amendments to certain terms of the Offtake Contract, NAL and BCL both mutually agreed to terminate the Offtake Contract.

鋰精礦包銷合約／合同及成立合資公司(續)

中國

二零一七年七月十日，BCL與江西江特礦業發展有限公司(「江特礦業」)簽訂合資合同，雙方共同在中國江西省宜春市成立合資公司(「合資公司」)名為江西寶江鋰業有限公司。合資公司分別由BCL及江特礦業各持有50%股權，組織形式為有限責任公司，註冊資本為人民幣8,000萬元，已於二零一七年八月四日成立。合資公司已開始建設年產規模達10,000噸碳酸鋰和5,000噸氫氧化鋰的生產線。

二零一八年二月九日，與中國五礦集團有限公司附屬公司湖南長遠鋰科有限公司(「長遠鋰科」)簽訂戰略協議，將攜手在新能源材料產業鏈上下游領域協同發展，特別在鋰電池領域，合資公司將為長遠鋰科長期穩定地提供碳酸鋰和氫氧化鋰產品，以配合其正極材料的擴產計劃，使其成為中國產能最大、技術領先的鋰電池正極材料製造商之一。

加拿大

二零一七年六月九日，BCL與North American Lithium Inc (「NAL」)簽訂長期鋰精礦包銷合同(「包銷合同」)，BCL據此擁有加拿大魁北克省La Corne鋰礦項目生產總量80%的鋰精礦為期及後續共八年的包銷權利。鑒於BCL跟NAL未能就包銷合同若干條款的具體內容修訂達成一致意見，故雙方共同決定擱置包銷合同執行。

Report of Directors 董事局報告

PLACING OF 7% NOTES DUE 2019, 2020 AND 2025

On 17 May 2017, the Company entered into conditional placing agreement with GEO Securities Limited (the “Placing Agent”) pursuant to which the Placing Agent agreed to act as a placing agent, on a best effort basis, for the purposes of arranging places for the issue of notes of an aggregate principal amount of up to HK\$200,000,000 in multiple tranches with maturity period(s) of two, three or eight years from the issue date. The placing period was extended to 30 April 2018.

As at the date of this report, 2-year-notes for an aggregate principal amount of HK\$34,500,000 were issued.

SUBSCRIPTION OF NEW SHARES

On 31 May 2017, the Company and GO Scale Capital, L.P. (the “Subscriber”) entered into the subscription agreement dated 31 May 2017 (the “Subscription Agreement”) under which the Company agreed to issue and allot and the Subscriber agreed to subscribe or procure its nominee(s) to subscribe, 876,000,000 new ordinary shares of the Company at subscription price of HK\$0.18 per subscription share under the general mandate granted to the Directors of the Company at annual general meeting of the Company held on 22 June 2016. The closing price per share of the Company on 31 May 2017, being the day of the Subscription Agreement, as quoted on the Stock Exchange was HK\$0.223. The gross proceeds and net proceeds from the Subscription Agreement of approximately HK\$157,680,000 and HK\$157,580,000 are intended to be applied for procurement, processing of lithium concentrates business purposes. However, as one of the conditions precedent to the Subscription Agreement had not been fulfilled on 30 June 2017, the Subscription Agreement had lapsed in accordance with its terms.

配售2019、2020及2025年到期7%票據

二零一七年五月十七日，本公司與智易東方證券有限公司（「配售代理」）訂立有條件配售協議，據此，配售代理同意擔任配售代理且盡其最大努力，為發行合計本金總額不超過港幣200,000,000元的多份自發行日期起計兩年到期、三年到期或八年到期票據安排承配人。配售期已延長至二零一八年四月三十日。

截至本報告日期，本公司發行了合共本金港幣34,500,000元的兩年期票據。

認購新股份

二零一七年五月三十一日，本公司與GO Scale Capital, L.P.（「認購方」）簽訂二零一七年五月三十一日股份認購協議（「股份認購協議」），據此，本公司同意發行及配發、並且認購方同意，根據於二零一六年六月二十二日舉行之本公司股東週年大會上授予董事之一般性授權，以認購價每股港幣0.18元認購或促使其代理人認購876,000,000股本公司新普通股股份。於二零一七年五月三十一日（即股份認購協議日期）聯交所所報的本公司股份收市價為每股港幣0.223元。股份認購協議所得款項總額及淨額約為港幣157,680,000元及港幣157,580,000元，擬用作鋰精礦採購、加工業務用途。然而，由於股份認購協議之其中一項先決條件於二零一七年六月三十日尚未獲滿足，股份認購協議已按照其條款失效。

Report of Directors 董事局報告

ISSUE OF CONVERTIBLE BONDS

2017 Convertible Bonds

On 25 September 2017, the Company entered into the subscription agreement dated 25 September 2017 with Haitong International Financial Products (Singapore) Pte. Ltd. in relation to the issue of convertible bonds in the aggregate principal amount of US\$20,000,000 by the Company (the "2017 Convertible Bonds"). Upon full conversion of the 2017 Convertible Bonds at the conversion price of HK\$0.26 per conversion share (subject to adjustments), a total of 603,846,000 new ordinary shares of the Company (the "2017 Conversion Share(s)") will be issued. The 2017 Conversion Shares will be allotted and issued pursuant to the general mandate granted to the Directors of the Company at annual general meeting of the Company held on 30 June 2017. The conversion period of the 2017 Convertible Bond will commence on 3 June 2018. As at 31 December 2017, no 2017 Conversion Shares are convertible into ordinary shares of the Company and therefore, no dilutive impact on number of issued shares of the Company and its respectively shareholdings of the substantial shareholders of the Company. Net proceeds of approximately HK\$90 million were used for up-stream lithium resources business; approximately HK\$30 million were used for repayment of loan of the Group; and approximately HK\$32.23 million were used for general working capital.

Mr. CHAN Shing ("Mr. Chan") has undertaken to remain as a substantial shareholder of the Company during the term of the 2017 Convertible Bonds, and Mr. Chan, Favor King Limited ("Favor King") and Glory Add Limited ("Glory Add") have undertaken at all times during the term of the 2017 Convertible Bonds, together hold, directly or indirectly, such number of shares of the Company, representing not less than approximately 25% (in respect of Mr. Chan), deemed interests of 16% (in respect of Favor King) and 16% (in respect of Glory Add) of the then outstanding shares of the Company, respectively. Details of the issue of the 2017 Convertible Bonds were set out in the Company's announcements dated 25 September 2017 and 27 September 2017.

發行可換股債券

2017可換股債券

二零一七年九月二十五日，本公司與Haitong International Financial Products (Singapore) Pte. Ltd. 簽訂認購協議以發行本金合計20,000,000美元可換股債券（「2017可換股債券」）。倘2017可換股債券獲每換股股份換股價港幣0.26元（可予調整）悉數轉換，合計將可發行603,846,000股本公司新普通股股份（「2017換股股份」）。2017換股股份將根據於二零一七年六月三十日舉行之本公司股東週年大會上授予董事之一般性授權配發及發行。2017可換股債券的轉換期將於二零一八年六月三日開始。於二零一七年十二月三十一日，概無2017換股股份可轉換股為本公司普通股股份，故對本公司已發行股份數目及對本公司個別主要股東所持股權並無攤薄影響。所得款項淨額約港幣9,000萬元已用於鋰礦上游資源業務、約港幣3,000萬元已用於償還本集團貸款及約港幣3,223萬元已用作一般性運營資金。

陳城先生（「陳先生」）承諾於2017可換股債券有效期內保持為本公司主要股東，並且陳先生、Favor King Limited（「Favor King」）及Glory Add Limited（「Glory Add」）亦承諾於2017可換股債券有效期內一直維持合計直接或間接持有不少於分別（就陳先生而言）約25%、（就Favor King而言）約16%及（就Glory Add而言）約16%本公司股份。2017可換股債券發行之詳情已列載於二零一七年九月二十五日及二零一七年九月二十七日本公司公佈內。

Report of Directors 董事局報告

ISSUE OF CONVERTIBLE BONDS (continued)

2018 Convertible Bonds

On 20 March 2018, the Company entered into the subscription agreement dated 20 March 2018 with Tongfang Securities Limited, Haitong International Asset Management (HK) Limited and Mount Everest Fund (together, the "Subscribers") in relation to the issue of convertible bonds in the aggregate principal amount of US\$13,000,000 by the Company (the "2018 Convertible Bonds"). Upon full conversion of the 2018 Convertible Bonds at the conversion price of HK\$0.32 per conversion share (subject to adjustments), a total of 316,875,000 new ordinary shares of the Company (the "2018 Conversion Share(s)") will be issued. The 2018 Conversion Shares will be allotted and issued pursuant to the general mandate granted to the Directors of the Company at annual general meeting of the Company held on 30 June 2017. Net proceeds of approximately HK\$30 million is intended to be applied for further acquisition of shares (if necessary) in Alliance Mineral Assets Limited, a company incorporated in Australia, which is admitted to the official list of Singapore Exchange Securities Trading Limited; and HK\$69,372,000 is intended to be applied for general working capital in particular necessary expenses for the operating cycle of procurement, logistics, processing and sales in relation to lithium concentrates.

Mr. Chan Shing has undertaken to remain as a substantial shareholder of the Company during the term of the 2018 Convertible Bonds. Details of the issue of the 2018 Convertible Bonds were set out in the Company's announcements dated 20 March 2018 and 26 March 2018.

發行可換股債券(續)

2018可換股債券

二零一八年三月二十日，本公司與Tongfang Securities Limited（同方證券有限公司），Haitong International Asset Management (HK) Limited（海通國際資產管理（香港）有限公司）and Mount Everest Fund（珠峰基金）（合稱「認購方」）簽訂認購協議以發行本金合計13,000,000美元可換股債券（「2018可換股債券」）。倘2018可換股債券獲每換股股份換股價港幣0.32元（可予調整）悉數轉換，合計將可發行316,875,000股本公司新普通股股份（「2018換股股份」）。2018換股股份將根據於二零一七年六月三十日舉行之本公司股東週年大會上授予董事之一般性授權配發及發行。所得款項淨額約港幣3,000萬元計劃向Alliance Mineral Assets Limited（一間於澳大利亞註冊成立的公司，其股份於新加坡證券交易所上市）增購股權（如需要）；約港幣69,372,000元計劃用作一般營運資本，特別是鋰電池上游資源的鋰精粉包銷、物流、加工直至完成銷售各環節必要的支出。

陳城先生承諾於2018可換股債券有效期內保持為本公司主要股東。2018可換股債券發行之詳情已列載於二零一八年三月二十日及二零一八年三月二十六日本公司公佈內。

Report of Directors 董事局報告

UPDATE ON LITIGATION

Legal proceeding in Hong Kong in relation to BCHL

On 4 November 2016, Burwill Commercial Holdings Limited (“BCHL”), a wholly-owned subsidiary of the Company, as plaintiff issued a writ of summons in the High Court of Hong Kong against Charm Best Investments Inc. (“Charm Best”) and Mr. IP Kwok Kin (“Mr. IP”) as defendants (“HCA 2895/2016”).

BCHL made the Claim for, inter alia, the declaration that BCHL validly exercised its rights under the deed of share charge dated 13 September 2016 (the “Deed”). BCHL’s position is that it has exercised its rights under the Deed to, inter alia, take over the 55% charged shares in China Land Assets Limited (the “Charged Shares”) on 14 October 2016. As a result, Charm Best was no longer the shareholder of China Land Assets Limited (“CLA”) and Mr. IP was no longer a director of CLA. The Charged Shares have been transferred to the Group’s wholly-owned subsidiary, Double Honour Enterprises Limited, which holds the Charged Shares on trust as a nominee.

A Statement of Claim under the action of HCA 2895/2016 was filed by BCHL on 13 February 2017 which was subsequently amended and filed on 9 March 2017.

As at the date of this report, the date of trial of HCA 2895/2016 has not been fixed.

On 23 May 2017, Mr. IP and Charm Best issued a defence and counterclaim in the High Court of Hong Kong against BCHL and CLA under HCA 2895/2016. BCHL as plaintiff (by original action) had filed and served the Reply and Defence to Counterclaim on 17 July 2017.

On 18 November 2016, Mr. IP and Charm Best issued a writ of summons in the High Court of Hong Kong against, inter alia, BCHL and CLA (“HCA 3015/2016”). On 4 January 2017, the Court queried the need for the plaintiffs in HCA 3015/2016 (Mr. IP and Charm Best), to issue such legal action and then on 6 February 2017, the Court directed the plaintiffs in HCA 3015/2016 to proceed by way of a counterclaim under HCA 2895/2016.

訴訟最新進展

於香港有關寶威商業的法律訴訟

二零一六年十一月四日，本公司全資附屬公司寶威商業地產有限公司（「寶威商業」）作為原告人於香港高等法院向被告入 Charm Best Investments Inc.（「Charm Best」）及葉國堅先生（「葉先生」）發出傳訊令狀（「HCA 2895/2016」）。

寶威商業作出申索目的為（當中包括）聲明寶威商業有效行使其權利執行二零一六年九月十三日股份質押契據（「契據」）。寶威商業行使契據權利（當中包括）於二零一六年十月十四日接管了55%新港資產有限公司質押股份（「質押股份」）。Charm Best自此不再為新港資產有限公司「新港資產」股東而葉先生亦不再為新港資產董事。質押股份暫轉予本集團全資附屬公司Double Honour Enterprises Limited作為代理人以信託形式代持。

寶威商業已於二零一七年二月十三日將案件HCA 2895/2016之申索陳述書存案，經修訂申索陳述書亦已於二零一七年三月九日存案。

於本報告日期，HCA 2895/2016審訊日期仍未確定。

二零一七年五月二十三日，葉先生及Charm Best作為案件HCA 2895/2016被告人已對寶威商業及新港資產向香港高等法院提出抗辯及反申索。寶威商業作為原案件原告人已於二零一七年七月十七日將反申索之答辯及抗辯送達並存案。

二零一六年十一月十八日，葉先生及Charm Best於香港高等法院向（當中包括）寶威商業及新港資產發出傳訊令狀（「HCA 3015/2016」）。二零一七年一月四日法院質疑HCA 3015/2016原告人（葉先生及Charm Best）提出HCA 3015/2016法律訴訟的需要，期後於二零一七年二月六日法院指令HCA 3015/2016原告人應對HCA 2895/2016開展反申索。

Report of Directors 董事局報告

UPDATE ON LITIGATION (continued)

Legal proceeding in Hong Kong in relation to BCHL (continued)

CLA holds 69% equity interests in Yangzhou Times Square and originally held 100% interests in Wuxi Sunshine Plaza. The former's operating conditions remain sound and stable. With regard to the Wuxi property, during the period when the major shareholder of Charm Best was acting as the legal representative, chairman and general manager, the major shareholder, without the authorization of the board of directors and the shareholders, had committed numerous arrangements including shares pledge, assets pledge and corporate guarantee to secure for his personal loans. Since October 2016 till now, the official company seal and management control of the Wuxi property had not been handed over, and the Group was unable to grasp its financial position. Given no control over assets of Wuxi property company, the Group had written off its net book value from CLA. The Group is also considering to take legal actions against this major shareholder in China.

Legal proceeding in the PRC in relation to 萊陽泰鑫礦業有限公司 and 青島泰鑫礦業有限公司

The Company has been provided with a writ dated 16 June 2015 ("Writ") filed with the Shandong Province Yantai City Intermediate People's Court of the People's Republic of China ("PRC") under which an individual ("Plaintiff") alleged that he is the beneficial owner of 50% of the equity interest in 萊陽泰鑫礦業有限公司 ("Allegation") and that 青島泰鑫礦業有限公司 holds such 50% equity interest in 萊陽泰鑫礦業有限公司 ("萊陽泰鑫 50% equity interest") as nominee for the Plaintiff. In the Writ, 萊陽泰鑫礦業有限公司 has been named as defendant. In the interim, as a result of the Allegation, the Shandong Province Yantai City Intermediate People's Court of the PRC has imposed a freezing order in respect of 35% equity interest in 萊陽泰鑫礦業有限公司 held by 青島泰鑫礦業有限公司 (the "Freezing Order"). The frozen equity interest will be restricted from transfer or pledge during the existence of the Freezing Order but the operations of 萊陽泰鑫礦業有限公司 will not be hindered by the imposition of the Freezing Order. The trial of the Allegation was held in August 2016 that the Plaintiff lost a lawsuit and the judgement was received in the early 2017 that 萊陽泰鑫礦業有限公司 was not liable to any claim and the Plaintiff alleged that he owned 萊陽泰鑫 50% equity interest was not in fact. The Plaintiff served a notice of appeal to the judgement. The trial of the final appeal was held in December 2017 and it was judged that the Plaintiff should have 0.67% of the equity interest in 萊陽泰鑫礦業有限公司. 青島泰鑫礦業有限公司 is now seeking for legal advice on the retrial of the case.

訴訟最新進展(續)

於香港有關寶威商業的法律訴訟(續)

新港資產持有69%揚州時代廣場及原持有100%無錫陽光廣場股權。前者經營狀況非常良好穩定，惟後者由於Charm Best的主要股東出任法人、董事長及總經理期間，未有知會及未取得董事會及股東會授權，為其私人貸款作出多項公司借款擔保，於二零一六年十月後至今仍不肯交出公司印鑑及管理權，導致集團未能掌握其資產情況。本集團鑑於未能完全確定無錫物業公司的資產是否妥為保存，因此，於年底在新港資產投資上全數撇除無錫物業公司淨資產值。此外，本集團正研究在國內對該股東採取相關的法律行動的可行性。

於中國有關萊陽泰鑫礦業有限公司及青島泰鑫礦業有限公司的法律訴訟

本公司收到已交中華人民共和國(「中國」)山東省煙臺市中級人民法院登記日期為二零一五年六月十六日之起訴書(「起訴書」)，起訴書指一名個人(「原告」)指稱其為持有萊陽泰鑫礦業有限公司50%股權(「該指稱」)，而青島泰鑫礦業有限公司僅作為原告之代名人代其持有萊陽泰鑫礦業有限公司50%股權(「萊陽泰鑫50%股權」)。萊陽泰鑫礦業有限公司為起訴書內之被告。期間，中國山東省煙臺市中級人民法院基於該指稱已據此對由青島泰鑫礦業有限公司所持萊陽泰鑫礦業有限公司35%股權查封(「該查封」)。被查封之股權在該查封期內將被禁止轉讓或質押，然而，萊陽泰鑫礦業有限公司之日常營運不會受該查封所影響。該指稱審判已於二零一六年八月舉行，判決原告敗訴，於二零一七年初收到判決指萊陽泰鑫礦業有限公司不需承擔任何責任，而原告指稱擁有萊陽泰鑫50%股權不成立。原告對判決展開上訴，上訴審判於二零一七年十二月舉行，判決指原告擁有萊陽泰鑫礦業有限公司0.67%股權。青島泰鑫礦業有限公司正就重審案件尋求法律意見。

Report of Directors 董事局報告

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme(s) of the Company disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SERVICE CONTRACTS WITH DIRECTORS

Except one Executive Director of the Company without service contract, all Executive Directors have entered into a service contract with the Company with no specific term of office or for an initial term of two/three years (subject to individual contract) from the date of appointment and may continue or be renewable thereafter, until terminated by not less than one to six months (subject to individual contract) notice in writing served by either party on the other. Each of the Non-Executive Directors of the Company has entered into a service contract with the Company for an initial term of two/three years which is renewable for another two/three years and can be terminated by notice in writing served by either party on the other.

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the consolidated financial statements, there was no contracts of significance (as defined in Note 15 of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

OTHER INFORMATION DISCLOSED PURSUANT TO RULE 13.51B(1) OF LISTING RULES

Mr. CHAN Ming Fai was granted a discretionary bonus of HK\$200,000 in February 2018.

認購股份或債券之安排

除前述本公司購股權計劃外，本年度內本公司、其控股公司、或其附屬公司或同系附屬公司並無作出任何安排使本公司董事從認購本公司或其它機構之股份或債券獲取利益。

董事之服務合約

除了一位執行董事未有訂立服務合約以外，本公司各執行董事均已與本公司訂立服務合約，合約無指定任期或自委任日期起初步為期兩／三年（視乎其個別合約），其後將一直生效或可再續期直至任何一方向另一方發出不少於一至六個月（視乎其個別合約）書面通知終止為止。本公司各非執行董事已與本公司訂立服務合約，合約自生效日期起初步為期兩／三年可再續期兩／三年，任何一方向另一方發出書面通知可終止合約。

於應屆股東週年大會上擬重選連任之董事，概無與本公司訂立任何本公司不可於一年內免付賠償（法定賠償除外）予以終止之服務合約。

董事於合約之權益

除於綜合財務報表所披露者外，本公司董事或管理層成員概無與本公司或任何其附屬公司於年終時或於年內訂立，且對本集團業務而言屬重大合約（定義見聯交所證券上市規則（「上市規則」）附錄十六第15條），亦概無直接或間接擁有任何重大權益。

其它根據上市規則第13.51B(1)條披露之資料

陳明輝先生於二零一八年二月獲發放酌情花紅港幣200,000元。

Report of Directors 董事局報告

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as disclosed in the consolidated financial statements, there was no contracts of significance (as defined in Note 16 of Appendix 16 of the Listing Rules) between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

INDEMNITY PROVISION

The Company has arranged appropriate insurance cover in respect of legal actions against the Directors.

BUSINESS REVIEW

Details of review of the Company's business are set out in "Review and Outlook" under the section headed "Management Discussion and Analysis" of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 December 2017.

控股股東於合約之權益

除於綜合財務報表所披露者外，本公司或任何其附屬公司概無與控股股東或其附屬公司之間於年終時或於年內訂立，且對本集團而言屬重大的合約（定義見上市規則附錄十六第16條）。

管理合約

於年度內並無訂立或存有任何與本公司業務全部或主要部份相關之行政及管理合約。

彌償條文

本公司已向董事提供適當的法律訴訟保險安排。

業務審視

本公司業務之審視詳列於本報告「管理層討論與分析」內之「回顧與展望」。

環境政策及表現

本集團致力於環境及其營運所在社區之長遠可持續發展。據董事所深知，本集團作為負責任之企業，於截至二零一七年十二月三十一日止年度內一直遵守有關保護環境之所有相關法例及規例。

Report of Directors 董事局報告

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. To the best knowledge of the Directors, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2017.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the success of the Group's business depends on the support from its key stakeholders including employees, suppliers, customers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

EMPLOYEES RETIREMENT BENEFIT

Details of the retirement benefit schemes of the Group and the employees' retirement benefit costs charged to the consolidated income statement for the year are set out in note 29 to the consolidated financial statements.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 208.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

遵守相關法例及規例

本集團明白到合符規例要求的重要性以及不遵守適用規則及規例之風險。據董事所深知，於截至二零一七年十二月三十一日止年度內，本集團在各重大方面一直遵守對本集團業務及營運有重大影響之相關法例及規例。

與僱員、供應商、客戶及其它持份者之關係

本集團明白本集團業務之成功有賴其主要持份者，包括僱員、供應商、客戶、銀行、監管機構和股東之支持。本集團將繼續確保與各主要持份者維持有效溝通及保持良好關係。

僱員退休福利

本集團退休福利計劃詳情及計入年度內綜合損益表之僱員退休福利費用，載於綜合財務報表附註29。

五年財務概要

本集團過去五個財政年度之業績、資產及負債概要刊載於第208頁。

公眾持股量之足夠性

根據本公司可從公開途徑取得之資料，並據董事所知，本公司維持上市規則所定之公眾持股量。

Report of Directors 董事局報告

AUDIT COMMITTEE

The Company has established an Audit Committee which comprises four Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. CHAN Ming Fai, Mr. TSANG Kwok Wa and Mr. CHEUNG Sing Din. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited financial statements of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

The Audit Committee has explored with the Company's auditors how the qualified opinion could be removed in future and noted the view of the auditors was that the qualified opinion could only be removed provided that:

1. the outcome of the legal proceedings between the shareholders of CLA becomes certain; and
2. they are able to obtain sufficient appropriate audit evidence regarding the financial information of CLA.

In view of the audit qualification, as at pages 65 to 67 of the 2017 Annual Report, the Company has made provision for impairment loss of approximately HK\$91,032,000 for its investment in CLA as at 31 December 2017 as required in its consolidated financial statements.

The Audit Committee agreed with the view of the Management and confirmed that it had critically reviewed and agreed with the position of the Management on the major judgmental areas in relation to the provision for impairment loss for its investments in CLA.

審核委員會

公司已成立審核委員會，由四位獨立非執行董事崔書明先生、陳明輝先生、曾國華先生及張聖典先生組成。審核委員會已與管理層審閱及討論本集團採用之會計政策及慣例，以及審計、內部監控及財務申報事宜。截至二零一七年十二月三十一日止年度本集團經審核財務報表已經由審核委員會審閱。

審核委員會已與本公司核數師探討如何可移除保留意見，注意到核數師對保留意見的觀點，旨在下列情況下可移除：

1. 新港資產各股東間之法律訴訟結果能確定；及
2. 核數師能夠就新港資產財務資料獲得充足恰當的審計證據。

鑑於該審計保留意見（於2017年年報第65至67頁所載），本公司於二零一七年十二月三十一日在綜合財務報表中對投資於新港資產已作所需減值撥備約港幣91,032,000元。

審核委員會同意管理層觀點及確認其已審慎評估並同意管理層就投資於新港資產已作所需減值撥備時對主要評估範疇之立場。

Report of Directors 董事局報告

AUDITORS

The accounts for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 29 March 2018

核數師

年度帳目經由國衛會計師事務所有限公司審核，彼於應屆股東週年大會上任滿。本公司將於即將舉行之股東週年大會上提呈一項決議案重新委任國衛會計師事務所有限公司為本公司來年之核數師。

董事局代表
主席
陳城

香港，二零一八年三月二十九日

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Directors believe that good corporate governance is an essential element in enhancing the confidence of shareholders, investors, employees, business partners and the community as a whole and also the performance of the Group. The board of Directors of the Company (the "Board") reviews the corporate governance structure and practices from time to time and makes necessary arrangements to ensure business activities and decision making processes are made in a proper and prudent manner.

In the opinion of the Directors, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2017, except for the deviations as disclosed in this report.

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

Executive Directors

Mr. CHAN Shing (*Chairman and Managing Director*)
Mr. SIT Hoi Tung (*Deputy General Manager*)
Ms. CHEUNG Kwan
Mr. KWOK Wai Lam
Mr. SHAM Kai Man
Mr. WEI Jiafu (*removed on 9 June 2017*)

Independent Non-Executive Directors

Mr. CUI Shu Ming
Mr. CHAN Ming Fai
Mr. TSANG Kwok Wa (*appointed on 2 June 2017*)
Mr. CHEUNG Sing Din (*appointed on 2 June 2017*)
Mr. HUANG Shenglan
(*re-designated as Non-Executive Director on 3 March 2017*)

企業管治常規

董事相信，優秀的企業管治是對加強股東、投資者、員工、業務夥伴及公眾人士對公司的信心及提升集團表現的重要元素。本公司董事局（「董事局」）不時審閱企業管治架構及措施，確保業務及決策過程適當及審慎地進行。

除本報告所述有關偏離外，董事認為，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香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治守則（「守則」）所有適用守則條文。

董事的證券交易

本公司採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）為本公司之董事證券交易行為守則。在向所有董事作出特定查詢後，所有董事均確認彼等於年度內已遵守標準守則所載之規定標準。

董事局

本年度內及至本報告日期，本公司董事包括：

執行董事

陳城先生（*主席兼董事總經理*）
薛海東先生（*副總經理*）
張軍女士
郭偉霖先生
岑啟文先生
魏家福先生（*於二零一七年六月九日被罷免*）

獨立非執行董事

崔書明先生
陳明輝先生
曾國華先生（*於二零一七年六月二日獲委任*）
張聖典先生（*於二零一七年六月二日獲委任*）
黃勝藍先生
(*於二零一七年三月三日調任為非執行董事*)

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (continued)

Following the re-designation of Mr. HUANG Shenglan as a Non-Executive Director with effect from 3 March 2017, the Company was temporarily not compliant with Rule 3.10(1), Rule 3.10A and Rule 3.21 of the Listing Rules. The Company has subsequently on 2 June 2017 appointed Mr. TSANG Kwok Wa and Mr. CHEUNG Sing Din as Independent Non-Executive Directors and members of the Audit Committee of the Company.

As at the date of this report, the Board comprised ten Directors, five of whom are Executive Directors (including the Chairman), four of whom are Independent Non-Executive Directors and one of whom is Non-Executive Director. Details of backgrounds and qualifications of each Director are set out in the section headed "Biographies of Directors" of this annual report. The Company has arranged appropriate insurance cover in respect of legal actions against the Directors.

The Board is responsible for the overall strategic development of the Group and determining policies and practices on the Company's corporate governance. It also monitors the financial performance and the internal controls of the Group's business operations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day running of the Company is delegated to the management with department heads responsible for different aspects of the businesses/functions.

The Non-Executive Directors (including the Independent Non-Executive Directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each Independent Non-Executive Director of the Company is independent in character and judgement. The Company has received from each Independent Non-executive Director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

董事局(續)

繼黃勝藍先生於二零一七年三月三日調任為非執行董事後，本公司曾短時間內未能符合上市規則第3.10(1)條、第3.10A條及第3.21條之規定。本公司期後已於二零一七年六月二日委任曾國華先生及張聖典先生為本公司獨立非執行董事及審核委員會委員。

於本報告日期，董事局由十名董事組成，五名執行董事(包括主席)、四名獨立非執行董事及一名非執行董事。有關各董事之背景及資歷於本年報標題為「董事簡歷」一節中載述。本公司已向董事提供適當的法律訴訟保險安排。

董事局負責本集團的整體發展策略及釐定本公司企業管治政策及常規，並同時監察集團財務表現及業務營運之內部監控。執行董事負責集團之運作及執行董事局採納之政策。本公司日常營運則授權管理層管理，各部門主管負責不同範疇之業務／職能。

非執行董事(包括獨立非執行董事)擔當相關職能，透過參與董事局會議為董事局在集團發展、表現及風險管理方面給予獨立意見。

董事局認為各獨立非執行董事之行動及判斷均屬獨立。本公司已接獲各獨立非執行董事之確認書，確認彼等符合上市規則第3.13條所載有關獨立性之規定。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (continued)

The Board meets regularly to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all Directors for all regular board meetings to give all Directors an opportunity to attend. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All Directors have access to board papers and related materials, and are provided with adequate information which enables the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

To the best knowledge of the Directors, there is no financial, business and family relationship among the members of the Board.

Pursuant to the Code provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so they can ensure that their contribution to the Board remains informed and relevant.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials.

All Directors confirmed that they had complied with the Code provision A.6.5 by reading all materials provided by the Company Secretary and/or attending regular training launched by the professional bodies during the review period.

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

董事局(續)

董事局定期舉行會議，討論本集團的發展、營運表現及財務狀況。就董事局所有定期會議，全體董事均會獲發最少十四天通知，以讓所有董事皆有機會騰空出席。所有定期董事局會議均設有正式議程，具體列出待議事項。所有董事均有權查閱董事局文件及有關素材，並會及時獲提供充分資料，使董事局可就提呈會議的事項作出知情決定。董事局會議記錄由公司秘書備存，任何董事可在發出合理通知下於任何合理時段查閱董事局會議記錄。

據董事所知悉，董事局各成員之間並無財務、業務及親屬關係。

根據守則條文第A.6.5條，董事應參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需的情況下對董事局作出貢獻。

公司秘書不時向董事匯報上市規則、企業管治常規及其它規管制度的最新變動及發展，並提供書面素材。

所有董事均確認彼等於回顧期內，藉閱讀所有由公司秘書提供之素材及／或出席由專業團體舉辦的定期培訓，已遵守守則條文第A.6.5條之規定。

根據守則條文第A.1.1條規定，董事局應定期開會，董事局會議應每年召開至少四次，大約每季一次，並有大部份有權出席會議的董事親身出席，或透過其它電子通訊方法積極參與。由於本公司並無宣佈其季度業績，年內召開了兩次董事局定期會議，以審閱及批准本集團中期及年度財務表現，故此本公司未完全遵守有關守則條文。董事局將會按其需要董事局作出決定的事宜召開董事局會議。

Corporate Governance Report 企業管治報告

BOARD OF DIRECTORS (continued)

董事局(續)

During the year under review, two regular Board meetings and two general meetings (including annual general meeting (adjourned) for the year 2017) were held. Details of the attendance of the Directors are as follows:

回顧年內，共舉行兩次董事局定期會議及兩次股東大會(包括二零一七年股東週年大會(經休會))。董事之出席記錄詳情如下：

		Board Meeting 董事局會議	General Meeting 股東大會
Executive Directors	執行董事		
Mr. CHAN Shing (Chairman and Managing Director)	陳城先生 (主席兼董事總經理)	1/2	1/2
Mr. SIT Hoi Tung (Deputy General Manager)	薛海東先生 (副總經理)	2/2	2/2
Ms. CHEUNG Kwan	張軍女士	2/2	1/2
Mr. KWOK Wai Lam	郭偉霖先生	2/2	2/2
Mr. SHAM Kai Man	岑啟文先生	1/2	2/2
Mr. WEI Jiafu (removed on 9 June 2017)	魏家福先生 (於二零一七年六月九日被罷免)	1/1	1/1
Independent Non-Executive Directors	獨立非執行董事		
Mr. CUI Shu Ming	崔書明先生	2/2	1/2
Mr. CHAN Ming Fai	陳明輝先生	2/2	2/2
Mr. TSANG Kwok Wa (appointed on 2 June 2017)	曾國華先生 (於二零一七年六月二日獲委任)	1/1	0/1
Mr. CHEUNG Sing Din (appointed on 2 June 2017)	張聖典先生 (於二零一七年六月二日獲委任)	1/1	0/1
Mr. HUANG Shenglan (re-designated as Non-Executive Director on 3 March 2017)	黃勝藍先生 (於二零一七年三月三日 調任為非執行董事)	2/2	2/2

CHAIRMAN AND CHIEF EXECUTIVE

主席及行政總裁

The roles of the chairman and chief executive were not performed by separate individuals as stipulated in Code provision A.2.1. The Chairman and Managing Director of the Company, Mr. CHAN Shing, currently assumes the role of the chairman and also the chief executive responsible for overseeing the function of the Board and formulating overall strategies of and organising the implementation structure for the Company and also managing the Group's overall business operations. Given the nature of the Group's businesses which require considerable market expertise, the Board believed that the vesting of the two roles provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

本公司並未按守則條文第A.2.1條所定，主席及行政總裁之職務由不同人擔任。本公司主席兼董事總經理陳城先生現兼任主席及行政總裁之職務，負責監管董事局事務，並為本公司制定整體發展策略及組織架構實施及管理本集團整體業務營運。鑒於本集團之業務性質要求相當的市場專門認知，董事局認為陳先生同時兼任兩職可為本集團提供更穩健及一貫的領導，利於集團更有效率地策劃及推行長遠商業策略。董事局將不時檢討此架構之成效，以確保董事局及管理層間之權力及權責之平衡。

Corporate Governance Report 企業管治報告

NON-EXECUTIVE DIRECTORS

The Directors have not been required by the Bye-laws of the Company (the "Bye-laws") to retire by rotation at least once every three years. However, in accordance with Bye-law 85 of the Bye-laws, at each annual general meeting of the Company one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation save any Director holding office as Chairman or Managing Director. All Non-Executive Directors of the Company had entered into service contracts with the Company for an initial term of two/three years which is renewable for another two/three years and the Board will ensure the retirement of each Director, other than the one who holds the office as Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provisions. The Chairman will not be subject to retirement by rotation as stipulated in Code provision A.4.2, as the Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. Messrs. CHEUNG Kwan, TSANG Kwok Wa, CHEUNG Sing Din and HUANG Shenglan are subject to retirement by rotation at the forthcoming annual general meeting in accordance with Bye-law 85 and 92 of the Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 12 September 2006 with specific written terms of reference which deal with its authority and duties. As at 31 December 2017, the Remuneration Committee comprised three members, Mr. CUI Shu Ming, Mr. CHAN Ming Fai and Mr. SIT Hoi Tung. The chairman of the Remuneration Committee is Mr. CUI Shu Ming. Mr. HUANG Shenglan resigned as a member of the Remuneration Committee with effect from 3 March 2017.

The Remuneration Committee will meet to determine the policy for the remuneration of Directors and the senior management, and consider and review the terms of service contracts of the Directors and the senior management. In determining the emolument payable to Directors, the Remuneration Committee took into consideration factors such as time commitment and responsibilities of the Directors, abilities, performance and contribution of the Directors to the Group, the performance and profitability of the Group, the remuneration benchmark in the industry, the prevailing market/employment conditions and the desirability of performance-based remuneration.

非執行董事

本公司公司細則(「公司細則」)並無規定董事最少每三年輪值告退一次。然而，根據公司細則第85條，於每屆股東週年大會上，按當時在任董事人數計三分之一董事(或倘數目並非三之倍數，則為最接近但不超過三分之一之數目)必須輪值告退，惟主席或董事總經理者則無須輪值告退。本公司所有非執行董事已與本公司訂立服務合約，合約初步為期兩/三年可再續期兩/三年，而董事局亦會確保每位董事(惟擔任主席或董事總經理職務者除外)至少每三年輪值告退一次，以符合守則條文之規定。主席並未按守則條文第A.4.2條所定輪值退任，因董事局認為主席任期之連續性可予集團強而穩定的領導方向，乃對集團業務之順暢經營運作極為重要。根據公司細則第85、92條之規定，張軍女士、曾國華先生、張聖典先生及黃勝藍先生於應屆股東週年大會輪值退任。

薪酬委員會

本公司於二零零六年九月十二日成立具有特定成文權責範圍的薪酬委員會。於二零一七年十二月三十一日，薪酬委員會由崔書明先生、陳明輝先生及薛海東先生三位成員組成。薪酬委員會主席為崔書明先生。黃勝藍先生於二零一七年三月三日辭任薪酬委員會委員。

召開薪酬委員會會議為釐定董事及高層管理人員之薪酬政策及考慮和審閱董事及高層管理人員服務合約之條款。在釐定董事薪酬時，薪酬委員會會考慮多項因素，例如董事付出的時間及其職務、董事之能力、表現及對集團之貢獻、集團之業績表現及盈利能力，以及業界薪酬基準、當時市場狀況/招聘情況及按表現發放酬金之可行性等因素而釐定。

Corporate Governance Report 企業管治報告

REMUNERATION COMMITTEE (continued)

Three Remuneration Committee meetings were held during the year ended 31 December 2017 to review and make adjustments to remuneration packages of the Directors and to consider and review the terms of service contracts of one re-designated Director and the newly appointed Directors. Details of the attendance of the Remuneration Committee members are as follows:

		Members' Attendance 委員出席次數
Mr. CUI Shu Ming (Remuneration Committee Chairman)	崔書明先生 (薪酬委員會主席)	3/3
Mr. CHAN Ming Fai (appointed as a member on 3 March 2017)	陳明輝先生 (於二零一七年三月三日獲任委員)	1/1
Mr. SIT Hoi Tung	薛海東先生	3/3
Mr. HUANG Shenglan (resigned as a member on 3 March 2017)	黃勝藍先生 (於二零一七年三月三日辭任委員)	1/1

NOMINATION COMMITTEE

The Nomination Committee was established on 23 March 2012 with specific written terms of reference which deal with its authority and duties. As at 31 December 2017, the Nomination Committee comprised six members, Mr. CHAN Shing, Mr. SIT Hoi Tung, Mr. CUI Shu Ming, Mr. CHAN Ming Fai, Mr. TSANG Kwok Wa and Mr. CHEUNG Sing Din. Mr. CHAN Shing is the chairman of the Nomination Committee. Mr. HUANG Shenglan resigned as a member of the Nomination Committee with effect from 3 March 2017.

The Nomination Committee's duties include:

- to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of Independent Non-Executive Directors; and
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive.

薪酬委員會(續)

截至二零一七年十二月三十一日止年度內，共舉行了三次薪酬委員會會議以檢討並調整董事薪酬待遇，並考慮和審閱一位調任董事及新任董事的服務合約條款。薪酬委員會委員之出席記錄詳情如下：

提名委員會

本公司於二零一二年三月二十三日成立具有特定成文權責範圍的提名委員會。於二零一七年十二月三十一日，提名委員會由陳城先生、薛海東先生、崔書明先生、陳明輝先生、曾國華先生及張聖典先生六位成員組成。提名委員會主席為陳城先生。黃勝藍先生於二零一七年三月三日辭任提名委員會委員。

提名委員會之職責包括：

- 檢討董事局的架構、人數及組成，並就任何為配合本公司的公司策略而擬對董事局作出的變動提出建議；
- 物色具備合適資格可擔任董事的人士，並挑選提名有關人士出任董事或就此向董事局提供意見；
- 評核獨立非執行董事的獨立性；及
- 就董事委任或重新委任以及董事(尤其是董事局主席及行政總裁)繼任計劃向董事局提出建議。

Corporate Governance Report 企業管治報告

NOMINATION COMMITTEE (continued)

Three Nomination Committee meetings were held during the year ended 31 December 2017 to make recommendations to the Board on the re-designation of a Director and the appointment of the newly appointed Directors and to review the structure, size and composition of the Board. Details of the attendance of the Nomination Committee members are as follows:

		Members' Attendance 委員出席次數
Mr. CHAN Shing (Nomination Committee Chairman)	陳城先生 (提名委員會主席)	3/3
Mr. SIT Hoi Tung	薛海東先生	3/3
Mr. CUI Shu Ming	崔書明先生	3/3
Mr. CHAN Ming Fai	陳明輝先生	3/3
Mr. TSANG Kwok Wa (appointed as a member on 2 June 2017)	曾國華先生 (於二零一七年六月二日獲任委員)	1/1
Mr. CHEUNG Sing Din (appointed as a member on 2 June 2017)	張聖典先生 (於二零一七年六月二日獲任委員)	1/1
Mr. HUANG Shenglan (resigned as a member on 3 March 2017)	黃勝藍先生 (於二零一七年三月三日辭任委員)	0/0

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for determining policies and practices on corporate governance of the Company and performing the corporate governance duties as follows:

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

提名委員會(續)

截至二零一七年十二月三十一日止年度內，共舉行了三次提名委員會會議以就董事調任及新任董事的委任向董事局提出建議，並檢討董事局的架構、人數及組成。提名委員會委員之出席記錄詳情如下：

企業管治職能

董事局同時負責釐定本公司企業管治政策及常規，並履行如下企業管治職責：

- 制定及檢討本公司的企業管治政策及常規，並向本公司提出建議；
- 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- 制定、檢討及監察僱員及董事適用的操守準則及合規手冊(如有)；及
- 檢討本公司遵守守則的情況及在《企業管治報告》內的披露。

Corporate Governance Report 企業管治報告

AUDIT COMMITTEE

The Audit Committee was established in 2001 and provides the Board with advice and recommendations. As at 31 December 2017, the Audit Committee comprised four members, Mr. CUI Shu Ming, Mr. CHAN Ming Fai, Mr. TSANG Kwok Wa and Mr. CHEUNG Sing Din. All of them were Independent Non-Executive Directors. The chairman of the Audit Committee is Mr. CUI Shu Ming. Mr. HUANG Shenglan resigned as a member of the Audit Committee with effect from 3 March 2017. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management in the Audit Committee.

The Audit Committee's functions includes:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management, internal and external auditors.

The Audit Committee held three meetings during the year under review, two of which were attended by the external auditors, HLB Hodgson Impey Cheng Limited. Details of the attendance of the Audit Committee members are as follows:

Mr. CUI Shu Ming
(Audit Committee Chairman)
Mr. CHAN Ming Fai
Mr. TSANG Kwok Wa
(appointed as a member on 2 June 2017)
Mr. CHEUNG Sing Din
(appointed as a member on 2 June 2017)
Mr. HUANG Shenglan
(resigned as a member on 3 March 2017)

	Members' Attendance 委員出席次數
崔書明先生 (審核委員會主席)	3/3
陳明輝先生	3/3
曾國華先生 (於二零一七年六月二日獲任委員)	2/2
張聖典先生 (於二零一七年六月二日獲任委員)	2/2
黃勝藍先生 (於二零一七年三月三日辭任委員)	0/0

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The audited financial statements of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

審核委員會

審核委員會於二零零一年成立，為董事局提供意見及建議。於二零一七年十二月三十一日，審核委員會由四名成員組成，分別為崔書明先生、陳明輝先生、曾國華先生及張聖典先生，全部均為獨立非執行董事。審核委員會主席為崔書明先生。黃勝藍先生於二零一七年三月三日辭任審核委員會委員。董事局認為各審核委員會成員均具有廣泛的商務經驗，而委員會內適當地融合了營運、會計及財務管理等方面的專業知識。

審核委員會的功能包括：

- 審議及監察財務報告，以及報告所包含的申報判斷；及
- 與管理層、內部及外聘核數師審議財務、內部監控及會計政策及常規。

審核委員會於年度內共舉行三次會議，外聘核數師國衛會計師事務所有限公司曾出席其中兩次會議。審核委員會委員之出席記錄詳情如下：

審核委員會已與管理層審閱及討論本集團採用之會計政策及慣例，以及審計、內部監控及財務申報事宜。截至二零一七年十二月三十一日止年度之經審核財務報表已經審核委員會審閱。

Corporate Governance Report 企業管治報告

RISK COMMITTEE

The Risk Committee was established on 30 August 2016 with specific written terms of reference which deal with its authority and duties. The Risk Committee comprises five members, Mr. CHAN Shing, Mr. SIT Hoi Tung, Mr. KWOK Wai Lam, Mr. SHAM Kai Man and Mr. NG Man Fai, Matthew. Mr. CHAN Shing is the chairman of the Risk Committee.

The Risk Committee is responsible for evaluating and determining the nature and extent of the risks, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.

One Risk Committee meeting was held during the year under review to review the effectiveness of the Group's risk management and internal control systems which are summarized below:

Financial Risks

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by board committee(s) under policies approved by the Board. The committee identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board lays down principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and treasury investments.

Currency risk management: cash balances principally denominated in Hong Kong Dollar, Renminbi and US Dollar are deposited at sizable financial institutions. Business transactions and loan financing items as well as receipts and payments are principally denominated in US Dollar. The Group considers that its exposure to currency fluctuation risk is modest.

風險委員會

本公司於二零一六年八月三十日成立具有特定成文權責範圍的風險委員會。風險委員會由陳城先生、薛海東先生、郭偉霖先生、岑啟文先生及吳文輝先生五位成員組成。風險委員會主席為陳城先生。

風險委員會負責評估及釐定風險性質及程度，並確保本公司設立及維持合適及有效的風險管理及內部監控系統。

回顧年內，共舉行了一次風險委員會會議以檢討集團風險管理及內部監控系統是否有效。風險管理及內部監控系統概述如下：

財務風險方面

本集團的活動承受著多種的財務風險：市場風險（包括外匯風險、公平值利率風險、現金流量利率風險及價格風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。風險管理由董事委員會根據董事局批准之政策執行。委員會透過與集團內營運單位之緊密合作，負責確定、評估及對沖財務風險。董事局就整體風險管理制訂原則，並就外匯風險、利率風險、信貸風險、衍生金融工具與非衍生金融工具之應用及財資投資等範疇制訂政策。

匯率風險管理：大部分現金結存均以港元、人民幣及美元為貨幣單位存放於具規模的金融機構，而大部分業務交易及貸款項目均以美元為計算單位。我們大部分的收支帳目主要以同一貨幣（主要為美元）為計算單位。因此，我們認為其所承受的匯率波動風險不大。

Corporate Governance Report 企業管治報告

RISK COMMITTEE (continued)

Financial Risks (continued)

A currency risk management team has been established to tackle few foreign exchange risks arising from Euro trading transactions. Forward exchange contracts are used to hedge against transactions settled in Euro. For transactions that are subject to foreign exchange risk, we shall assess the foreign exchange risk and make corresponding strategies and actions immediately after deals confirmed with customers.

Monthly updates giving details of the performance of the Group's business segments have been provided to the Directors. All segment heads report monthly for their responsible segments providing analysis and details of the business conditions, internal management and external market environment in the past month so that Directors can grasp the latest external and internal conditions to decide strategies and make adjustments.

Operational

Besides the Risk Committee, Burwill Resources Limited ("BRL"), a principal wholly-owned subsidiary of the Company, has also established a risk control committee to identify, evaluate and manage risks. The Group sees risk management as every employee's responsibility. All BRL customers would be assessed the payment ability under our risk control policy before entering into the contract. For those with low payment ability customers, BRL shall require them to provide guarantee to assure the payment. Steel trading team members usually meet once a week for reporting their work progress as well as conducting market researches and analysis to establish and/or adjust the operational direction and strategy. Foreseeable significant market changes should be timely reported to the Board.

Futures hedge has been imposed to ensure profit earned and reduce risk. Such hedging issue is a kind of a risk control plan that is analysed by our professional team. It sets out how all of the risks in the market activities, government policy, futures product analysis, the trend between USA and China and the sale of product policy will be controlled.

風險委員會(續)

財務風險方面(續)

對於少部分以歐元進行的買賣交易所產生的外匯風險，我們成立了匯率風險管理小組，就以歐元結算業務，安排了個別外匯遠期合約進行對沖。對於需要承受外匯風險的交易，我們會在確認與客戶簽訂交易後，立即就其外匯風險作出評估及相應策略及行動。

每月向董事更新集團各營業分部表現詳情。各分管主管每月報告其所負責業務，就過去月份之業務情況、內部管理及外在市場環境因素等各方面，進行分析及匯報，以便董事局能掌握最新市場及內部情況，決定最新策略及調整。

營運方面

除風險委員會以外，本公司主要全資附屬公司寶威物料供應有限公司(「寶威物料」)亦成立了一風險監控委員會以辨認、評估及管理風險。本集團視風險管理為每一員工之責任。寶威物料各客戶在落實合約前需先根據風險管理政策評估客戶的還款能力，要求低還款能力之客戶作出付款保證。鋼鐵貿易業務各成員一般每週舉行會議匯報其所負責業務進度並進行市場研究及分析以便決定及／或調整經營方向及策略。預期重大市場變化適時通報董事局。

安排期貨對沖以保持利潤減低風險。對沖作為一種風險監控計劃經由專業團隊分析作出。專業團隊會在市場動態、政府政策、期貨分析、中美關係及產品銷售策略範疇就如何控制風險提供建議。

Corporate Governance Report 企業管治報告

RISK COMMITTEE (continued)

Operational (continued)

Credit risk management: credit risk mainly arises from trade and other receivables. Our trading business has high credit risk because we, as agents, are exposed to all risks on accounts receivables and inventories associated with the Group's customers. We mainly use letters of credit as a means of settlement for trading transactions. The Group considers that its exposure to credit risk is modest.

For few receivable trading business, we have set up a global credit risk management mechanism and have stringent policies to manage the credit risk of these receivables.

Compliance

Currently, every employee should seek approval from their supervisors before starting a new business. For influential and significant investment or businesses, Board approval should be obtained. For substantial transactions, advices from legal and financial advisors are sought.

An "Inside Information Disclosure Policy" has been adopted by the Company for the handling and dissemination of inside information. Directors should be responsible for the Board for reporting every inside information they obtained. Once information was identified to be inside information, those inside information should be kept confidential before relevant dissemination.

The Audit Committee reviews and monitors financial reporting and the reporting judgement contained in them. The Audit Committee held three meetings this year, two of which were attended by the external auditors, HLB Hodgson Impey Cheng Limited.

The Audit Committee has engaged PricewaterhouseCoopers as our external tax advisors to provide professional advices on all tax liabilities arising from our operations.

風險委員會(續)

營運方面(續)

信貸風險管理：信貸風險主要源於貿易及其他應收帳項。我們的貿易業務信用風險較高，因作為代理商，我們需承受與集團交易的客戶在應收帳項及庫存上的所有風險。我們貿易交易主要以信用狀作為交收途徑，信貸風險較少。

至於少部份的應收帳交易業務，我們設定了環球信貸風險管理機制，並訂有嚴謹的政策，以管理此等應收帳項之信貸風險。

合規方面

各員工開展新業務前均需得到上級批准始可進行。遇影響深遠及重要投資或業務時，需獲董事局批准始可進行。遇重大交易時將尋求法律、財務顧問意見。

本公司已採納了「內幕消息披露政策」處理及發佈內幕消息。董事負有向董事局匯報其所持內幕消息的責任。一旦消息被界定為內幕消息，該內幕消息應在相關發佈之前保密。

審核委員會審議及監察財務報告，以及報告所包含的申報判斷。審核委員會於年度內共舉行三次會議，外聘核數師國衛會計師事務所有限公司曾出席其中兩次會議。

審核委員會外聘羅兵咸永道會計師事務所為我們的稅務顧問，就業務所產生的各項稅務責任，提供專業意見。

Corporate Governance Report 企業管治報告

RISK COMMITTEE (continued)

The Risk Committee, on behalf of the Board, acknowledged that the Board is responsible for the risk management and internal control systems and reviewing their effectiveness. Details of the attendance of the Risk Committee members are as follows:

Mr. CHAN Shing
(Risk Committee Chairman)
Mr. SIT Hoi Tung
Mr. KWOK Wai Lam
Mr. SHAM Kai Man
Mr. NG Man Fai, Matthew

陳城先生
(風險委員會主席)
薛海東先生
郭偉霖先生
岑啟文先生
吳文輝先生

風險委員會(續)

風險委員會代表董事局承認其須對風險管理及內部監控系統負責，並有責任檢討該等制度的有效性。風險委員會委員之出席記錄詳情如下：

Members' Attendance 委員出席次數

1/1
1/1
1/1
1/1
1/1

The Risk Committee reviewed the effectiveness of the Group's risk management and internal control systems and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions and concluded them as effective and adequate in the absence of internal audit function.

風險委員會已就本集團的風險管理及內部監控系統是否有效及本公司在會計及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是否足夠作出了檢討，總結認為在沒有內部審核功能的情況下仍然有效及足夠。

AUDITORS' REMUNERATION

For the year ended 31 December 2017, the Group had engaged the Group's external auditors, HLB Hodgson Impey Cheng Limited and network firms, to provide the following services and their fees charged are set out as below:

核數師酬金

截至二零一七年十二月三十一日止年度內，集團委聘本集團外聘核數師國衛會計師事務所有限公司及網絡成員提供以下服務，並收取費用如下：

Fee charged for the year ended 31 December	
收取費用	
截至十二月三十一日止年度	
2017	2016
二零一七年	二零一六年
HK\$	HK\$
港元	港元

Types of Services

Audit of consolidated financial statements
of the Group for the year
Non-audit services

服務類別

集團年度綜合財務報表
審計
非審計服務

1,205,000	1,298,000
-	300,000

Corporate Governance Report 企業管治報告

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the shareholders are set out on pages 70 to 72.

COMPANY SECRETARY

Mr. KWOK Wai Lam is an Executive Director and the Company Secretary of the Company and he had fulfilled the requirement of Rules 3.28 and 3.29 of the Listing Rules during the year. He has attained more than 15 hours of relevant professional training during the year and his biography is set out in the "Biographies of Directors" section of this annual report.

CONSTITUTIONAL DOCUMENT

During the year under review, there was no change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The chairman of the board should attend the annual general meeting as stipulated in Code provision E.1.2. Mr. CHAN Shing, the Chairman of the Board, attended the Company's annual general meeting (adjourned) held on 30 June 2017, chaired the meeting and answered shareholders' questions.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding not less than one-tenth of the Company's paid-up capital may request the Board to convene a special general meeting. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s) and deposited at the registered office or head office of the Company. If the Board does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

董事及核數師對財務報表之責任

董事對財務報表之責任及外聘核數師對股東之責任載於第70頁至第72頁。

公司秘書

郭偉霖先生為本公司執行董事兼公司秘書。於年度內，郭先生已遵守上市規則第3.28條及3.29條之規定。彼於年度內參與多於15小時的相關專業培訓，其個人簡歷載於本年報之「董事簡歷」內。

章程文件

回顧年內，本公司的章程文件並無變動。

與股東的溝通

守則條文第E.1.2條訂明董事局主席應出席股東週年大會。董事局主席陳城先生出席了本公司於二零一七年六月三十日舉行的股東週年大會（經休會），主持會議並解答股東問題。

股東權利

持有本公司已繳足股本不少於十分之一的股東可要求董事局召開股東特別大會。有關請求書必須註明會議的目的，並必須由請求者簽署及交回本公司註冊辦事處或總辦事處。倘在提交要求日起二十一日內董事局並無安排召開股東特別大會，呈請人或彼等中持有一半總投票權以上的人士可自行召開股東特別大會，惟須在提交要求當日起三個月內召開上述會議為限。

Corporate Governance Report 企業管治報告

SHAREHOLDERS' RIGHTS (continued)

If a shareholder wishes to propose a person other than a Director of the Company for election as a director at any general meeting of the Company (the "General Meeting"), he/she can deposit a written requisition to that effect at the registered office or head office of the Company for the attention of the Company Secretary. In order for the Company to inform shareholders of that proposal, the written requisition must state the full name of the person proposed for election as a director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder (other than the person to be proposed) concerned and that person indicating his/her willingness to be elected. The period for lodgment of such a written requisition will commence no earlier than the day after the despatch of the notice of the General Meeting and end no later than seven days prior to the date of the General Meeting. If the requisition is received less than eleven business days prior to the General Meeting, the Company will need to consider the adjournment of the General Meeting in order to allow shareholders at least ten business days' notice of the proposal. For any other resolution(s) to be proposed by shareholder(s) to put forward, shareholder(s) holding not less than one-twentieth of the total voting rights of all shareholders of the Company or not less than one hundred shareholders may submit a written requisition to move such resolution(s); and the requisition must be signed by all requisitionist(s) and deposited for the attention of the Company Secretary at the registered office or head office of the Company not less than six weeks before the General Meeting in case of a requisition requiring notice of a resolution and not less than one week before the General Meeting in case of any other requisition together with sufficient money to meet all relevant expenses. If a requisition requiring notice of a resolution is received less than eleven business days prior to the General Meeting, the Company will need to consider the adjournment of the General Meeting in order to allow shareholders at least ten business days' notice of the proposal.

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Company Secretary by post to the Company of Unit 1402, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or by email to ir@burwill.com.

股東權利(續)

倘若股東有意提呈非本公司董事之人士於任何本公司股東大會(「股東大會」)上推選為董事，彼可向本公司註冊辦事處或總辦事處遞交書面請求書，抬頭註明本公司公司秘書。為方便本公司通知股東有關建議，書面請求書必須填上擬推選為董事人士的全名，並包括上市規則第13.51(2)條規定的履歷資料，經有關股東(非被推選者本人)簽署以及該名被推選人士簽署表明其競選意願。遞交書面請求書的開始日期不得早於寄發股東大會通知後一天，而遞交書面請求書的最後日期則不得遲於股東大會日期前七天。倘若本公司在股東大會日期前少於十一個營業日方收到請求書，則本公司將需要考慮延遲股東大會，以給予股東有至少十個營業日通知考慮建議。股東若要在股東大會上加入任何其它決議案，持有本公司所有股東總表決權中不少於二十分之一的股東或不少於一百名股東可提出書面請求書要求動議決議案；請求書必須由所有請求者簽署並連同足夠款項以應付所有相關開支，在股東大會舉行前(如須發出決議案通知)不少於六個星期及(如屬任何其它情況)不少於一個星期交往本公司註冊辦事處或總辦事處，抬頭註明本公司公司秘書。倘若本公司在股東大會日期前少於十一個營業日方收到須發出決議案通知的請求書，則本公司將需要考慮延遲股東大會，以給予股東有至少十個營業日通知考慮建議。

股東可不時就彼等之疑問及對董事局之關注，透過郵寄至本公司香港灣仔港灣道一號會議展覽廣場辦公大樓1402室，或電子郵寄至ir@burwill.com，向公司秘書作出查詢。

Environmental, Social and Governance Report 環境、社會及管治報告

ABOUT BURWILL

The Group is in the business of steel trading and distribution as well as making investments in mineral resources.

ABOUT THE REPORT

The topic of sustainability is evolving as new initiatives grow all around the world. Sustainability reporting has become an established component of communications with stakeholders that complements financial reporting. Our report has emerged as part of a trend towards increasing transparency and accountability on environmental and social performance, articulating a wide spectrum of benefits and enabling stakeholders to better understand the Group's intrinsic value. Through the reporting process, internal and external benefits can be evaluated, comprising an optimisation process for cost reductions and providing insights into business innovation.

The Environmental, Social and Governance ("ESG") Report 2017 was compiled pursuant to the Environmental, Social and Governance Reporting Guide (the ESG Guide) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This report covers the material issues of the Group's operations for the fiscal year from 1 January 2017 to 31 December 2017, unless otherwise specified.

The content of this report centres on topics that are relevant to the Group's business strategy and success, which represent areas of interest to the Group's stakeholders based on a materiality assessment and stakeholder engagement.

The topics are presented in a pillar framework under six key headings, including:

- I) Supply Chain and Quality management
- II) Employment and Development
- III) Environmental
- IV) Health and Safety
- V) Ethics
- VI) Community Investment

關於寶威

本集團主要從事鋼鐵貿易及分銷等業務，亦投資礦產資源。

報告簡介

可持續發展議題隨著世界各地新措施的不斷發展而演變。可持續發展報告亦成為除財務報告外，企業與持分者之間溝通的重要橋樑。近年，我們的可持續發展報告已成為提升環保及社會責任表現的重要一環，讓不同持分者更了解集團的核心價值。集團內部及外部優勢得以透過報告作評估，其中包括降低成本及提供業務創新等的優化過程。

二零一七年《環境、社會及管治報告》(「本報告」)乃按照香港聯合交易所有限公司的證券上市規則附錄二十七《環境、社會及管治報告指引》(「指引」)編寫。

內容涵蓋集團於二零一七年一月一日至十二月三十一日財政年度(除另外說明外)期間所有業務的營運。

本報告集中匯報關於公司的業務策略及成功要素，根據重要性評估及持分者參與，分析集團持分者感興趣的領域。

報告主題按以下六個主要領域而撰寫：

- 一、 供應鏈及質量管理
- 二、 就業與發展
- 三、 環境保護
- 四、 健康與安全
- 五、 道德及操守
- 六、 社區建設

Environmental, Social and Governance Report 環境、社會及管治報告

ABOUT THE REPORT *(continued)*

On the other hand, the Group's business operations rely on external suppliers with whom we have no direct control. This can lead to challenges in sustainability policy execution. The Group will, therefore, engage with these suppliers to help reshape the overall sustainability strategy.

MATERIALITY ASSESSMENT

The Group has a wide range of mandated topics for disclosure. Realising significant and material topics may be important and relevant with respect to the Group's social and environmental impacts that influence the decisions of stakeholders over both the short- and long-term. Therefore, the Group has conducted a materiality assessment to define the most significant issues with those ranking highest both in business importance to the Group as well as in importance to the Group's key stakeholders in accordance with the ESG Guide.

In terms of the materiality assessment, prioritised topics were identified covering supply chain and quality management, employment and development, environmental issues, health and safety, ethics as well as community investment.

STAKEHOLDER ENGAGEMENT

A stakeholder is someone who is affected by the Group's actions or affects the Group's actions. The Group manages a number of stakeholder relationships as well as ongoing dialogues to help bolster the Group's sustainability strategy. For instance, employees regularly identify and engage with stakeholders in the course of their daily work activities. In order to incorporate the views of stakeholders, the Group actively explores new viable channels for continuous engagement with a broad array of stakeholders.

報告簡介(續)

與此同時，集團業務依賴無直接控制權的外部供應商，因此在可持續發展計劃執行的過程中面臨挑戰。有見及此，集團將與相關供應商合作，重塑可持續發展策略。

重要性評估

集團披露所規定的議題範圍廣泛。體現重要議題與集團對社會和環境的影響息息相關，同時影響著持分者長遠及短期之決定。因此，集團按指引進行評估，以識別重要議題，並按重要性序列業務與集團主要持分者相關的議題。

透過重要性評估，我們排列出優先關注的項目：供應鏈及量管理、就業與發展、環境保護、健康和 safety、道德及操守，以及社區建設。

持份者參與

持分者是受集團活動影響或影響集團行動的人士。集團管理不同持分者的關係並與他們溝通，以支持集團的可持續發展策略。例如，集團員工在日常工作中，定期識別持分者並與他們互動。為了吸納持分者的意見，集團亦會積極探索全新及可行的溝通渠道，以便與更多的持份者保持聯繫。

Environmental, Social and Governance Report 環境、社會及管治報告

SUPPLY CHAIN AND QUALITY MANAGEMENT

Delivering quality steel products to the Group's clients allows us to achieve business success. By contrast, a product with a minor defect could pose significant financial or reputational risks. For this reason, the supply chain should be well managed, especially with respect to the logistics of steel products, which play a critical role in determining overall operational efficiency and cost structure.

Steel products are versatile and involve intensive raw material input. They are also characterised by large material stocks, network links among participants, specific storage conditions, and agreed upon delivery schedules. The Group transports steel shipments by sea. The most common causes of interruptions in the supply chain include varying weather conditions, daily tidal variations, the unloading gear available on the ships as well as the unloading facilities available at the port. All of these factors can influence the movement of cargo. However, among these issues, adverse weather-related conditions rank as the most common factor, for instance, dealing with varying temperatures and humidity cycles during a vessel's transit. Additionally, rust can also contribute to a frequent cause of damage to steel products due to seawater, rain, and condensation water in the means of transport or condensation inside the packaging, during long voyages.

Carrying out inspections can help ensure a safe and quality delivery. Inspection criteria comprise a vessel loading witness being present, tallying the number of pieces during loading, closely examining the steel product's physical properties, maintaining proper storage conditions, ensuring proper packing and cargo conditions, and monitoring rust conditions. To examine rust conditions, we adopt the American Rust Standard Guide, an industry reference for grading hot rolled steel by surface condition. Examinations based on the American Rust Standard A.R.S. Chart are applied for systematic and consistent quality assurance. Under the American Rust Standard Guide, hot-rolled steel is divided into four classes according to specific surface conditions of steel, ranging from entirely new blue to entirely rusted.

Regular inspections and effective packaging ensure product quality from the point of manufacture to final delivery to clients. The Group actively enhances its cooperative relationships with suppliers through implementation of supplier control procedures that cover a supplier's technical competency, timely delivery of high-quality products at reasonable prices as well as other specific evaluation criteria. This relationship building is carried out for the sake of the Group's sustainable success.

供應鏈及質量管理

集團透過向客戶提供優質的鋼鐵產品而取得業務上的成就。相反，一件有些微瑕疵的產品卻可能帶來重大的財務或聲譽風險。因此，集團應妥善管理其供應鏈，尤其是鋼鐵產品物流，因為它在決定整體營運效率和成本結構方面具關鍵作用。

鋼鐵產品具多功能性及消耗大量原材料，其特點包括大型物料庫存、業務參與者之間的聯繫、具體的儲存條件及協定的送貨日程等。集團通過海路運送鋼鐵產品。供應鏈受影響的常見原因包括變幻莫測的天氣狀況、每日潮汐漲退、運輸船上的上貨設備，以及碼頭的卸載設施。這些因素均會影響貨物活動。當中，不利的天氣狀況最為常見，如在運輸期間的溫度和濕度循環變化等。此外，海水、雨水、凝結水等會於長時間的運送途中令貨品在包裝內鏽蝕，成為貨品損壞的常見原因。

進行檢驗可以確保運送的安全和質量。檢驗標準包括船舶裝卸監察人員在場監督、在裝載期間點算貨物數量、仔細檢查鋼鐵產品的物理性能、維持妥善的儲存狀況、確保貨物有包裝和狀況良好，以及監察防鏽狀況等。為了檢驗貨品鏽蝕情況，集團跟隨美國鏽蝕標準指引 (the American Rust Standard Guide)，該指引按美國鏽蝕標準 (A.R.S.) 的圖表及熱軋鋼的表面狀況，為鋼製品進行評級。集團沿用有關的檢驗標準，以確定產品具系統性及一致的質量保證。根據 A.R.S. 指引，熱軋鋼的表面狀況由全新藍色至完全生鏽，共分為四個等級。

定期檢查和有效的包裝可確保產品質量與出廠時一樣。集團正積極通過實施供應商控制程序，加強與供應商合作。供應商控制程序涵蓋供應商的技術能力、以合理的價格及時交付高質量的產品，以及具體的評估標準。我們相信與供應商建立關係可以延續集團的可持續發展。

Environmental, Social and Governance Report 環境、社會及管治報告

SUPPLY CHAIN AND QUALITY MANAGEMENT (continued)

Client Service

Client is invaluable to the Group and providing exceptional service is always our fundamental value. Listening to clients is a simple yet powerful way to achieve success with the Group's client strategy. While clients are always encouraged to provide feedback and opinions, the Group must always react promptly to suggestions and explore areas for improvement.

EMPLOYMENT AND DEVELOPMENT

The professional and personal competency of our employees is at the heart of the Group's long-term business success and a crucial component for employee job security. To this end, continuous training is an important requirement and a key internal priority for the Group. It closely mirrors the performance and applicability of the services provided to clients. The Group is also dedicated to create a work environment where employees feel valued and respected. Our employees must always have the opportunity to learn and acquire skills in new areas regardless of their role, function or grade.

Employment

The Group offers a comprehensive compensation package and a wide range of benefits, comprising medical insurance, maternity leave, marriage leave, paternity leave, compassionate leave as well as education subsidies.

Diversity in the workplace as well creates a powerful competitive advantage for the Group. A workforce comprising individuals from different backgrounds, experiences, cultures and generations helps the Group better navigate the markets and overcome challenges. For this reason, the Group is dedicated to equal employment opportunities, recruiting and retaining talented individuals regardless of differences in gender, social background and ethnicity. The Group's human resources policy has been developed based on all applicable legal legislation, including the Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), and Race Discrimination Ordinance (Cap. 602). Furthermore, the Group ensures protection to employees who have the responsibility to care for an immediate family member so that those persons may continue their employment without being subject to discrimination, pursuant to the Family Status Discrimination Ordinance (Cap. 527).

供應鏈及質量管理(續)

客戶服務

客戶對集團來說非常寶貴，提供卓越的服務一直是集團的核心價值。聆聽客戶所需是簡單而有效的客戶管理策略，並令公司邁向成功。我們鼓勵客戶提供反饋和意見，集團亦及時回應這些意見，並持續探索可改進的地方。

就業及發展

員工的專業知識及個人能力是集團長遠發展的成功關鍵，同時亦有助推動員工持續就業、挽留人才。因此，持續的專業培訓是集團不可或缺的要素，更是內部的優先考慮。集團的培訓內容針對客戶服務績效，確保員工表現及服務質素不斷提升。此外，集團亦積極打造一個理想的工作環境，讓每位員工享有平等待遇和尊重；使不同職能或職級的員工都享有各種各樣的學習機會，在新領域中汲取新技能。

就業情況

集團為員工提供具競爭力的薪酬和福利，包括醫療保險、婚假、產假、侍產假、喪假及教育津貼等。

多樣化的工作環境能有效創造強大的競爭優勢。我們深信由來自不同背景、經驗、文化背景和世代組成的工作團隊，能協助集團走向世界，克服重重挑戰。集團一直以來致力提供平等的就業機會，確保每位申請人或員工於招聘及僱傭期間均獲得平等對待，並且不會受性別、社會背景和種族等方面所影響。集團的人力資源政策是根據有關的法規、條例及指引而設計，包括第480章《性別歧視條例》、第487章《殘疾歧視條例》及第602章《種族歧視條例》。此外，集團亦根據第527章《家庭崗位歧視條例》保障僱員，避免他們因家庭崗位責任而在工作中受到歧視。

Environmental, Social and Governance Report 環境、社會及管治報告

EMPLOYMENT AND DEVELOPMENT (continued)

就業及發展(續)

Employment (continued)

就業情況(續)

Gender	性別	Number of Hong Kong Employees 香港僱員數目
Male	男	38
Female	女	22

Age group	年齡組別	Number of Hong Kong Employees 香港僱員數目
Below 30	30歲以下	1
30 – 50	30 – 50歲	25
50 or above	50歲或以上	34

Gender	性別	Turnover Rate 流動率
Male	男	2.17%
Female	女	1.48%

Development and Training

發展及培訓

A central cornerstone of the Group involves providing employees with an intellectually stimulating environment where they can continually learn and grow in order to contribute to the Group's success and ensure their internal promotion.

集團致力為員工提供一個能刺激思維的工作環境，鼓勵他們不斷學習及成長，從而貢獻集團並確保內部晉升機會。

Employees often seek to advance their careers through continuing education. To assist in this endeavour the Group encourages employee ambitions by providing financial assistance for life-long learning, either at the request of the participating employee or by general encouragement of the Group. For the sake of fairness, the education subsidy scheme is explicitly based on a rating system that takes into account job relevancy and length of service.

有鑒於員工常透過持續進修推動事業發展，集團會應僱員要求或主動鼓勵員工終生學習，並提供財政資助。為公平起見，我們的教育資助計劃將按工作相關程度和服務年期進行審批。

Environmental, Social and Governance Report 環境、社會及管治報告

EMPLOYMENT AND DEVELOPMENT (continued)

就業及發展(續)

Development and Training (continued)

發展及培訓(續)

Gender	性別	Total Number of Training Hours 培訓總時數
Male	男	181.3
Female	女	38

Employee Category	員工級別	Total Number of Training Hours 培訓總時數
Senior Management	高級管理層	126.5
Middle Management	中級管理層	75.8
General Staff	一般員工	17

Labour Standards

聘僱準則

The Group complies with requirements of all labour legislation and monitors the evolving changes in this regard.

集團嚴格遵守勞工法例要求，並密切留意條例的變化。

ENVIRONMENTAL ISSUES

環境保護

Climate change, with its mounting evidence of impact on the world's weather patterns, portends a host of gloomy prognoses and challenges. Moreover, hazardous air pollutants are well known to cause serious health problems. Environmental degradation as well decreases the overall amount of the world's limited natural resources, resulting in scarcity. These environmental issues may trigger even more stringent regulations or add to the growing concerns over a variety of aspects such as air emissions and energy efficiency. Today the need for explicit consideration and incorporation of an environmental strategy within the Group's corporate strategy has never been more critical.

氣候變化對世界天氣模式的影響越來越深，同時令社會充斥著負面的預測和挑戰。人所共知，有害的空氣污染物會對健康造成嚴重影響，而環境惡化降低了世界有限的自然資源總量，造成資源短缺。這些環境問題可能引致更嚴格的監管，或社會對如空氣排放和能源效益等方面議題日益關注。時至今日，明確考慮和採納環境保護政策於集團的整體企業策略中至為重要。

Environmental, Social and Governance Report 環境、社會及管治報告

ENVIRONMENTAL ISSUES (continued)

Air Emissions

International transportation demand is driven by a rise in the global population and economic growth. In 2015, the International Transport Forum (ITF) anticipated that global freight transport volumes will quadruple by 2050. Due to the increase of globalised trade, shipping emissions are increasing in tandem.

Air pollution emissions could bring about a cumulative effect that contributes to overall air quality problems such as acid rain that affects populations in many areas, and harms the natural environment. Furthermore, emissions from ships are transported in the atmosphere over several hundreds of kilometres, and thus, can also significantly contribute to air quality problems on land even if they are emitted at sea. In recent years, public concerns regarding the environmental impacts and air pollutant emissions (e.g. sulfur oxides (SO_x), nitrogen oxides (NO_x)) of maritime transport vessels have increased because of today's massive petroleum-based, fuel consumption society.

A majority of steel products is shipped by sea with the help of external logistics service providers. The Group will explore how to engage with these service providers and communicate with them to minimise air emissions.

Carbon Emissions and Energy Consumption

The Group's major businesses mostly operate in offices, whose suppliers are not under the Group's direct control. This situation creates challenges in managing their emissions and green initiatives. However, as a responsible member of the business community, the Group is dedicated to reviewing and evaluating the carbon emissions performance and energy consumption aspects of our suppliers.

The Group reports on the GHG emissions of the head office in Hong Kong as stipulated by the Greenhouse Gas Protocol, including a corporate accounting and reporting standard published by the World Resources Institute and World Business Council for Sustainable Development.

Total Scope 1 Emissions: 542,895 kg of CO₂ equivalent

Total Scope 2 Emissions: 73,980 kg of CO₂ equivalent

環境保護(續)

氣體排放

國際交通需求受全球人口和經濟增長所帶動。二零一五年，國際交通運輸論壇(ITF)預計到二零五零年，全球貨物運輸量將增長四倍。由於全球化貿易增加，船舶的排放量亦正同步增加。

氣體排放可帶來累積效應，並引致多個地區的人口面對整體空氣質素問題(如酸雨)，同時影響自然環境。另外，由於船舶會在運輸途中幾百公里的大氣中排放氣體，因此，即使在海上排放也可能明顯地引致陸上的空氣質素問題。而近年，由於社會以石油為主要燃料，公眾對海上運輸為環境帶來影響和空氣污染物(如硫氧化物(SO_x)，氮氧化物(NO_x))排放情況的關注不斷增加。

大部份鋼鐵產品是由外部物流服務供應商經船舶運輸。集團將研究如何委聘這些服務供應商及與他們溝通，以有效減少氣體排放。

碳排放及能源消耗

集團的主要業務是在辦公室內進行，其供應商則不受集團直接控制。此情況為管理供應商的排放和環保措施方面帶來挑戰。然而，作為商業社會的一員，集團致力審查和評估供應商的碳排放表現和能源消耗狀況。

集團根據世界資源研究所和世界企業永續發展委員會出版的《溫室氣體盤查議定書》(企業會計與報告標準)報告香港總部的溫室氣體排放量。

總範圍1排放：542,895千克二氧化碳當量

總範圍2排放：73,980千克二氧化碳當量

Environmental, Social and Governance Report 環境、社會及管治報告

ENVIRONMENTAL ISSUES (continued)

Emissions Reduction Policy

In order to mitigate harmful pollution emissions, the Group has implemented energy-saving initiatives for the head office. Air-conditioners comprise the main, fundamental electrical appliance used in offices. The air-conditioning units can consume unnecessarily large amounts of energy. Excessive use of air-conditioning can also exacerbate the Greenhouse effect. To help inculcate the concept of sustainability and cut down on energy consumption, the Group has established several rules:

- Switch off the air-conditioners when the office is not in operation.
- Ensure that all air-conditioning systems are turned off after work hours.
- Maintain the indoor air temperature at around 25°C.

Consumption of energy for lighting and electrical equipment may also lead to greenhouse gas emissions. In order to minimise any environmental impact, the Group has actively promotes the following rules:

- Switch off the lighting in conference rooms and offices that are not in current operation.
- Switch off idle desktop screens, printers and others electrical appliances.
- Use only electrical devices with efficiency Grade 1 or 2 under the Energy Efficiency Labelling Scheme by the Electrical and Mechanical Services Department.

Waste Management

Waste reduction is often associated with recycling, but there is much more to the issue than that. Avoiding waste generation in the first place and minimizing it are central to any waste reduction strategy. Paper waste is a major issue for the Group. For this reason, we use printers that enhance environmental sustainability, for instance setting duplex printing as a default option, promoting the use of e-leaflets as well as adopting the use of e-scanning to reduce paper copies. Additionally, the Group has appointed a paper recycling service provider to manage all paper waste.

環境保護(續)

減排政策

為減少有害污染物排放，集團已在總公司實施節能措施。空調是辦公室的主要基本電器，同時亦可能消耗大量不必要的能源。過度使用空調可能會加劇溫室效應。為了灌輸可持續發展的概念並減少能源消耗，集團制定了幾項規則：

- 當辦公室不在使用時關閉空調。
- 確保所有空調系統在下班後關閉。
- 保持室內溫度在攝氏25度左右。

照明和電氣設備的能源消耗亦可導致溫室氣體排放。為盡力減低任何對環境的影響，集團積極推行以下規則：

- 當會議室和辦公室不在使用時，關閉照明系統。
- 關閉閒置的桌面顯示屏、打印機和其他電器。
- 使用機電工程署能源效益標籤計劃中，效益為1級或2級的電器。

廢物管理

減少廢物常令人聯想到回收，然而所涉及的問題卻不限於此。首先，避免產生並減少製造廢物是減少廢物策略的核心。廢紙是困擾集團的主要問題。有見及此，集團使用加強環境可持續性的打印機，如雙面打印作為預設選項及鼓勵使用電子傳單，以及採用電子掃描來減少打印文件。此外，集團已聘請紙張回收服務供應商管理所有廢紙。

Environmental, Social and Governance Report 環境、社會及管治報告

ENVIRONMENTAL ISSUES (continued)

Packaging Materials

Packaging materials are deployed for marine shipping. Maritime cargo must be secured within a container against all rolling, pitching and yawing of the vessel. The best way to secure cargo is to distribute it evenly without any gaps over the entire floor. If gaps cannot be avoided, the space between the packaging and container walls must be filled using air bags, dunnage or other stowage material. The Group is liaising with its key suppliers to evaluate the amount and types of packaging materials we use with the aim of reducing overall waste.

The Environment and Natural Resources

Apart from measures concerning emissions and uses of resources, the Group is aiming to embed environmental protection into the overall procurement process while integrating requirements, specifications and criteria that are compatible with and promote environmental protection. One of the aspects relates to steel recycling, incorporating the circular economy into the Group's sustainability strategy. Recycling is one of the most efficient ways to protect the environment. Steel products naturally enable resource conservation through their recyclability and durability. The Group is devoted in sourcing recycled steels to save energy and natural resources.

HEALTH AND SAFETY

A clean and safe environment is crucial to a productive workplace. Most of our employees work in offices where indoor air quality, including the physical and chemical nature of the ambient air is a major concern with respect to office health. Hence, the Group regularly appoints third party experts to conduct air duct cleaning and pest control in order to improve the indoor work environment.

Despite these measures, some of the Group's suppliers might find it more challenging to implement policies concerning employee health and safety at steel manufacturing sites. To address this challenge, the Group will actively seek an array of channels to help better engage these suppliers.

環境保護(續)

包裝物料

包裝材料用於海運。海運貨物應固定在集裝箱內，以防止滾動、俯仰和偏航。保護貨物的最佳方法是在整個地板上無縫、平均地安放貨物。如果不能避免空隙，則包裝和容器壁間的空位必須使用氣囊、襯墊或其他存儲物料填補。集團正與主要供應商聯絡，評估我們使用的包裝材料數量及種類，以減少整體浪費。

環境及天然資源

除了有關排放和使用資源的措施外，集團矢志將環境保護因素納入整體採購過程中，而整合要求、規格和條件均符合並促進環境保護。另外，集團更把循環經濟的基本概念納入可持續發展的業務策略，積極推動鋼鐵回收。眾所周知，回收是保護環境的最有效方法之一，而鋼鐵產品同樣能夠通過其可回收性和耐用性實現資源節約。集團將致力於採購再生鋼鐵資源，從而節省能源和自然資源。

健康與安全

清潔和安全的環境對於高生產效益的工作地方尤關重要。集團的大多數員工在辦公室工作，因此室內的空氣質素，包括室內環境空氣的物理和化學物質，是辦公室健康的主要關注點之一。為此，集團定期委託第三方專業人士進行空氣管道清洗和滅蟲工作，旨在改善室內工作環境。

儘管實施了上述措施，集團部份供應商可能會發現在鋼鐵製造工場實施有關員工健康和安全的政策有一定挑戰。為了應對這個情況，集團將積極尋找不同渠道、更有效地聘請這些供應商。

Environmental, Social and Governance Report 環境、社會及管治報告

ETHICS

Carrying out business practices ethically is the cornerstone of the Group's success. We are committed to complying with all relevant regulatory requirements both in China and Hong Kong.

Anti-Corruption

The Group is firmly opposed to corruption in all forms. Corruption includes bribery and trading in influence. The Group is committed to complying with all applicable anti-corruption laws, including the Anti-Unfair Competition Law of the PRC, the Criminal Law of the PRC and the Hong Kong Prevention of Bribery Ordinance (Chapter 201). In accordance with the Group's policy, all employees shall ensure that corruption does not occur.

With our thorough commitment to anti-corruption, no concluded legal cases in this regard have been brought up against us.

Intellectual Property Rights

Intellectual property refers to a group of separate, intangible rights that include trademarks and patents. In this regard, the Group follows all pertinent regulatory requirements, including those stipulated in the Trademarks Ordinance (Cap. 559). The Group itself has also registered its trademark for the sake of property rights protection.

COMMUNITY INVESTMENT

The Group invests in communities by contributing time and talent. This year, several employees continued to join Shanghai Commercial's *Pok Oi Cycle for Millions* to raise funds for Pok Oi Hospital's development and to help promote green living.

道德及操守

以符合道德的方式經營業務是集團賴以成功的基石，因此我們致力遵守中國及香港的相關監管要求。

反貪污

集團堅決反對任何形式的貪污，包括賄賂及以權謀私。集團承諾遵守所有適用的反貪污法律，包括中國的反不正當競爭法、刑法及香港的《防止賄賂條例》(第201章)。根據集團的政策，所有員工應確保貪污情況不會發生。

有鑒於我們貫徹對反貪污的承諾，集團於年內並沒有關於貪污的案件。

保護知識產權

知識產權是指一組獨立的無形資產，包括商標和專利。集團遵守監管要求，例如依從《商標條例》(第559章)所訂明的規定，為保護財產權而註冊商標。

社區建設

集團投放時間與人力於社區建設。今年，部份員工再次參加了上海商業博愛單車百萬行，為博愛醫院的發展籌募經費，同時倡導綠色生活。

Independent Auditors' Report 獨立核數師報告



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**TO THE SHAREHOLDERS OF
BURWILL HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

**致寶威控股有限公司
全體股東**
(於百慕達註冊成立之有限公司)

QUALIFIED OPINION

保留意見

We have audited the consolidated financial statements of Burwill Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 207, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

本核數師(以下簡稱「我們」)已審計列載於第74頁至207頁寶威控股有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。此綜合財務報表包括於二零一七年十二月三十一日的綜合資產負債表與截至該日止年度的綜合損益表、綜合全面損益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋資料。

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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.

我等認為，除本報告中保留意見的基礎部分所描述事項的可能影響外，該綜合財務報表符合香港會計師公會所頒佈的《香港財務報告準則》，真實並公允反映了集團截至二零一七年十二月三十一日之綜合財務狀況以及當年度其綜合財務業績和綜合現金流量，並且遵守香港《公司條例》之披露要求而恰當編製。

Independent Auditors' Report 獨立核數師報告

BASIS FOR QUALIFIED OPINION

Accounting for investment in an associate, China Land Assets Limited

As disclosed in Note 10 to the consolidated financial statement, on 23 March 2016, the Group completed the disposal of its subsidiary, Burwill China Portfolio Limited ("BCPL"), to China Land Assets Limited ("CLA"), a 45% owned associate of the Group. As a result, the Group's consolidated income statement for the year ended 31 December 2016 included a gain on disposal of subsidiaries of approximately HK\$10,699,000, which was arrived at on the basis of, *inter alia*, the adjusted net assets value of CLA as at 23 March 2016 (as enlarged by the acquisition of BCPL). The Group's investment in CLA, accounted for by the equity method, was carried at approximately HK\$147,340,000 on the Group's consolidated balance sheet as at 31 December 2017 (2016: HK\$214,032,000), and the Group's share of the loss of CLA of approximately HK\$82,942,000 (2016: share of the profit of HK\$11,568,000) and other comprehensive expense of CLA of approximately HK\$2,290,000 (2016: HK\$216,000), were included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2017, respectively.

Due to disputes between the Group and the 55% shareholder of CLA, we were unable to obtain sufficient appropriate audit evidence about (i) the adjusted net assets value of CLA as at 23 March 2016 and (ii) the financial information of CLA as at and for the year ended 31 December 2016. In view of the above and in the absence of practicable alternative procedures in respect of the financial information of CLA, we were unable to satisfy ourselves as to whether (i) the carrying amount of the Group's investment in CLA of approximately HK\$214,032,000 as included in the Group's consolidated balance sheet as at 31 December 2016; (ii) the Group's share of the profit and other comprehensive expense of CLA of approximately HK\$11,568,000 and HK\$216,000, respectively, as included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2016; and (iii) the gain on disposal of subsidiaries of approximately HK\$10,699,000 as included in the Group's consolidated income statement for the year ended 31 December 2016, were fairly stated. In our auditor's report dated 31 March 2017 on the consolidated financial statements of the Group for the year ended 31 December 2016 we qualified our opinion due to a limitation in the scope of our audit relating to this matter.

保留意見之基礎

對一間聯營公司－新港資產有限公司的投資的會計記帳

如綜合財務報表附註10所載，於二零一六年三月二十三日，集團完成向新港資產有限公司（「新港資產」）（為集團擁有其45%權益之聯營公司）出售其附屬公司Burwill China Portfolio Limited（「BCPL」）。這導致集團截至二零一六年十二月三十一日止年度之綜合損益表所示出售附屬公司之收益約港幣10,699,000元，乃以截至二零一六年三月二十三日新港資產經調整淨資產價值（經收購BCPL而擴大）為基準而達致。按照權益法核算，於集團截至二零一七年十二月三十一日綜合資產負債表中，集團對新港資產的投資的帳面價值為約港幣147,340,000元（二零一六年：港幣214,032,000元），並且，集團當年度綜合損益表及綜合全面損益表中所示集團所佔虧損及新港資產其他全面支出分別為約港幣82,942,000元（二零一六年：集團所佔收入港幣11,568,000元）及港幣2,290,000元（二零一六年：港幣216,000元）。

由於集團與擁新港資產55%權益之股東間之糾紛，我等未能就(i)截至二零一六年三月二十三日新港資產經調整淨資產價值；及(ii)新港資產截至二零一六年十二月三十一日財務資料獲得充分恰當的審計證據。鑒於前述，並且由於就新港資產財務資料缺乏可行的可替代方案，我等無法認定：(i)集團截至二零一六年十二月三十一日綜合資產負債表中所示集團對新港資產投資的帳面價值約港幣214,032,000元；(ii)集團截至二零一六年十二月三十一日年度綜合損益表及綜合全面損益表中所示集團所佔收入及新港資產其他全面支出分別為約港幣11,568,000元及港幣216,000元；及(iii)集團截至二零一六年十二月三十一日綜合損益表中所示出售附屬公司之收益約港幣10,699,000元是否公允陳述。鑒於我等就以上情況所作核數工作受限，因此對集團截至二零一六年十二月三十一日之綜合財務報表發表了保留意見。

Independent Auditors' Report 獨立核數師報告

BASIS FOR QUALIFIED OPINION (continued)

Accounting for investment in an associate, China Land Assets Limited (continued)

During the year ended 31 December 2017 and up to the date of this report, this matter has not been resolved as the legal proceedings between the shareholders of CLA were still ongoing. In view of the above and in the absence of practicable alternative procedures in respect of the financial information of CLA, we continue to be unable to satisfy ourselves as to whether (i) the carrying amount of the Group's investment in CLA of approximately HK\$147,340,000 (net of provision for impairment loss of approximately HK\$91,032,000 which was made by the Group against the net assets of CLA at 31 December 2017) as included in the Group's consolidated balance sheet as at 31 December 2017; and (ii) the Group's share of the loss of CLA of approximately HK\$82,942,000 (net of provision for impairment loss of approximately HK\$91,032,000 which was made by the Group against the net assets of CLA at 31 December 2017) and other comprehensive expense of CLA of approximately HK\$2,290,000, as included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2017, respectively, were fairly stated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments found to be necessary in respect of the above would affect the Group's net assets as at 31 December 2017, and could also affect the Group's consolidated financial performance for the year then ended, the opening balances of the Group's net assets, accumulated losses and other reserves as at 1 January 2017, and the related disclosures in these consolidated financial statements. In addition, the required summarised financial information about CLA has not been disclosed in accordance with HKFRS 12 "Disclosure of Interests in Other Entities" issued by the HKICPA.

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

保留意見之基礎(續)

對一間聯營公司－新港資產有限公司的投資的會計帳(續)

截至二零一七年十二月三十一日止年度內及至本報告日期，因新港資產股東間之法律程序仍在進行，上述情況因而未能解除。鑒於前述，並且由於就新港資產財務資料缺乏可行的可替代方案，我等繼續無法認定：(i) 集團截至二零一七年十二月三十一日綜合資產負債表中所示集團對新港資產的投資帳面價值為約港幣147,340,000元（扣除本集團於二零一七年十二月三十一日就資產負債表的資產淨值作出的減值虧損撥備為約港幣91,032,000元）；及(ii) 集團截至二零一七年十二月三十一日年度綜合損益表及綜合全面損益表中所示集團所佔虧損為約港幣82,942,000元（扣除本集團於二零一七年十二月三十一日就資產負債表的資產淨值作出的減值虧損撥備為約港幣91,032,000元）及新港資產其他全面支出為約港幣2,290,000元是否公允陳述。因此，我等無法確定是否需對該等數額做出任何調整。就上述財務資料所發現的任何必要的調整均可能會對集團二零一七年十二月三十一日資產淨值、當年度其綜合財務業績、集團二零一七年一月一日資產淨值、累計虧損及其它儲備之開首數值以及該等綜合財務報表中的相關披露產生相應影響。此外，並未按照香港會計師公會所頒佈的香港財務報告準則12「其他實體之權益披露」之要求披露新港資產之概要財務資料。

我們已根據香港會計師公會頒佈之香港審核準則（「香港審核準則」）進行審核。我們於該等準則項下之責任於本報告「核數師就審核綜合財務報表須承擔之責任」一節中詳述。根據香港會計師公會頒佈的職業會計師道德守則（「守則」），我們獨立於貴集團，並已遵循守則履行其他道德責任。我們相信，我們所獲得的審核憑證充分及適當地為我們之保留意見提供基礎。

Independent Auditors' Report 獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the consolidated financial statements and our auditors' 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. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about accounting for the Group's investment in an associate, CLA. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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. In addition to the matters described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

不包括綜合財務報表及核數師報告所載者之其他資料

董事須對其他資料負責，該等資料包括年報所載資料，但不包括綜合財務報表及我們的核數師報告所載者。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對其發表任何形式的鑒證結論。

當我們審核綜合財務報表時，我們的責任為閱讀其他資料，於此過程中，考慮其他資料是否與綜合財務報表或我們於審核過程中所得知的情況有重大抵觸，或者似乎有重大錯誤陳述。

基於我們已執行之工作，倘我們認為該等其他資料有重大錯誤陳述，我們須報告該事實。正如上文保留意見的基礎所述，我等未能就集團對一間聯營公司新港資產的投資之會計記帳獲得充分恰當的審計證據。因此，我等未能陳述有關此事宜之其他資料是否存在重大錯誤陳述。

關鍵審核事項

關鍵審核事項為我們的專業判斷中，審核本期綜合財務報表中最重要的事項。我們於審核整體綜合財務報表及就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。除保留意見的基礎所述事項外，我們決定於報告中披露以下關鍵審核事項。

Independent Auditors' Report 獨立核數師報告

KEY AUDIT MATTERS (continued)

Key audit matter 關鍵審核事項

Valuation of bills and accounts receivable 應收票據及應收帳項評估

We identified the valuation of bills and accounts receivable as a key audit matter due to the use of judgement and estimates in assessing the recoverability of receivables as well as their materiality in the context of the consolidated financial statements as a whole.

At 31 December 2017, the carrying amount of bills and accounts receivable is approximately HK\$704,600,000 (net of allowance for impairment of accounts receivable of approximately HK\$5,416,000). Details of the bills and accounts receivable are set out in note 17 to the consolidated financial statements.

由於評估應收票據及應收帳項的可收回程度利用判斷及估計其對整體綜合財務報表的重要性，故我等將應收票據及應收帳項評估識別為一項關鍵審核事項。

於二零一七年十二月三十一日應收票據及應收帳項的淨額約為港幣704,600,000元(扣除應收帳項減值撥備為港幣5,416,000元)。詳情載於綜合財務報表附註17中。

關鍵審核事項(續)

How our audit addressed the key audit matter 如何處理關鍵審核事項之方法

Our audit procedures in relation to the valuation of bills and accounts receivable included:

- Obtaining an understanding of how allowance for impairment of accounts receivable is estimated by the management and testing the preparation of the ageing analysis of bills and accounts receivable;
- Assessing the reasonableness of recoverability of bills and accounts receivable with reference to the credit history, subsequent settlements and ageing analysis of customers.
- Obtaining independent confirmations from financial institutions in respect of bills receivable.

就應收票據及應收帳項的評估，我們執行之審核程序包括：

- 瞭解管理層估計應收帳項減值撥備的方式及以抽樣為基礎測試應收票據及應收帳項帳齡。
- 參考每名個別客戶包括信貸記錄，其後結算及帳齡分析，以評估應收票據及應收帳項可收回程度之合理性。
- 獲得金融機構有關應收票據的獨立確認。

Independent Auditors' Report 獨立核數師報告

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKSAAs 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.

董事及審核委員會就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》之披露規定編製及真實而公允地列報該等綜合財務報表，並落實董事認為必要之內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項。除非董事有意將貴集團清盤，或停止營運，或別無其他實際的替代方案，否則董事須採用以持續經營為基礎的會計法。

在審核委員會協助下，董事須負責監督貴集團的財務報告流程。

核數師就審核綜合財務報表須承擔的責任

我等的目標，是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並根據《百慕達一九八一年公司法》第90條僅向閣下（作為整體）出具包括我等意見的核數師報告，除此以外，我等的報告書不作其他用途。我等不就此報告的內容，對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審核準則進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果按合理預期而錯誤陳述個別或匯總起來可能影響該等綜合財務報表使用者所作出的經濟決策，則有關的錯誤陳述可被視作重大。

Independent Auditors' Report 獨立核數師報告

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審核綜合財務報表須承擔的責任 (續)

我等根據香港核數準則進行審計的工作之一，是運用專業判斷，在整個審計過程中抱持職業懷疑態度。我等亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及取得充足和適當的審計憑證，作為我等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的效能發表意見。
- 評價董事所採用會計政策的恰當性及所作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對 貴集團持續經營的能力構成重大疑慮。倘我等認為存在重大不確定性，則有必要在核數師報告中提請使用者對綜合財務報表中的相關披露資料的關注。倘有關的披露資料不足，則修訂我等的意見。我等的結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事件或情況可能導致 貴集團不能繼續持續經營。

Independent Auditors' Report 獨立核數師報告

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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.

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

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

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

核數師就審核綜合財務報表須承擔的責任 (續)

- 評價綜合財務報表(包括披露資料)的整體列報方式、結構及內容，以及綜合財務報表是否公允反映有關交易和事項。
- 就 貴集團中實體或業務活動的財務資料獲取充分及適當的審計證據，以對綜合財務報表發表意見。我等負責指導、監督及執行集團審計。我等僅對我等之審計意見承擔責任。

我等與審核委員會溝通了(其中包括)計劃的審計範圍、時間安排、重大審計發現等事項，包括我等在審計期間識別出內部控制的任何重大缺陷。

我等亦向審核委員會提交聲明，說明我等已符合有關獨立性的相關職業道德要求，並與彼等溝通所有可能合理地被認為會影響我等獨立性的關係及其他事項，以及相關防範措施(倘適用)。

從與審核委員會溝通的事項中，我等決定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我等會在核數師報告中描述這些事項，惟法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期在我等的報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，我等將不會在此等情況下在報告中溝通該事項。

Independent Auditors' Report 獨立核數師報告

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding accounting for the Group's investment in an associate, CLA, as described in the *Basis for Qualified Opinion* section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement partner on the audit resulting in this independent auditors' report is Hui Chun Keung, David.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 29 March 2018

有關香港公司條例第407(2)及407(3)條項下其他事項之報告

僅就無法取得有關集團對一間聯營公司新港資產的投資的會計記帳之足夠審核憑證(如本報告上文保留意見之基礎一節所載)而言：

- 我們無法確定是否已保存足夠之會計記錄；及
- 我們並未取得，據我們所知及所信，就進行審核而言屬必要及重大之所有資料或解釋。

負責此審核項目與簽發獨立核數師報告的項目合夥人為許振強。

國衛會計師事務所有限公司
香港執業會計師

許振強
執業證書編號：P05447

香港，二零一八年三月二十九日

Consolidated Balance Sheet 綜合資產負債表

At 31 December 2017 於二零一七年十二月三十一日

		Note 附註	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
ASSETS	資產			
Non-current assets	非流動資產			
Leasehold land and land use rights	租賃土地及土地使用權	6	3,754	7,906
Property, plant and equipment	物業、機器及設備	7	90,774	171,906
Intangible assets	無形資產	8	–	–
Investments in associates	聯營公司投資	10	217,665	353,241
Investments in joint ventures	合營公司投資	11	5,737	5,901
Available-for-sale financial assets	可供出售財務資產	13	25,063	–
Club debentures	會籍債券		1,473	1,473
Deferred income tax assets	遞延所得稅資產	23	15,861	42,631
Total non-current assets	總非流動資產		360,327	583,058
Current assets	流動資產			
Inventories	存貨	14	35,190	81,570
Financial assets at fair value through profit or loss	按公平值透過損益列帳的 財務資產	15	170,086	711
Derivative financial instruments	衍生金融工具	16	–	3,632
Bills and accounts receivable	應收票據及應收帳項	17	704,600	730,978
Deposits, prepayments and other receivables	按金、預付款及 其他應收款	17	253,011	131,509
Due from associates	聯營公司欠款	10	120,163	98,135
Due from joint ventures	合營公司欠款	11	43	35
Income tax refundable	可收回所得稅		87	87
Cash and bank balances	現金及銀行結餘	18	149,226	84,299
Total current assets	總流動資產		1,432,406	1,130,956
Total assets	總資產		1,792,733	1,714,014

Consolidated Balance Sheet 綜合資產負債表

At 31 December 2017 於二零一七年十二月三十一日

		Note 附註	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
EQUITY	權益			
Equity attributable to owners of the Company	本公司權益持有人應佔權益			
Share capital	股本	19	497,283	501,656
Other reserves	其他儲備	21	1,010,532	972,159
Accumulated losses	累計虧損	21	(520,363)	(512,648)
			987,452	961,167
Non-controlling interests	非控股權益		(35,646)	(27,827)
Total equity	總權益		951,806	933,340
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	貸款	22	220,025	58,468
Deferred income tax liabilities	遞延所得稅負債	23	415	1
Provision for land restoration and environmental costs	土地復原及環境成本撥備	25	4,125	3,804
Total non-current liabilities	總非流動負債		224,565	62,273
Current liabilities	流動負債			
Borrowings	貸款	22	251,093	371,168
Derivative financial instruments	衍生金融工具	16	–	1,103
Due to associates	欠聯營公司款項	10	568	476
Bills and accounts payable	應付票據及應付帳項	24	116,916	240,489
Other payables and accruals	其他應付帳項及應計費用		247,753	104,316
Income tax payable	應付所得稅		32	849
Total current liabilities	總流動負債		616,362	718,401
Total liabilities	總負債		840,927	780,674
Total equity and liabilities	總權益及負債		1,792,733	1,714,014
Net current assets	流動資產淨值		816,044	412,555
Total assets less current liabilities	總資產減流動負債		1,176,371	995,613

The consolidated financial statements on pages 74 to 207 were approved by the Board of Directors on 29 March 2018 and were signed on its behalf by:

第74至207頁的綜合財務報表已由董事局於二零一八年三月二十九日批核，並代表董事局簽署：

CHAN SHING
陳城
Chairman
主席

KWOK WAI LAM
郭偉霖
Director
董事

Consolidated Income Statement 綜合損益表

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

			2017 HK\$'000	2016 HK\$'000 (restated)
		Note 附註	港幣千元	港幣千元 (經重列)
Continuing operations	持續經營業務			
Revenue	收入	5	2,491,789	2,647,915
Cost of sales	銷售成本	27	(2,456,404)	(2,636,555)
Gross profit	毛利		35,385	11,360
Other income and net gains	其他收入及收益淨額	26	9,932	1,556
Selling and distribution expenses	銷售及分銷費用	27	(38,661)	(27,360)
General and administrative expenses	一般及行政費用	27	(49,533)	(94,172)
Other operating expenses	其他經營支出	28	(85,801)	–
Share option expenses	購股權支出	29	(26,160)	–
Operating loss	經營虧損		(154,838)	(108,616)
Finance costs	融資成本	30	(19,036)	(13,028)
Gain/(Loss) on disposal of property, plant and equipment	出售物業、機器及設備收益/(虧損)		202,445	(30)
Impairment losses on property, plant and equipment	物業、機器及設備減值	7	(18,506)	(10,214)
Impairment loss on an associate	聯營公司減值		–	(55,876)
Share of losses of associates	所佔聯營公司虧損	10	(86,840)	(15,619)
Share of losses of joint ventures	所佔合營公司虧損	11	(164)	(52)
Loss before income tax	除所得稅前虧損		(76,939)	(203,435)
Income tax credit/(expense)	所得稅貸項/(支出)	31	1,188	(7,154)
Loss for the year from continuing operations	年度持續經營業務虧損		(75,751)	(210,589)
Discontinued operations	已終止經營業務			
Profit/(Loss) for the year from discontinued operations	年度已終止經營業務盈利/(虧損)	38	60,874	(3,775)
Loss for the year	年度虧損		(14,877)	(214,364)
Loss attributable to:	虧損歸屬於：			
Owners of the Company	本公司權益持有人		(7,715)	(207,896)
Non-controlling interests	非控股權益		(7,162)	(6,468)
			(14,877)	(214,364)

Consolidated Income Statement 綜合損益表

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

	Note	2017 HK\$'000	2016 HK\$'000 (restated)
	附註	港幣千元	港幣千元 (經重列)
(Loss)/Profit attributable to owners of the Company arises from:	(虧損)/盈利歸屬於本公司權益持有人來自：		
Continuing operations	持續經營業務	(68,589)	(190,559)
Discontinued operations	已終止經營業務	60,874	(17,337)
		<u>(7,715)</u>	<u>(207,896)</u>
(Loss)/Earnings per share from continuing and discontinued operations attributable to owners of the Company for the year	年度本公司權益持有人應佔來自持續經營業務及已終止經營業務的每股(虧損)/盈利		
	32		
Basic (loss)/earnings per share	每股基本(虧損)/盈利		
From continuing operations (HK cents)	來自持續經營業務 (港仙)	(1.38)	(3.78)
From discontinued operations (HK cents)	來自已終止經營業務 (港仙)	1.23	(0.34)
		<u>(0.15)</u>	<u>(4.12)</u>
Diluted (loss)/earnings per share	每股攤薄(虧損)/盈利		
From continuing operations (HK cents)	來自持續經營業務 (港仙)	(1.38)	(3.78)
From discontinued operations (HK cents)	來自已終止經營業務 (港仙)	1.23	(0.34)
		<u>(0.15)</u>	<u>(4.12)</u>

Consolidated Statement of Comprehensive Income 綜合全面損益表

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

	Note	2017 HK\$'000	2016 HK\$'000 (restated)
	附註	港幣千元	港幣千元 (經重列)
Loss for the year		(14,877)	(214,364)
Other comprehensive expense: <i>Items that may be reclassified to profit or loss</i>	其他全面支出： <i>可能重新分類至損益的項目</i>		
Share of other comprehensive (expense)/income of associates	所佔聯營公司其他全面(支出)／收入	21 (3,845)	793
Release of revaluation reserve upon disposal of subsidiaries	出售附屬公司轉出重估儲備	21 –	(11,213)
Release of translation adjustments upon disposal of subsidiaries	出售附屬公司轉出換算調整	21 (9,890)	(34,648)
Release of reserves upon reclassification of associate to available-for-sale financial assets	聯營公司重列作可供出售財務資產轉出儲備	21 (9,432)	–
Change in fair value of available-for-sale financial assets	可供出售財務資產公平值變動	21 (33,536)	–
Reclassification upon impairment of available-for-sale financial assets	可供出售財務資產減值需作儲備調整	21 33,536	–
Currency translation differences	貨幣匯兌差額	22,719	(29,847)
Other comprehensive expense for the year, net of tax	年度其他全面支出，扣除稅項	(448)	(74,915)
Total comprehensive expense for the year	年度全面支出總額	(15,325)	(289,279)
Attributable to:	歸屬於：		
Owners of the Company	本公司權益持有人	(7,506)	(282,558)
Non-controlling interests	非控股權益	(7,819)	(6,721)
Total comprehensive expense for the year	年度全面支出總額	(15,325)	(289,279)
Total comprehensive income/ (expense) attributable to owners of the Company arising from:	全面收入／(支出)總額歸屬於本公司權益持有人來自：		
Continuing operations	持續經營業務	(58,490)	(267,580)
Discontinued operations	已終止經營業務	50,984	(14,978)
		(7,506)	(282,558)

Consolidated Statement of Changes in Equity 綜合權益變動表

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

		Note 附註	Attributable to owners of the Company 本公司權益持有人應佔			Non- controlling interests 非控股權益 HK\$'000 港幣千元	Total equity 總權益 HK\$'000 港幣千元
			Share capital 股本 HK\$'000 港幣千元	Other reserves 其他儲備 HK\$'000 港幣千元	Accumulated losses 累計虧損 HK\$'000 港幣千元		
Balance at 1 January 2016	二零一六年 一月一日結餘		506,436	1,074,762	(326,212)	219,118	1,474,104
Comprehensive income Loss for the year	全面收入 年度虧損		–	–	(207,896)	(6,468)	(214,364)
Other comprehensive expense Share of other comprehensive income of associates	其他全面支出 所佔聯營公司其他 全面收入	21	–	793	–	–	793
Release upon disposal of subsidiaries	出售附屬公司權益 轉出儲備	21&38	–	(45,861)	–	–	(45,861)
Currency translation differences	貨幣匯兌差額						
– Group	– 集團	21	–	(10,365)	–	(253)	(10,618)
– Associates	– 聯營公司	21	–	(19,229)	–	–	(19,229)
Total other comprehensive expense	其他全面支出總額		–	(74,662)	–	(253)	(74,915)
Total comprehensive expense	全面支出總額		–	(74,662)	(207,896)	(6,721)	(289,279)
Repurchase of shares	購回股份	19&21	(4,780)	(6,481)	–	–	(11,261)
Transfer of share option reserve upon the forfeiture or expiry of share options	轉撥被沒收或失效 購股權後之購股權 儲備	21	–	(21,460)	21,460	–	–
Dividends	股息		–	–	–	(6,217)	(6,217)
Disposal of subsidiaries	出售附屬公司		–	–	–	(234,007)	(234,007)
Total transactions with owners	與權益持有人的 交易總額		(4,780)	(27,941)	21,460	(240,224)	(251,485)
Balance at 31 December 2016	二零一六年十二月 三十一日結餘		501,656	972,159	(512,648)	(27,827)	933,340

Consolidated Statement of Changes in Equity 綜合權益變動表

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

		Attributable to owners of the Company 本公司權益持有人應佔			Non- controlling interests	Total equity
	Note 附註	Share capital 股本 HK\$'000 港幣千元	Other reserves 其他儲備 HK\$'000 港幣千元	Accumulated losses 累計虧損 HK\$'000 港幣千元	非控股權益 HK\$'000 港幣千元	總權益 HK\$'000 港幣千元
Balance at 1 January 2017	二零一七年 一月一日結餘	501,656	972,159	(512,648)	(27,827)	933,340
Comprehensive income Loss for the year	全面收入 年度虧損	-	-	(7,715)	(7,162)	(14,877)
Other comprehensive expense Share of other comprehensive expense of associates	其他全面支出 所佔聯營公司其他 全面支出	21	(3,845)	-	-	(3,845)
Release upon disposal of subsidiaries	出售附屬公司權益 轉出儲備	21&38	(9,890)	-	-	(9,890)
Release of reserves upon reclassification of associate to available-for-sale financial assets	聯營公司重列作 可供出售財務 資產轉出儲備	21	(9,432)	-	-	(9,432)
Change in fair value of available-for-sale financial assets	可供出售財務資產 公平值變動	21	(33,536)	-	-	(33,536)
Reclassification upon impairment of available-for- sale financial assets	可供出售財務資產減 值需作儲備調整	21	33,536	-	-	33,536
Currency translation differences	貨幣匯兌差額					
- Group	- 集團	21	(10,383)	-	(657)	(11,040)
- Associates	- 聯營公司	21	33,759	-	-	33,759
Total other comprehensive income/(expense)	其他全面收入/ (支出)總額	-	209	-	(657)	(448)
Total comprehensive income/ (expense)	全面收入/ (支出)總額	-	209	(7,715)	(7,819)	(15,325)
Repurchase of shares	購回股份	19&21	(5,313)	(3,331)	-	(8,644)
Employee share option scheme: - value of employee services	僱員購股權計劃： - 僱員服務價值	21	-	26,160	-	26,160
- share options exercised	- 行使購股權	19&21	940	1,099	-	2,039
Issue of convertible bonds - equity component	發行可換股債券 - 權益組成部份	21	-	14,236	-	14,236
Total transactions with owners	與權益持有人的 交易總額	(4,373)	38,164	-	-	33,791
Balance at 31 December 2017	二零一七年十二月 三十一日結餘	497,283	1,010,532	(520,363)	(35,646)	951,806

Consolidated Statement of Cash Flows 綜合現金流量表

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

		Note	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
		附註		
Cash flows from operating activities	營運活動的現金流量			
Cash used in operations	營運所用的現金	34(a)	(208,675)	(48,501)
Interest paid	已付利息		(13,479)	(15,342)
Overseas tax paid	已付海外稅項		(849)	(3,899)
Overseas tax refunded	退還海外稅項		41	–
			<u>(222,962)</u>	<u>(67,742)</u>
Net cash used in operating activities	營運活動所用的淨現金			
Cash flows from investing activities	投資活動的現金流量			
Acquisition of property, plant and equipment	購入物業、機器及設備		(62)	(424)
Acquisition of an associate	購入聯營公司		(5)	(33,840)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款		262,421	3,614
Disposal of subsidiaries	出售附屬公司	38	95,996	37,908
Fund applied to financial assets at fair value through profit or loss	資金用在按公平值透過損益列帳的財務資產		(122,113)	–
Funds released from derivative financial instruments, net	資金來自衍生金融工具，淨額		2,850	(606)
Interest received	已收利息		243	1,096
Increase in due from associates	聯營公司欠款增加		–	(11,974)
Investments in joint ventures	合營公司投資		–	(5,953)
Dividends received from an associate	已收聯營公司股息		1,667	–
Dividends received from financial assets at fair value through profit or loss	已收按公平值透過損益列帳的財務資產股息		9	12
			<u>241,006</u>	<u>(10,167)</u>
Net cash generated from/(used in) investing activities	投資活動產生/(所用)的淨現金			

Consolidated Statement of Cash Flows 綜合現金流量表

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

	Note 附註	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Cash flows from financing activities			
Share repurchase expenses		(8,644)	(11,261)
Share options exercised		2,039	–
Decrease in trust receipts bank loans		(74,872)	(11,704)
Additions of other bank loans		66,875	4,816
Repayment of other bank loans		(169,344)	(163,669)
Additions/(Repayment) of other loans		69,379	(537)
Issue of notes payables		22,800	–
Issue of convertible bonds		152,492	–
Interest element of finance lease rental payments		(50)	(118)
Capital element of finance lease rental payments		(3,065)	(815)
Increase in pledged bank balances		(15,122)	(12,485)
Dividends paid		–	(6,217)
Net cash generated from/(used in) financing activities		42,488	(201,990)
Net increase/(decrease) in cash and cash equivalents		60,532	(279,899)
Cash and cash equivalents at 1 January		60,566	340,748
Effect of exchange rate changes		432	(283)
Cash and cash equivalents at 31 December	34(b)	121,530	60,566

Notes to the Consolidated Financial Statements 綜合財務報表附註

1 GENERAL INFORMATION

Burwill Holdings Limited (the “Company”) is an investment holding company. Its subsidiaries are principally engaged in steel trading, lithium business and mineral resources.

The Company was incorporated in Bermuda as an exempted company with limited liability. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 1983.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) except that the Group is unable to fulfill the requirement of HKFRS 12 “Disclosure of Interests in Other Entities” for its investment in an associate, China Land Assets Limited. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

1 一般資料

寶威控股有限公司(「本公司」)為一間投資控股公司。其附屬公司主要業務為鋼鐵貿易、鋰業務及礦產資源。

本公司於百慕達註冊成立為獲豁免有限公司。本公司股份自一九八三年起於香港聯合交易所有限公司(「聯交所」)上市。

除另有說明外，綜合財務報表以港幣千元列報。綜合財務報表已經由董事局在二零一八年三月二十九日批准刊發。

2 重要會計政策摘要

本附註提供於編製該等綜合財務報表時採納的重大會計政策的清單。除另有指明外，該等政策於所有呈報年度貫徹應用。綜合財務報表為本集團(包括本公司及其附屬公司)編製。

2.1 編製基準

(i) *遵守香港財務報告準則及香港公司條例*

本集團綜合財務報表乃按照香港會計師公會所頒佈香港財務報告準則(「香港財務報告準則」)編製。唯本集團未能就其於China Land Assets Limited之聯營公司投資遵守香港財務報告準則12「其他實體之權益披露」之規定。此外，本綜合財務報表亦包括聯交所證券上市規則及香港公司條例規定之適用披露資料。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial assets, financial assets and liabilities (including derivative instruments) measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017.

HKAS 7 Disclosure initiative
(Amendments)

HKAS 12 Recognition of Deferred
(Amendments) Tax Assets for
 Unrealised Losses

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

2 重要會計政策摘要(續)

2.1 編製基準(續)

(ii) 歷史成本法

綜合財務報表已根據歷史成本基準擬備，惟可出售財務資產、財務資產及負債(包括衍生工具)是按公平價值計量。

(iii) 本集團採納之新訂及經修訂準則

本集團已於二零一七年一月一日開始的年度報告期間首次應用以下準則及修訂本。

香港會計準則 披露計劃
第7號(修訂本)

香港會計準則 就未變現虧損確認遞
第12號(修訂本) 延稅項資產

採納該等修訂本對於先前期間確認的金額並無任何影響。大部分修訂本亦不會對當前或未來期間產生影響。

香港會計準則7修訂本需要披露因融資業務而引起的負債轉變。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 9 Financial Instruments

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available;
- equity investments currently measured at fair value through profit or loss (FVPL) which will continue to be measured on the same basis under HKFRS 9; and
- debt instruments currently classified as held-to-maturity and measured at amortised cost which meet the conditions for classification at amortised cost under HKFRS 9.

2 重要會計政策摘要(續)

2.1 編製基準(續)

(iv) *尚未採納之新訂及經修訂準則及詮釋*

若干新訂會計準則及詮釋已頒佈但於截至二零一七年十二月三十一日之報告期並未強制生效，且本集團並無提早採納。預期該等修訂將不會對本集團之綜合財務報表造成重大影響惟下文所載者除外。

香港財務報告準則第9號金融工具

變動之性質

香港財務報告準則第9號闡述金融資產及金融負債的分類、計量及終止確認，引入對沖會計新規則及金融資產之新減值模式。

影響

本集團已審閱其金融資產及負債並預期於二零一八年一月一日採納新訂準則將產生下列影響：

集團持有的其他金融資產包括：

- 目前分類為AFS且可選擇分類為FVOCI的權益工具；
- 目前以按公允價值計量且其變動計入損益(FVPL)計量並將繼續根據香港財務報告準則第9號以相同基準計量的權益工具；及
- 目前分類為可持有至到期日及以攤銷成本計量而可符合香港財務準則第9號按攤銷成本分類條件的債務工具。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- (iv) *New standards and interpretations not yet adopted (continued)*

HKFRS 9 Financial Instruments (continued)

Impact (continued)

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

2 重要會計政策摘要(續)

2.1 編製基準(續)

- (iv) *尚未採納之新訂及經修訂準則及詮釋(續)*

香港財務報告準則第9號金融工具(續)

影響(續)

因此，集團預期新指引不會對該等金融資產的分類和計量構成影響。然而，在出售FVOCI權益工具所變現的利得或虧損，將不再於出售時轉至損益，而是自FVOCI儲備重分類至留存收益。

由於新規定僅影響指定為透過損益按公平值列值(「透過損益按公平值列值」)之金融負債之會計處理，而本集團並不持有任何該等負債，因此，本集團金融負債之會計處理將不會受影響。終止確認之規則乃轉自香港會計準則第39號金融工具：確認及計量轉移且並無變動。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- (iv) *New standards and interpretations not yet adopted (continued)*

HKFRS 9 Financial Instruments (continued)

Impact (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect material change to the loss allowance for accounts receivable.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparative figures for 2017 will not be restated.

2 重要會計政策摘要(續)

2.1 編製基準(續)

- (iv) *尚未採納之新訂及經修訂準則及詮釋(續)*

香港財務報告準則第9號金融工具(續)

影響(續)

新減值模型規定以預期信用虧損(「預期信用虧損」)，而非香港會計準則第39號項下僅以已產生信用虧損確認減值撥備。該規定適用於按攤銷成本分類之金融資產、透過其他全面收益按公平值列值之債務工具、香港財務報告準則第15號來自客戶合約之收入項下之合約資產、應收租金、貸款承擔及若干財務擔保合約。根據迄今進行的評估，本集團預期應收貿易帳款之虧損撥備不會有大幅變動。

新訂準則亦引入延伸的披露規定及呈列方式變動。該等規定及變動預期將改變本集團有關其金融工具披露之性質及程度(尤其是於採納新訂準則之年度)。

本集團採納之日期

必須於二零一八年一月一日或之後開始之財政年度應用。本集團將自二零一八年一月一日起追溯應用新規則以及該準則項下所允許之可行權宜處理。二零一七年之比較數字將不予重列。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted (continued)*

HKFRS 15 Revenue from Contracts with Customers

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

The Group has undertaken a preliminary assessment of the impact of HKFRS 15 and does not expect its results of operations and financial position will be significantly impacted.

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2018.

2 重要會計政策摘要(續)

2.1 編製基準(續)

(iv) *尚未採納之新訂及經修訂準則及詮釋(續)*

香港財務報告準則第15號來自客戶合約之收入

變動之性質

香港會計師公會已頒佈收入確認之新訂準則。該準則將取代香港會計準則第18號(涵蓋貨品及服務合約)及香港會計準則第11號(涵蓋建築合約及相關文獻)。

新訂準則乃基於貨品或服務控制權轉移至客戶時確認收入之原則。

該準則允許在採納時採用全面追溯方式或修改追溯方式。

影響

管理層於已就香港財務報告準則第15號的影響進行初步評估，並預期不會對本集團的經營業績及財務狀況構成重大影響。

本集團採納之日期

二零一八年一月一日或之後開始的財政年度強制採納。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted (continued)*

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK\$35,016,000.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

2 重要會計政策摘要(續)

2.1 編製基準(續)

(iv) *尚未採納之新訂及經修訂準則及詮釋(續)*

香港財務報告準則第16號租賃

變動之性質

香港財務報告準則第16號將引致絕大部分租賃於財務狀況表確認，此乃由於經營與融資租賃之間的區別被移除。根據新準則，須確認一項資產(使用租賃項目的權利)及支付租金之金融負債。唯一的例外情況為短期及低價值租賃。

對出租人之會計處理將不會有重大變動。

影響

該準則將初步影響本集團對經營租賃之會計處理。於報告日期，本集團的不可撤銷經營租賃承擔約為港幣35,016,000元。

然而，本集團尚未評估須作出何種其他調整(如有)，例如，由於租期的釋義變動以及可變租金與續租及終止選擇權的不同處理。因此，尚未能估計於採納新訂準則時必須確認的使用權資產及租賃負債金額及如何影響本集團的損益與未來現金流量分類。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

- (iv) *New standards and interpretations not yet adopted (continued)*

HKFRS 16 Leases (continued)

Date of adoption by Group

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation and equity accounting

- (i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

2 重要會計政策摘要(續)

2.1 編製基準(續)

- (iv) *尚未採納之新訂及經修訂準則及詮釋(續)*

香港財務報告準則第16號租賃(續)

本集團採納之日期

於二零一九年一月一日或之後開始之財政年度強制生效。於此階段，本集團不擬於其生效日期之前採納該準則。

並無其他準則及詮釋尚未生效而預期將於本期間或未來報告期間對實體或可預見的未來交易產生重大影響。

2.2 編製綜合帳目之準則

- (i) *附屬公司*

附屬公司指本集團擁有控制權的所有實體(包括結構實體)。當本集團承受或享有參與實體所得之可變回報，且有能力透過其主導實體業務之權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團之日起開始完全綜合入帳，並自控制權喪失之日起終止綜合入帳。

本集團採用收購會計法為業務合併列帳。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

(i) Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

2 重要會計政策摘要(續)

2.2 編製綜合帳目之準則(續)

(i) 附屬公司(續)

集團內公司間交易、結餘及交易的未變現收益予以抵銷。未變現虧損亦予以抵銷，除非交易有證據顯示所轉讓資產出現減值。本公司已在必要情況下對附屬公司之會計政策作出修訂，以確保與本集團所採納之政策一致。

於附屬公司之業績及權益之非控股權益分別單獨呈列於綜合損益表、綜合全面收益表、綜合權益變動表及綜合資產負債表。

(ii) 聯營公司

聯營公司為本集團對其有重大影響但不擁有控制權或共同控制權的所有實體。於一般情況下，本集團擁有介乎20%至50%的投票權。於初步按成本確認後，於聯營公司的投資採用權益會計法(見下文(iv))入帳。

(iii) 合營安排

根據香港財務報告準則第11號合營安排，合營安排下的投資分類為合營業務或合營企業。分類取決於各投資方的合約權利及義務，而非按合營安排的法定結構。

於合營企業的權益在綜合資產負債表中初步按成本確認後以權益法入帳，請參閱以下第(iv)項。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2 重要會計政策摘要(續)

2.2 編製綜合帳目之準則(續)

(iv) 權益會計法

根據權益會計法，投資初步按成本確認，其後進行調整以於損益確認本集團應佔被投資方收購後溢利或虧損並於其他全面收入確認本集團應佔被投資方其他全面收入的變動。已收或應收聯營公司及合營企業的股息確認為投資帳面值扣減。

倘本集團應佔權益入帳投資的虧損等於或超過其於該實體的權益(包括任何其他無抵押長期應收款項)，則本集團不會確認進一步虧損，除非已代表另一實體承擔責任或作出付款。

本集團與其聯營公司及合營企業之間交易的未變現收益按本集團於該等實體的權益予以對銷。未變現虧損亦會予以對銷，除非該交易顯示已轉讓資產減值的證據。權益入帳被投資方的會計政策已在需要時作出調整，以確保與本集團所採納會計政策一致。

權益入帳投資的帳面金額根據附註2.8所述政策進行減值測試。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 重要會計政策摘要(續)

2.2 編製綜合帳目之準則(續)

(v) 擁有權權益變動

本集團將不導致喪失控制權的非控股權益交易視作與本集團權益擁有人的交易。擁有權權益變動導致控股與非控股權益帳面值的調整，以反映其於附屬公司的相關權益。非控股權益調整數額與任何已付或已收代價之間的任何差額於本公司權益擁有人應佔權益中的獨立儲備內確認。

當本集團因喪失控制權、共同控制權或重大影響力而停止綜合入帳或按權益入帳一項投資時，於實體的任何保留權益重新按公平值計量，而帳面值變動於損益確認。就其後入帳列作聯營公司、合營企業或金融資產的保留權益而言，該公平值為初始帳面值。此外，先前於其他全面收入就該實體確認的任何金額按猶如本集團已直接出售有關資產或負債的方式入帳。這意味著先前於其他全面收入確認的金額重新分類至損益或轉撥至適用香港財務報告準則所指明／許可的另一權益類別內。

倘於一間合營企業或聯營公司的擁有權權益減少但保留共同控制權或重大影響力，則先前於其他全面收入確認的金額僅有一定比例份額重新分類至損益(如適用)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2 重要會計政策摘要(續)

2.3 獨立財務報表

附屬公司投資按成本扣除減值入帳。成本包括投資的直接歸屬成本。本公司將附屬公司業績按已收及應收股息基準入帳。

當收到於附屬公司投資的股息時，而股息超過附屬公司在宣派股息期間的全面收益總額，或在單獨財務報表的投資帳面值超過被投資方淨資產(包括商譽)在綜合財務報表的帳面值時，則必須對有關投資進行減值測試。

2.4 分部報告

經營分部按照向首席營運決策者提供的內部報告貫徹一致的方式報告。首席營運決策者已獲確定為負責作出策略性決定之董事局，負責經營分部之資源分配及表現評估。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 重要會計政策摘要(續)

2.5 Foreign currency translation

2.5 外幣匯兌

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the Company's functional and presentation currency.

(i) *功能及呈報貨幣*

本集團每個實體的財務報表所列項目均以該實體營運所在的主要經濟環境的貨幣計量(「功能貨幣」)。綜合財務報表以港幣呈報，港幣為本公司的功能及呈報貨幣。

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(ii) *交易及結餘*

外幣交易採用交易日的匯率換算為功能貨幣。結算該等交易產生的外匯收益及虧損以及以外幣計值的貨幣資產及負債以年終匯率換算所產生的外匯收益及虧損於損益中確認。

All foreign exchange gains and losses are presented in the consolidated income statement within "general and administrative expenses".

所有外匯收益和虧損已於綜合財務狀況表的「一般及行政開支」中呈列。

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

按外幣公平值計量的非貨幣性項目採用公平值釐定當日的匯率換算。按公平值入帳的資產及負債的換算差額作為公平值收益或虧損的一部分列報。例如，非貨幣性財務資產及負債(如按公平值計入損益的權益)的換算差額在損益中確認為公平值增值或虧損的一部分。而非貨幣性資產(如分類為可供出售財務資產的權益)的換算差額在其他全面收入中確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 重要會計政策摘要(續)

2.5 Foreign currency translation (continued)

2.5 外幣匯兌(續)

(iii) Group companies

(iii) 集團公司

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

功能貨幣異於呈列貨幣之境外業務(概無擁有處於嚴重通脹經濟體系之貨幣)之業績及財務狀況按下列方式換算為呈列貨幣：

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

- 呈列之各財務狀況表之資產及負債按該財務狀況表日期之收市匯率換算；

- 各全面收益表之收支按平均匯率換算(除非此平均匯率不足以合理地概括反映交易日適用匯率之累積影響，在此情況下，收支則按交易日之匯率換算)；及

- 一切因此而產生之匯兌差額均於其他全面收益內確認。

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

於編製綜合帳目時，換算境外實體任何投資淨額以及指定為該等投資之對沖項目之借貸及其他金融工具產生之匯兌差額於其他全面收益內確認。於出售境外業務或償還組成投資淨額一部分之任何借貸時，相關匯兌差額重新分類至損益，作為出售損益之一部分。

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

收購海外實體產生的商譽及公平值調整視為該海外實體的資產及負債，並按收市匯率換算。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Land and buildings comprise offices. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 重要會計政策摘要(續)

2.5 外幣匯兌(續)

(iv) 出售及部分出售海外業務

於出售海外業務(即出售本集團於海外業務之全部權益或涉及失去對一間設有海外業務之附屬公司控制權之出售、或涉及失去對設有海外業務之合營企業共同控制權之出售、或涉及失去對一間設有海外業務之聯營公司重大影響力之出售)時,就本公司擁有人應佔該業務而於權益內累計之所有匯兌差額,重新分類至損益表。

倘此乃部分出售而不導致本集團失去設有海外業務之附屬公司之控制權,該累計匯兌差額之應佔比例重新歸於非控股權益,且不會於綜合收益表確認。就所有其他部分出售(即本集團於聯營公司或合營企業擁有權益減少而不會導致本集團失去重大影響或共同控制權)而言,該累計匯兌差額之應佔比例須重新分類至損益表。

2.6 物業、機器及設備

土地及樓宇包括辦公室。分類為融資租賃的租賃土地及所有其他物業、機器及設備按歷史成本減折舊和減值虧損列帳。歷史成本包括收購該項目直接應佔的開支。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Amortisation on leasehold land classified as finance lease and depreciation on other assets are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- | | |
|--|--|
| • Leasehold land classified as finance lease | Shorter of remaining lease term or useful life |
| • Buildings | 25 to 50 years |
| • Leasehold improvements | 4 to 5 years (over the period of leases) |
| • Machinery | 8 to 10 years |
| • Furniture and equipment | 4 to 10 years |
| • Motor vehicles | 4 to 10 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2 重要會計政策摘要(續)

2.6 物業、機器及設備(續)

僅於項目有關的未來經濟利益可能流入本集團及能可靠地計量項目成本時，其後成本方會計入資產帳面值或確認為另外一項資產(如適用)。入帳列為單獨資產的任何部分的帳面值於替換時確認。所有其他維修及維護開支於產生的報告期間計入損益。

分類為融資租賃的租賃土地的攤銷及其他資產的折舊於其估計可使用年期內採用直線法分攤其成本或重估金額(扣除剩餘價值)計算，或倘為租賃物業裝修及若干租賃廠房及設備，則按以下較短租賃期算：

- | | |
|----------------|-----------------|
| • 分類為融資租賃的租賃土地 | 剩餘租賃期限或可使用年期較短者 |
| • 樓宇 | 25至50年 |
| • 租賃樓宇裝修 | 4至5年
(按租約年期) |
| • 機器 | 8至10年 |
| • 傢具及設備 | 4至10年 |
| • 車輛 | 4至10年 |

資產之剩餘價值及可使用年期於各報告期結束時予以檢討，並於適當情況下作出調整。

倘資產帳面值大於其估計可收回金額，則資產帳面值即時減記至其可收回金額(附註2.8)。

出售之損益按所得款項與資產帳面值的差額釐定，計入收益表。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets

(i) Mining right

Mining right acquired separately is measured on initial recognition at cost. Mining right acquired in a business combination is recognised at fair value at the date of acquisition. Mining right has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of mining right over its estimated useful life of 30 years.

(ii) Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to mining right and are amortised based on the accounting policy as stated in "Mining right" above. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

(iii) Domain names and trademarks

Acquisition costs of domain names and legal costs related to the registration of trademarks are capitalised and amortised on a straight-line basis over their estimated useful lives of ten years.

2 重要會計政策摘要(續)

2.7 無形資產

(i) 採礦權

獨立收購的採礦權在首次確認時以成本計量。於業務合併中收購之採礦權按收購日之公平值列帳。有使用限期的採礦權按成本減累計攤銷及累計減值虧損列帳。採礦權的攤銷採用直線法按其估計可使用年期30年將成本分攤計算。

(ii) 勘探及評估資產

勘探及評估資產按成本扣除減值虧損列帳。勘探及評估資產包括地質及地理勘測、勘探鑽出、抽樣及挖掘及與商業及技術上可行性研究有關的活動的成本，及用於進一步取得礦藏之礦產及擴充礦場之產能之開支。於取得勘探某一地區之合法權利前產生的開支在產生時撇銷。如能合理確定採礦資產可投入商業生產，勘探及評估成本乃轉撥至採礦權並按上文「採礦權」所述的會計政策作出攤銷。倘任何項目於評估階段終止，其所屬之總開支將會撇銷。

(iii) 域名及商標

包括購買域名之成本及有關商標登記之律師費，以成本列帳並按直線法於估計可使用年期十年期內攤銷。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(iv) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of ten years.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

2 重要會計政策摘要(續)

2.7 無形資產(續)

(iv) 電腦軟件

購買電腦軟件版權乃根據購買和達至使用之成本會撥充資本，此成本列帳於估計可使用年期十年期內攤銷。

2.8 非財務資產之減值

擁有無限可使用年期之無形資產不作攤銷，而須每年測試一次是否減值，倘有事件或情況變動顯示帳面值或會減值時，則測試次數更頻繁。倘有事件或情況變動顯示帳面值或不可收回時，其他資產將進行減值測試。減值虧損確認為資產帳面值超過其可收回金額之數額。可收回金額為資產公允價值減銷售成本與使用價值兩者之較高者。為評估減值，資產按大致獨立於其他資產或資產組別(現金產生單位)之單獨可識別現金流入最基本層次分類。已減值之非金融資產(除商譽外)於各報告期末檢討是否可能撥回減值。

2.9 待售的非流動資產(或出售集團)及已終止經營業務

倘非流動資產(或出售組別)的帳面值主要透過銷售交易而非持續使用收回且有關銷售被認為極有可能發生，則分類為持作出售。其按帳面值與公平值扣除銷售成本兩者的較低者計量，本規定明確豁免的遞延稅項資產、僱員福利產生的資產、金融資產、以公平值列帳的投資物業及保險合約項下的合約權利等資產除外。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

2 重要會計政策摘要(續)

2.9 待售的非流動資產(或出售集團)及已終止經營業務(續)

減值虧損乃按資產(或出售組別)初始或其後撇減至公平值扣除銷售成本確認。收益乃按公平值扣除資產(或出售組別)的銷售成本的其後增加確認，惟不超過先前確認的累計減值虧損。先前並未確認的收益或虧損乃按非流動資產(或出售組別)的銷售日期於終止確認日期確認。

非流動資產(包括屬出售組別部分者)在分類為持作出售時不予折舊或攤銷。分類為持作出售的出售組別負債應佔的利息及其他開支將繼續予以確認。

分類為持作出售的非流動資產及分類為持作出售的出售組別資產於綜合財務狀況表內與其他資產分開呈列。分類為持作出售的出售組別負債於綜合財務狀況表內與其他負債分開呈列。

已終止經營業務為已出售或分類為持作出售及代表一項按業務或地區劃分的獨立主要業務的實體的組成部分，為出售按業務或地區劃分的該獨立主要業務的單一統籌計劃的一部分，或為一間專為轉售目的而收購的附屬公司。終止經營業務的業績於綜合損益表中單獨呈列。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重要會計政策摘要(續)

2.10 Investments and other financial assets

(i) *Classification*

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

a. Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, ie are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets. The Group has elected to designate certain financial assets at fair value through profit or loss.

2.10 投資及其他財務金融資產

(i) 分類

本集團將其金融資產分類如下：

- 按公平值透過損益列帳的財務資產，
- 貸款及應收款項，及
- 可供出售財務資產。

分類方式視乎購入投資之目的而定。管理層於最初確認時釐定其投資分類。

a. 按公平值透過損益列帳的財務資產

倘金融資產主要為於短期內出售而購入，即持作買賣，則本集團會分類按公平值計入損益的財務資產。倘預期財務資產將於報告期末後12個月內出售，則呈列為流動資產；否則呈列為非流動資產。本集團已選擇指定部分按公平值計入損益的財務資產。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments and other financial assets (continued)

(i) Classification (continued)

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of bills and accounts receivable, deposits and other receivables, due from associates, due from joint ventures and cash and bank balances.

c. Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at financial assets at fair value through profit or loss or loans and receivables) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

2 重要會計政策摘要(續)

2.10 投資及其他財務金融資產(續)

(i) 分類(續)

b. 貸款及應收款項

貸款及應收款項屬於非衍生性財務資產，有固定或可釐定的還款，但於活躍市場並無報價。倘預計在一年或一年內收回款項，則將其分類為流動資產。否則以非流動資產呈列。本集團的應收票據及應收帳項、按金及其他應收款、聯營公司欠款、合營公司欠款及現金及銀行結餘。

c. 可供出售財務資產

如果投資沒有固定的期限以及固定或可釐定的付款，並且管理層擬中長期持有，則將其指定為可供出售財務資產。未歸類為任何其他類別的財務資產（即按公平值計入損益的財務資產、貸款及應收款項）亦歸入可供出售類別。

除非於報告期結束後十二個月內財務資產到期或管理層擬出售之，否則該等財務資產以非流動資產呈列。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments and other financial assets (continued)

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2 重要會計政策摘要(續)

2.10 投資及其他財務金融資產(續)

(ii) 重新分類

倘金融資產不再持作供近期出售，則本集團可選擇將非衍生交易性金融資產自持作買賣類別中移出並重新分類。貸款及應收款項以外的金融資產僅於發生不尋常且於近期再發生的機會甚微的單一事件所導致的罕見情況下，方可自持作買賣類別中移出並重新分類。此外，倘本集團有意且有能力於可見未來持有該等金融資產或於重新分類日期持有該等金融資產至到期，則本集團可選擇將符合貸款及應收款項定義的金融資產自持作買賣或可供出售類別中移出並重新分類。

重新分類乃按重新分類日期的公平值進行。公平值成為新成本或攤銷成本(倘適用)，且於重新分類日前錄得的公平值收益或虧損不得於其後撥回。重新分類至貸款及應收款項的金融資產的實際利率在重新分類日確定。估計現金流量的進一步增加會導致須對實際利率作出追溯調整。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments and other financial assets (continued)

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 重要會計政策摘要(續)

2.10 投資及其他財務金融資產(續)

(iii) 確認及終止確認

常規買賣金融資產乃於交易日(即本集團承諾購買或出售資產的日期)確認。金融資產乃於自金融資產收取現金流量的權利已到期或已轉讓，而本集團已轉讓擁有權的絕大部分風險及回報時終止確認。

當出售分類為可供出售的證券時，其他全面收入內確認的累計公平值調整於損益中重新分類為投資證券的收益及虧損。

(iv) 計算

本集團於初步確認時按公平值計量財務資產，若財務資產並非按公平值計入損益，則需加上購置該財務資產直接產生的交易成本。按公平值計入損益的財務資產交易成本於損益中支銷。

貸款及應收款項其後運用實際利率法按攤銷後成本入帳。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments and other financial assets (continued)

(iv) Measurement (continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for financial assets at fair value through profit or loss – in profit or loss within other income or other expenses;
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities and loans and receivables calculated using the effective interest method is recognised in the consolidated income statement as part of revenue from continuing operations.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.3.

2 重要會計政策摘要(續)

2.10 投資及其他財務金融資產(續)

(iv) 計算(續)

可供出售財務資產及按公平值計入損益的財務資產其後則按公平值入帳。公平值變動產生的損益按如下方式確認：

- 就按公平值計入損益的財務資產而言，在損益中計入其他收入或其他開支；
- 就屬於以外幣為單位之貨幣證券的可供出售財務資產而言，涉及證券攤銷成本變動的換算差額在損益中予以確認，而其他帳面值變動則在其他全面收入中確認；及
- 就歸為可供出售類別的其他貨幣及非貨幣證券而言，在其他全面收入中確認。

按公平值計入損益的財務資產及可供出售權益工具的股息，於本集團收取款項之權利獲確立時在損益中確認為來自持續經營業務的收入之一部分。

按公平值計入損益的財務資產的利息收入計入綜合損益表。以實際利率法計算的可供出售證券以及貸款及應收款項的利息在損益表中確認為來自持續經營業務的收入之一部分。

有關如何釐定金融工具的公平值的詳情，於附註3.3披露。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. the Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 重要會計政策摘要(續)

2.11 金融工具抵銷

當本集團目前擁有法定可執行權利可抵銷已確認金額，並有意按淨額基準結算或同時變現資產及結算負債時，金融資產及負債可互相抵銷，並在綜合資產負債表中報告其淨額。本集團亦已訂立並不符合抵銷標準的安排，但仍允許相關金額在如破產或終止合約的若干情況下予以抵銷。

2.12 財務資產減值

本集團在各報告期末評估是否有客觀證據證明某項財務資產或某組財務資產經已減值。僅於有客觀證據顯示於最初確認資產後發生一項或多項事件(「虧損事件」)導致出現減值及該虧損事件或該等虧損事件對該項財務資產或該組財務資產之估計未來現金流量構成之影響能可靠估計時，該項財務資產或該組財務資產方會出現減值及減值虧損方會產生。倘股權投資分類為可供出售，在決定有關資產是否出現減值時，會考慮該證券的公平價值是否大幅或長期低於其成本。

以攤餘成本列帳之資產

就貸款及應收款項而言，虧損金額根據資產帳面值與估計未來現金流量(不包括未產生之未來信貸虧損)按財務資產之原實際利率貼現之現值兩者之差額計量。該項資產之帳面值減少，而虧損金額於全面收益表確認。倘一項貸款或持有至到期投資按浮息計息，則計量任何減值虧損之貼現率為根據合約釐定之現時實際利率。作為可行之權宜之計，本集團可利用可觀察市價按工具之公平價值計量減值。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss and are included in other income or other expenses

2 重要會計政策摘要(續)

2.12 財務資產減值(續)

以攤餘成本列帳之資產(續)

倘於往後期間之減值虧損金額減少，而減少客觀而言可能與確認減值後發生之一項事件有關(例如債務人信貸評級改善)，則於綜合收益表確認撥回過往確認之減值虧損。

分類為可供出售之資產

倘有客觀證據顯示可供出售財務資產出現減值，則累計虧損(以收購成本與現時公平值之間的差額，減該金融資產先前於損益確認的任何減值虧損計量)自權益中剔除，並於損益確認。

於損益中確認的股本工具的減值虧損於其後期間不會透過損益撥回。

倘分類為可供出售債務工具的公平值於其後期間增加，而該增加在客觀上與於損益確認減值虧損後發生的事件有關，則減值虧損透過損益撥回。

2.13 衍生金融工具

衍生工具最初於訂立衍生工具合約當日按公平值確認，其後按公平值重新計量。

不符合對沖會計法的衍生工具乃按公平值列帳及於損益表處理入帳。任何不符合對沖會計法的衍生工具的公平值變動會即時在損益表中確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.10 for further information about the Group's accounting for account receivable and Note 2.12 for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

2 重要會計政策摘要(續)

2.14 存貨

存貨按成本及可變現淨值兩者的較低者列帳。成本利用先進先出法釐定。製成品的成本包括原材料、直接勞工、其他直接成本和相關的生產經常開支(依據正常營運能力)。這不包括貸款成本。可變現淨值為在通常業務過程中的估計銷售價，減適用的變動銷售費用。

2.15 應收帳項

應收帳項是於日常業務過程中向客戶銷售商品或提供服務而應收之款項。倘應收帳項及其他應收帳款計將在一年或一年以內收回(若更長則在業務正常經營週期內)，則歸類為流動資產。否則，在非流動資產中列報。

應收帳項最初按公平值確認，其後按實際利率法以攤銷成本扣除減值撥備計量。有關本集團應收帳項的詳情，請參閱附註2.10，有關本集團減值政策的說明，請參閱附註2.12。

2.16 現金及現金等價物

就呈列現金流量表而言，現金及現金等價物包括手頭現金、金融機構的活期存款、可隨時轉換為已知數額現金且價值變動風險較少之其他短期高流通性且原到期日為三個月或以內的投資以及銀行透支。銀行透支與資產負債表內流動負債中列為借貸。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Accounts and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2 重要會計政策摘要(續)

2.17 股本

普通股被列為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少(扣除稅項)。

2.18 應付帳項及其他應付款項

該等金額指於財政年度結束前提供予集團之商品及服務之未償還負債。應付帳項及其他應付款項列示為流動負債，除非付款並非於報告日期起計12個月內到期。有關款項以初始公允價值確認，其後採用實際利息法按攤銷成本計量。

2.19 貸款

借貸首次按公平值扣除所產生的交易成本確認。借貸其後按攤銷成本列帳。所得款(扣除交易成本)與贖回價值的任何差額使用實際利率法於借貸期間在損益內確認。倘貸款融資很有可能部分或全部被提取，則就設立貸款融資時支付的費用確認為貸款交易成本。在此情況下，費用遞延至提取發生為止。倘無任何證據顯示該貸款很有可能部分或全部提取，則該費用撥充資本作為流動資金服務的預付款，並於有關融資期間攤銷。

可換股債券負債部份的公平價值按照等同之非可換股債券的市場利率釐定。此金額按攤銷成本記錄為負債，直至債券被兌換或到期而終止。餘下所得款分攤至兌換權。此款項在股東權益中確認和記錄，並扣除所得稅影響。

除非集團有無條件權利遞延結算報告期末後至少12個月的負債，否則借貸歸類為流動負債。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred

2.21 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, which is included in shareholders' equity in other reserves. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

2 重要會計政策摘要(續)

2.20 借貸成本

所有其他借貸成本於其產生期間於損益確認。

2.21 複合金融工具

本集團發行的複合金融工具包括可按持有人的選擇轉換為股本的可轉換票據，而將予發行的股份數目不跟隨其公平價值而改變。

複合金融工具的負債組成部份按沒有權益轉換選擇權的相類似負債的公平價作初始值確認。權益組成部份按複合金融工具的整體公平價值與負債組成部份的公平價值的差額作初始確認(列入其他儲備中的股東權益)。任何直接歸屬的交易費用按其初始帳面值的比例分配至負債和權益的組成部份。

初始確認後，複合金融工具的負債組成部份利用實際利率法按攤銷成本計量。在初始確認後，除非已轉換或已到期，否則複合金融工具的權益組成部份不重新計量。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 重要會計政策摘要(續)

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2.22 本年及遞延所得稅項

期內所得稅開支或抵免為基於各司法權區的適用所得稅率(由暫時差額導致的遞延稅項資產及負債變動調整)於當前期間應付的稅項。

本年所得稅

本年所得稅支出根據公司附屬公司及聯營公司營運及產生應課稅收入之國家於報告期末已頒佈或實質頒佈之稅務法計算。管理層就適用稅務法例詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

遞延所得稅

遞延所得稅乃按負債法就資產及負債之稅基與資產及負債在綜合財務報表之帳面值產生之暫時差異悉數計提撥備。然而，若遞延所得稅負債來自對商譽的初始確認，則不予確認。若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計或應課稅利潤或損失，則不作記帳。遞延所得稅採用在報告期末前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法律)而釐定。

遞延稅項資產僅在未來應課稅金額將可用於動用該等暫時差額及虧損時予以確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Current and deferred income tax (continued)

Deferred income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.23 Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2 重要會計政策摘要(續)

2.22 本年及遞延所得稅項(續)

遞延所得稅(續)

倘本公司能控制撥回暫時差額的時間及該等差額可能不會於可見將來撥備，則不會就外國業務投資帳面值與稅基之間的暫時差額確定遞延稅項負債及資產。

當有可依法強制執行的權利將即期稅項資產與負債抵銷，而遞延稅項結餘與同一稅務機構相關時，則可將遞延稅項資產與負債抵銷。當實體有可依法強制執行抵銷權利且有意按淨額基準結算或同時變現資產及清償負債時，則即期稅項資產與稅項負債抵銷。

即期及遞延稅項於損益確認，惟倘即期及遞延稅項於在其他全面收益或直接於權益中確認的項目有關，在此情況下，稅項亦會分別於其他全面收益或直接於權益中確認。

2.23 僱員福利

(i) *短期債務*

薪金、非貨幣福利及累計病假預期將於期末後12個月內償付，其中僱員所提供之相關服務將就彼等截至報告期末止之服務予以確認，並按清償負債時預期將予支付之金額計量。其他短期僱員福利債務呈列於綜合資產表。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2 重要會計政策摘要(續)

2.23 Employee benefits (continued)

2.23 僱員福利(續)

(ii) Bonus plans

(ii) 獎金計劃

Provisions for bonus plans due wholly within 12 months after the end of each reporting period are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

當本集團為僱員已提供之服務而產生現有法律或推定性責任，而責任金額能可靠估算時，則將在結算日後十二個月內應付之獎金計劃作撥備入帳。

(iii) Post-employment obligations

(iii) 離職後責任

The Group operates a number of defined contribution plans.

本集團經營數個定額供款計劃

Pension obligations

退休金責任

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

就定額供款計劃而言，本集團就強制性、合約性或自願性之公眾或私人管理退休金保險計劃作出供款。一經作出供款後，本集團並無進一步付款責任。供款於到期時確認為僱員福利開支。預付供款以現金退回或扣減未來付款為限確認為資產。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

2 重要會計政策摘要(續)

2.24 以股份支付之報酬

以股本支付的股份報酬交易

本集團設有以股本支付的股份補償計劃，以本集團的股本工具(購股權)作為獲得僱員服務之代價。僱員為獲取授予購股權而提供的服務的公平值確認為費用。列作開支的總金額乃參照已授出購股權的公平值釐定：

- 包括任何市場表現情況(例如公司股價)；
- 不包括任何有關服務及非市場表現的歸屬條件(例如盈利能力、銷售增長目標及於一段特定期間內保留一名公司僱員)的影響；及
- 包括任何非歸屬條件(例如規定僱員儲蓄或在某特定時期持有股份)的影響。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2 重要會計政策摘要(續)

2.24 以股份支付之報酬(續)

以股本支付的股份報酬交易(續)

費用的總金額在歸屬期間內確認，歸屬期間指將符合所有特定可行權的條件期間。

在每個結算日，本集團根據非市場表現及服務條件修訂其對預期歸屬購股權數目的估計。如本集團確認原估算修訂有影響，會對權益作出相應調整。

當購股權獲行使時，本公司會發行新股份。在購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)會列入股本(及股份溢價)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 重要會計政策摘要(續)

2.25 撥備

當本集團因過往事件擁有當前之法律或推定義務時，且可能需要流出資源以完成義務，並已可靠地估計該金額，則確認撥備。未來經營虧損不作撥備確認。

倘有多項相若之義務，須外流資源以解決義務之可能性，乃透過視義務類別為一整體以決定。即使同類別義務中任何一項相關之資源外流可能性不大，撥備也會予以確認。

撥備乃按清償義務預期所需之支出以稅前比率計算之現值計算，該稅前比率反映當時市場對金錢之時間值及該義務之特定風險之評估。因時間推移而增加之撥備確認為利息支出。

2.26 收入確認

收入按已收或應收代價的公平值計量，並相當於供應貨品的應收款項，扣除退貨、貿易折讓、回扣及代第三方應收貨款。

當收入金額能夠可靠計量、未來經濟利益有可能流入本集團，及當本集團每項活動均符合具體條件時(如下文所述)，本集團會確認收入。本集團會根據其往績並考慮客戶類別、交易種類及每項安排的特點後作出回報估計。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Revenue recognition (continued)

- (i) Sale of goods – income from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to customers.
- (ii) Rental income – rental income is recognized on a straight-line basis over the term of the lease.
- (iii) Service income – service income is recognised in the accounting periods in which the services are rendered.

2.27 Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.28 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

2 重要會計政策摘要(續)

2.26 收入確認(續)

- (i) 銷貨－銷貨收入在擁有權之重大風險及回報轉移至客戶時確認。
- (ii) 租金收入－租金收入按租約年期以直線法確認。
- (iii) 服務收入－服務收入在服務提供的會計期內確認。

2.27 利息收入

利息收入採用實際利息法確認。倘應收款出現減值，本集團會將帳面值減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值貸款及應收款之利息收入按原實際利率確認。

2.28 股息收入

股息收入於收取款項之權利確立時確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.30 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 重要會計政策摘要(續)

2.29 租賃

凡本集團(作為承租人)持有擁有權的絕大部分風險及回報的物業、機器及設備租約，均分類為融資租賃。融資租賃在租約開始時按租賃物業的公平值及最低租賃付款現值(倘較低)入帳。相應租賃責任在扣除融資開支後計入其他短期及長期應付款項內。各項租賃付款於負債及融資成本之間分配。融資成本於租期內於損益扣除，使融資成本與每個期間的負債餘額達致常數定期利率。根據融資租賃取得的物業、廠房及設備於資產可使用年期或資產可使用年期與租期兩者的較短者內(倘無法合理確定集團將於租期末取得擁有權)折舊。

擁有權的大部分風險及回報尚未轉讓予本集團(作為承租人)的租賃分類為經營租賃。根據經營租賃作出的付款(扣除已收出租人的任何獎勵)以直線基準於租賃期間內自損益扣除。

2.30 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事(如適用)批准的期間內於本集團的財務報表內列為負債。

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重要會計政策摘要(續)

2.31 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

2.31 關連方

在下列情況下，一方將被視為與本集團有關：

- (a) 有關人士或與其關係密切之家庭成員，而該人士：
 - (i) 能控制或共同控制本集團；
 - (ii) 能對本集團施加重大影響；或
 - (iii) 為本集團或本集團之母公司之主要管理人員；

或

- (b) 有關聯人士為適用以下任何一項條件之實體：
 - (i) 該實體與本集團均為同一集團內之成員；
 - (ii) 其中一個實體是另一實體之聯營公司或共同控制實體(或是另一實體之母公司、子公司或其附屬公司)；
 - (iii) 該實體與本集團為同一第三方之共同控制實體；

Notes to the Consolidated Financial Statements 綜合財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any number of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2 重要會計政策摘要(續)

2.31 關連方(續)

- (b) 有關聯人士為適用以下任何一項條件之實體：(續)
- (iv) 其中一個實體為第三方之共同控制實體，而另一實體為該同一第三方之聯營公司；
- (v) 有關人士為本集團或任何屬本集團有關連人士之實體為其僱員利益而設立之終止僱用後福利計劃；
- (vi) 該實體由(a)中定義之人士所控制或共同控制；
- (vii) (a)(i)中定義之人士對該實體能施加重大影響或為該實體(或該實體之母公司)之主要管理人員；及
- (viii) 向本集團或本集團母公司提供主要管理層成員服務的實體或其所屬集團的任何成員公司。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by board committee(s) under policies approved by the board of directors. The committee identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board lays down principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and treasury investment.

(a) Market risk

(i) Foreign exchange risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 71% (2016: 84%) of the Group's turnover are denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 17% (2016: 16%) of costs are denominated in the units' functional currency. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transactions locally. The management monitors foreign exchange exposure closely and forward exchange contracts are used for hedging purposes when required.

3 財務風險管理

3.1 財務風險因素

本集團的活動承受著多種的財務風險：市場風險（包括外匯風險、公平值利率風險、現金流量利率風險及價格風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

風險管理由董事委員會根據董事局批准之政策執行。委員會透過與集團內營運單位之緊密合作，負責確定、評估及對沖財務風險。董事局就整體風險管理制訂原則，並就外匯風險、利率風險、信貸風險、衍生金融工具與非衍生金融工具之應用及財資投資等範疇制訂政策。

(a) 市場風險

(i) 外匯風險

本集團面對交易貨幣風險。該等風險來自營運單位使用單位功能貨幣以外的貨幣進行銷售或採購。本集團約71%（二零一六年：84%）之營業額以進行銷售的營運單位功能貨幣以外的貨幣列值，約17%（二零一六年：16%）的成本以該單位功能貨幣列值。本集團透過當地業務交易所產生之現金流為其當地營運及投資提供資金，以管理日常業務過程中及投資於海外業務產生之外匯風險。管理層密切監察外幣風險及於有需要時，會利用遠期外匯合約作對沖用途。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

In view of the fact that Hong Kong dollar (“HK\$”) is pegged to United States dollar (“US\$”), the Group’s exposure to change in US\$ exchange rate is minimal.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in Chinese Renminbi (“RMB”), Singapore Dollar (“SGD”) and Euro (“EUR”) exchange rate, with all other variables held constant, of the Group’s loss after income tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity. 2%-5% (2016: 2%) increase/decrease represents management’s assessment of a reasonably possible change in RMB, SGD and EUR exchange rate which have the most impact on the Group over the period until the end of the next reporting period.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

由於港元與美元掛鈎，本集團面對之外匯風險屬輕微。

下表呈列當所有其他變數保持不變時，本集團之除所得稅後虧損(因貨幣資產及負債公平值變動)及權益於報告日期末對人民幣、新加坡幣及歐元匯率的合理變動之敏感度。2%-5% (二零一六年: 2%) 的上升/下跌代表管理層就直至下個報告日期末之期間對本集團影響最大之人民幣、新加坡幣及歐元之匯率可能出現的合理變動作出之評估。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

		Increase/ (Decrease) in RMB/SGD/EUR 人民幣/ 新加坡幣/ 歐元上升/ 歐元上升/ (下降) %	Increase/ (Decrease) in loss after income tax 除所得稅後 虧損增加/ (減少) HK\$'000 港幣千元	Increase/ (Decrease) in equity 權益增加/ (減少) HK\$'000 港幣千元
2017				
If HK\$ weakens against RMB	倘港元兌人民幣轉弱	5	1,102	(1,102)
If HK\$ strengthens against RMB	倘港元兌人民幣轉強	(5)	(1,102)	1,102
If HK\$ weakens against SGD	倘港元兌新加坡幣轉弱	2	1,159	(1,159)
If HK\$ strengthens against SGD	倘港元兌新加坡幣轉強	(2)	(1,159)	1,159
If HK\$ weakens against EUR	倘港元兌歐元轉弱	2	(1,288)	1,288
If HK\$ strengthens against EUR	倘港元兌歐元轉強	(2)	1,288	(1,288)
2016				
If HK\$ weakens against RMB	倘港元兌人民幣轉弱	2	(601)	601
If HK\$ strengthens against RMB	倘港元兌人民幣轉強	(2)	601	(601)

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from investments held by the Group and classification in the consolidated balance sheet either as available-for-sale financial assets (Note 13) or financial assets at fair value through profit or loss (Note 15). To manage its price risk arising from investments in equity securities, the Group control its portfolio size. The Group's investments listed in Hong Kong and overseas are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to 5% increase/decrease in the fair values of available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments with all other variables held constant and after any impact on income tax, based on their carrying amounts at the end of the reporting period.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 價格風險

股票價格風險為股票指數水平及個別證券價值變動導致股本證券公平值下降之風險。於二零一六年及二零一七年十二月三十一日，本集團於綜合資產負債表中呈列並持有的投資分類為可供出售財務資產(附註13)及按公平值透過損益列帳的財務資產(附註15)。本集團為了管理因投資股本證券而產生的價格風險，而控制其投資組合的規模。本集團之投資乃於香港及海外上市，按報告日期末所報市場價格估值。

下表呈列可供出售財務資產、按公平值透過損益列帳的財務資產及衍生金融工具於報告日期末之帳面值對公平值增加/減少5%之敏感度，當所有其他變數保持不變並計及任何所得稅的影響後。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

- (a) Market risk (continued)
(ii) Price risk (continued)

2017

5% increase in available-for-sale financial assets	可供出售財務資產上升5%	1,253	(1,253)	1,253
5% decrease in available-for-sale financial assets	可供出售財務資產下降5%	(1,253)	1,253	(1,253)
5% increase in financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產上升5%	8,504	(8,502)	8,502
5% decrease in financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產下降5%	(8,504)	8,502	(8,502)

2016

5% increase in financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產上升5%	36	(32)	32
5% decrease in financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產下降5%	(36)	32	(32)
5% increase in commodity price	商品價格上升5%	21	(17)	17
5% decrease in commodity price	商品價格下降5%	(21)	17	(17)
5% increase in forward foreign currency exchange contracts	遠期外匯合約價格上升5%	147	(112)	112
5% decrease in forward foreign currency exchange contracts	遠期外匯合約價格下降5%	(147)	112	(112)

3 財務風險管理(續)

3.1 財務風險因素(續)

- (a) 市場風險(續)
(ii) 價格風險(續)

Increase/ (Decrease) in carrying amount of available- for-sale financial assets/ financial assets at fair value through profit or loss 可供出售財務 資產/按公平值 透過損益列帳的 財務資產帳面值 增加/(減少) HK\$'000 港幣千元	Increase/ (Decrease) in other comprehensive income/loss after income tax 其他綜合收益/ 除所得稅後 虧損增加/ (減少) HK\$'000 港幣千元	Increase/ (Decrease) in equity 權益增加/ (減少) HK\$'000 港幣千元
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Increase/ (Decrease) in carrying amount of financial assets at fair value through profit or loss/derivative financial instrument 按公平值透過 損益列帳的財務 資產/衍生 金融工具帳面值 增加/(減少) HK\$'000 港幣千元	Increase/ (Decrease) in other comprehensive income/loss after income tax 其他綜合收益/ 除所得稅後 虧損增加/ (減少) HK\$'000 港幣千元	Increase/ (Decrease) in equity 權益增加/ (減少) HK\$'000 港幣千元
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Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2016 and 2017, the Group's borrowings at variable rate were denominated in US\$, RMB and HK\$.

The Group has not hedged its exposure to cash flow and fair value interest rate risk, as the management considers the risk is insignificant to the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss after income tax (through the impact on floating rate borrowings) and the Group's equity.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 現金流量及公平值利率風險

由於本集團並無重大計息資產，故本集團的收入和營運現金流量基本上不受市場利率波動的影響。

本集團的利率風險來自貸款。按變動利率發行的貸款令本集團承受現金流量利率風險。按固定利率發行的貸款令本集團承受公平值利率風險。二零一六年及二零一七年，本集團變動利率的貸款為美元、人民幣及港元。

由於管理層認為有關風險對本集團並不重大，故本集團並無對沖其現金流量及公平值利率風險。

下表呈列當所有其他變數不變時，本集團之除所得稅後虧損(透過浮動利率貸款變動之影響)及本集團權益對合理利率變動之敏感度。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

- (iii) Cash flow and fair value interest rate risk (continued)

		Increase/ (Decrease) in basis points 利率基點 增加/(減少)	Increase/ (Decrease) in loss after income tax 除所得稅後 虧損增加/ (減少) HK\$'000 港幣千元	Increase/ (Decrease) in equity 權益增加/ (減少) HK\$'000 港幣千元
2017				
US\$	美元	100	40	(40)
HK\$	港元	100	471	(471)
US\$	美元	(100)	(40)	40
HK\$	港元	(100)	(471)	471
2016				
US\$	美元	100	158	(158)
RMB	人民幣	100	37	(37)
HK\$	港元	100	1,149	(1,149)
US\$	美元	(100)	(158)	158
RMB	人民幣	(100)	(37)	37
HK\$	港元	(100)	(1,149)	1,149

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

- (iii) 現金流量及公平值利率風險(續)

		Increase/ (Decrease) in basis points 利率基點 增加/(減少)	Increase/ (Decrease) in loss after income tax 除所得稅後 虧損增加/ (減少) HK\$'000 港幣千元	Increase/ (Decrease) in equity 權益增加/ (減少) HK\$'000 港幣千元
2017				
US\$	美元	100	40	(40)
HK\$	港元	100	471	(471)
US\$	美元	(100)	(40)	40
HK\$	港元	(100)	(471)	471
2016				
US\$	美元	100	158	(158)
RMB	人民幣	100	37	(37)
HK\$	港元	100	1,149	(1,149)
US\$	美元	(100)	(158)	158
RMB	人民幣	(100)	(37)	37
HK\$	港元	(100)	(1,149)	1,149

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group reviews the recoverability of its financial assets periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision is made for possible defaults. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, due from associates, due from joint ventures and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts receivable are disclosed in Note 17 to the consolidated financial statements.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險

本集團定期檢討其財務資產之可收回金額，以確保及早對交易對方的信貸風險作出管理，並在有需要時作充足之減值虧損撥備。此外，本集團持續監察應收結餘情況，而本集團並無重大壞帳風險。

就有關本集團其他財務資產（其中包括現金及現金等價物、聯營公司欠款、合營公司欠款及其他應收款）的信貸風險，本集團因對方違約所產生的信貸風險，上限相等於該等工具的帳面值。

就本集團應收帳項信貸風險之其他量化數據，已於綜合財務報表附註17披露。

(c) 流動資金風險

本集團董事局就流動資金風險管理承擔最終責任，並已為本集團之短期、中期及長期資金融資及流動資金需求的管理建立一個合適之流動資金風險管理藍圖。本集團藉不斷監察預測及實際現金流、財務資產及負債之年期配對，及維持充足儲備及信貸額，管理流動資金風險。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Carrying amount as per consolidated balance sheet	Total contractual undiscounted cash flows	On demand or within 1 year	More than 1 year but less than 5 years
	按綜合資產負債表之帳面值	已立約而未貼現之現金流量總額	應要求或一年內償還	一年以上但於五年內
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元
2017				
Borrowings	471,118	499,271	268,814	230,457
Due to associates	568	568	568	-
Bills and accounts payable	116,916	116,916	116,916	-
Other payables and accruals	227,015	227,015	227,015	-
	<u>815,617</u>	<u>843,770</u>	<u>613,313</u>	<u>230,457</u>

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

根據已立約而未貼現之付款計算，本集團於報告日期末財務負債之年期如下：

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Carrying amount as per consolidated balance sheet	Total contractual undiscounted cash flows	On demand or within 1 year	More than 1 year but less than 5 years	
	按綜合資產負債表之帳面值	已立約而未貼現之現金流量總額	應要求或一年內償還	一年以上但於五年內	
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
2016					
Borrowings	貸款	429,636	431,080	372,487	58,593
Derivative financial instruments	衍生金融工具	1,103	1,103	1,103	–
Due to associates	欠聯營公司款項	476	476	476	–
Bills and accounts payable	應付票據及應付帳項	240,489	240,489	240,489	–
Other payables and accruals	其他應付帳項及應計費用	71,448	71,448	71,448	–
		<u>743,152</u>	<u>744,596</u>	<u>686,003</u>	<u>58,593</u>

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

	Carrying amount as per consolidated balance sheet	Total contractual undiscounted cash flows	On demand or within 1 year	More than 1 year but less than 5 years	
	按綜合資產負債表之帳面值	已立約而未貼現之現金流量總額	應要求或一年內償還	一年以上但於五年內	
	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
2016					
Borrowings	貸款	429,636	431,080	372,487	58,593
Derivative financial instruments	衍生金融工具	1,103	1,103	1,103	–
Due to associates	欠聯營公司款項	476	476	476	–
Bills and accounts payable	應付票據及應付帳項	240,489	240,489	240,489	–
Other payables and accruals	其他應付帳項及應計費用	71,448	71,448	71,448	–
		<u>743,152</u>	<u>744,596</u>	<u>686,003</u>	<u>58,593</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (including share capital, reserves, accumulated losses and non-controlling interests as shown in the consolidated balance sheet) and other loans from non-controlling shareholders of subsidiaries.

3 財務風險管理(續)

3.2 資金管理

本集團管理資金之目標為保障本集團持續經營之能力，以為股東帶來回報、為其他權益持有人帶來利益，及維持理想資金結構以減低資本成本。

為維持或調整資本結構，本集團或會調整向股東派付股息之金額，向股東歸還資金或發行新股份。

本集團按債務對經調整股本比率監察股本。此比率按債務淨額除以經調整股本計算。債務淨額按總貸款(包括綜合資產負債表所列示之流動及非流動貸款)減現金及現金等價物計算。經調整股本包括所有權益部分(包括綜合資產負債表所列示的股本、儲備、累計虧損及非控股權益)及附屬公司非控股股東的其他貸款。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management (continued)

During 2017, the Group's strategy, which was unchanged from 2016, was to maintain a debt-to-adjusted capital ratio below 90%. The debt-to-adjusted capital ratios at 31 December 2016 and 2017 were as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Total borrowings	總貸款	471,118	429,636
Less: Cash and cash equivalents (Note 34(b))	減：現金及現金等價物 (附註34(b))	<u>(121,530)</u>	<u>(60,566)</u>
Net debt	債務淨額	<u>349,588</u>	369,070
Total equity	總權益	<u>951,806</u>	<u>933,340</u>
Adjusted capital	經調整股本	<u>1,008,466</u>	<u>989,697</u>
Debt-to-adjusted capital ratio	債務對經調整股本比率	<u>35%</u>	<u>37%</u>

3.3 Fair value estimation

Financial assets and liabilities

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table:

3 財務風險管理(續)

3.2 資金管理(續)

於二零一七年，本集團之策略為維持債務與經調整股本比率低於90%，與二零一六年相同。於二零一六年及二零一七年十二月三十一日之債務對經調整股本比率如下：

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Total borrowings	總貸款	471,118	429,636
Less: Cash and cash equivalents (Note 34(b))	減：現金及現金等價物 (附註34(b))	<u>(121,530)</u>	<u>(60,566)</u>
Net debt	債務淨額	<u>349,588</u>	369,070
Total equity	總權益	<u>951,806</u>	<u>933,340</u>
Adjusted capital	經調整股本	<u>1,008,466</u>	<u>989,697</u>
Debt-to-adjusted capital ratio	債務對經調整股本比率	<u>35%</u>	<u>37%</u>

3.3 公平值估計

財務資產及負債

公平值層級

本節解釋在釐定財務報表中按公平值確認及計量的金融工具的公平值時所作出的判斷及估計。為得出釐定公平值所用輸入數據的可信度指標，本集團根據會計準則將其金融工具分為三級。各層級的解釋如下表：

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

At 31 December 2017	於二零一七年 十二月三十一日
Financial assets	財務資產
Available-for-sale financial assets	可供出售財務資產
Financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產
– Listed equity securities	– 上市股本證券

3 財務風險管理(續)

3.3 公平值估計(續)

Level 1 第一級 HK\$'000 港幣千元	Level 2 第二級 HK\$'000 港幣千元	Level 3 第三級 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
25,063	–	–	25,063
170,086	–	–	170,086
195,149	–	–	195,149

At 31 December 2016	於二零一六年 十二月三十一日
Financial assets	財務資產
Financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產
– Listed equity securities	– 上市股本證券
– Commodity swap contracts	– 商品掉期合約
– Forward foreign currency exchange contracts	– 遠期外匯合約

Level 1 第一級 HK\$'000 港幣千元	Level 2 第二級 HK\$'000 港幣千元	Level 3 第三級 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
711	–	–	711
–	38	–	38
–	3,594	–	3,594
711	3,632	–	4,343

Financial liabilities	財務負債
Financial liabilities at fair value through profit or loss	按公平值透過損益列帳的財務負債
– Commodity swap contracts	– 商品掉期合約
– Forward foreign currency exchange contracts	– 遠期外匯合約

–	448	–	448
–	655	–	655
–	1,103	–	1,103

There were no transfers between level 1 and level 2 during the year.

本年度分類之第一級及第二級之間概無調動。

Notes to the Consolidated Financial Statements 綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There is no transfers of financial assets into or out of level 3.

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第一級金融工具

在活躍市場買賣之金融工具之公平值乃按報告日期末之市場報價計算。就本集團所持財務資產所用市場報價為現行買價。該等工具屬第一級。

(b) 第二級金融工具

並非在活躍市場買賣之金融工具(如場外交易衍生工具)之公平值採用估值技術釐定。該等估值技術以最大限度使用了可獲得的可觀察市場數據，將對實體特定估計的依賴降到最低。倘按公平值計量一項工具的所有重大輸入值均可觀察獲得，則該項工具屬第二級。

(c) 第三級金融工具

倘一個或多個重大輸入值並非根據可觀察市場數據釐定，則該項工具屬第三級。非上市股本證券乃該等情況。

並無財務資產從第三級轉入或轉出。

Notes to the Consolidated Financial Statements 綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) *Estimated impairment of property, plant and equipment, leasehold land and land use rights*

Property, plant and equipment, leasehold land and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property, plant and equipment, leasehold land and land use rights have been determined based on value in use calculations, taking into account latest market information and past experience. These calculations and valuations require the use of judgements and estimates. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount.

4 關鍵會計估算及判斷

估算和判斷會被持續評估，並根據過往經驗和其他因素進行評價，包括在有關情況下相信為合理的對未來事件的預測。

關鍵會計估算及假設

本集團對未來作出估算和假設。所得的會計估算如其定義，很少會與其實際結果相同。很大機會導致下個財政年度的資產和負債的帳面值作出重大調整的估算和假設討論如下。

(a) *物業、機器及設備和租賃土地及土地使用權減值估算*

當有事件出現或情況改變顯示帳面值可能無法收回時，須就物業、機器及設備和租賃土地及土地使用權進行減值檢討。在考慮近期市況及過往經驗，物業、機器及設備、租賃土地及土地使用權的可收回金額按照使用價值計算而釐定。此等計算及估價需要利用判斷及估算。減值虧損金額為其資產帳面值及收回金額之差額計算。

Notes to the Consolidated Financial Statements 綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

(b) *Income taxes and deferred income tax*

The Group is subject to taxation in Mainland China and Hong Kong. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 income tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses 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 income tax assets and income tax in the periods in which such estimate is changed.

4 關鍵會計估算及判斷(續)

關鍵會計估算及假設(續)

(b) *所得稅及遞延所得稅*

本集團需要在中國及香港繳納稅項。在釐定稅項撥備金額及繳付相關稅項的時間時，需要作出重大判斷。在一般業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的所得稅和遞延所得稅撥備。

當管理層認為未來可能存在應課稅盈利，令暫時差異或稅損得以被利用，有關該暫時差異及稅損的遞延所得稅資產會被確認。在預期情況有別於原估計時，該差異會在情況變更的期間內影響遞延所得稅資產和所得稅的確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION

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

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

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

Revenue recognised during the year is as follows:

Continuing operations

Sale of goods

Discontinued operations

Sale of goods

Rental income

Service income

持續經營業務

銷貨

已終止經營業務

銷貨

租金收入

服務收入

5 分部資料

主要營運決策者已被確定為本公司董事局。董事評審本集團的內部報告，以評估業績和分配資源。管理部門已根據這些報告決定了經營分部。

董事局按本年度來自持續經營業務除所得稅前盈利或虧損以評估經營分部的業績。向董事報告的資料與本綜合財務報表資料測量的方式屬一致。

本集團持續經營業務由三個主要營運單位組成：(i)鋼鐵貿易；(ii)鋰業務；及(iii)礦產資源。鋼鐵加工(前年度報告作為一獨立分部)分類作已終止經營業務。

本年度確認之收入如下：

	2017 HK\$'000	2016 HK\$'000 (restated)
	港幣千元	港幣千元 (經重列)
2,491,789	2,491,789	2,647,915
-	-	37,227
-	-	13,421
-	-	5,376
-	-	56,024
2,491,789	2,491,789	2,703,939

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION (continued)

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

5 分部資料(續)

截至二零一七年十二月三十一日止年度的分部業績如下：

		Continuing operations 持續經營業務				
		Steel trading 鋼鐵貿易 HK\$'000 港幣千元	Lithium business 鋰業務 HK\$'000 港幣千元	Mineral resources 礦產資源 HK\$'000 港幣千元	Unallocated 未分配 HK\$'000 港幣千元	Group 集團 HK\$'000 港幣千元
Total segment sales	分部銷售總額	2,491,789	-	-	-	2,491,789
Inter-segment sales	分部間銷售	-	-	-	-	-
Sales to external customers	銷售予外部客戶	<u>2,491,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,491,789</u>
Operating profit/(loss) before below items	未計下述項目的經營盈利／(虧損)	16,136	(12,530)	(4,668)	(45,378)	(46,440)
Fair value gains on financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產公平值收益	-	-	-	48,014	48,014
Fair value losses on derivative financial instruments	衍生金融工具公平值虧損	(445)	-	-	-	(445)
Gains on reclassification of an associate to available-for-sale financial assets	聯營公司重列作可供出售財務資產收益	-	-	-	17,392	17,392
Impairment losses on amount due from associates	聯營公司欠款減值	-	-	-	(75)	(75)
Impairment loss on available-for-sale financial assets	可供出售財務資產減值	-	-	-	(33,536)	(33,536)
Impairment losses on deposits, prepayments and other receivables	按金、預付款及其他應收款減值	(1,444)	-	-	-	(1,444)
Settlement of customer claims	客戶索賠處理	-	-	-	(85,801)	(85,801)
Dilution loss on an associate	聯營公司攤薄虧損	-	-	-	(26,343)	(26,343)
Share option expenses	購股權支出	-	-	-	(26,160)	(26,160)
Operating profit/(loss)	經營盈利／(虧損)	14,247	(12,530)	(4,668)	(151,887)	(154,838)
Finance costs	融資成本	(11,465)	(2,036)	-	(5,535)	(19,036)
Gain on disposal of property, plant and equipment	出售物業、機器及設備收益	-	-	-	202,445	202,445
Impairment losses on property, plant and equipment	物業、機器及設備減值	-	-	(18,506)	-	(18,506)
Share of losses of associates	所佔聯營公司虧損	-	-	-	(86,840)	(86,840)
Share of losses of joint ventures	所佔合營公司虧損	-	(160)	-	(4)	(164)
Segment results	分部業績	<u>2,782</u>	<u>(14,726)</u>	<u>(23,174)</u>	<u>(41,821)</u>	(76,939)
Income tax credit	所得稅貸項					1,188
Loss for the year from continuing operations	年度來自持續經營業務虧損					(75,751)
Profit for the year from discontinued operations	年度來自已終止經營業務盈利					60,874
Loss for the year	年度虧損					<u>(14,877)</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION (continued)

The segment results for the year ended 31 December 2016 are restated as follows:

5 分部資料(續)

截至二零一六年十二月三十一日止年度的分部業績(經重列)如下:

		Continuing operations 持續經營業務			
		Steel trading 鋼鐵貿易 HK\$'000 港幣千元	Mineral resources 礦產資源 HK\$'000 港幣千元	Unallocated 未分配 HK\$'000 港幣千元	Group 集團 HK\$'000 港幣千元
Total segment sales	分部銷售總額	2,647,915	-	-	2,647,915
Inter-segment sales	分部間銷售	-	-	-	-
Sales to external customers	銷售予外部客戶	<u>2,647,915</u>	<u>-</u>	<u>-</u>	<u>2,647,915</u>
Operating profit/(loss) before below items	未計下述項目的經營盈利/(虧損)	1,280	(5,230)	(59,850)	(63,800)
Fair value losses on financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產之公平值虧損	-	-	(242)	(242)
Fair value gains on derivative financial instruments	衍生金融工具公平值收益	2,572	-	-	2,572
Impairment losses on amounts due from associates	聯營公司欠款減值	-	(677)	(2,405)	(3,082)
Impairment losses on deposits, prepayments and other receivables	按金、預付款及其他應收款減值	(606)	(5,150)	(32,323)	(38,079)
Dilution loss on an associate	聯營公司攤薄虧損	-	-	(5,985)	(5,985)
Operating profit/(loss)	經營盈利/(虧損)	3,246	(11,057)	(100,805)	(108,616)
Finance costs	融資成本	(12,480)	-	(548)	(13,028)
Gain/(Loss) on disposal of property, plant and equipment	出售物業、機器及設備收益/(虧損)	100	-	(130)	(30)
Impairment losses on property, plant and equipment	物業、機器及設備減值	-	(10,214)	-	(10,214)
Impairment loss on an associate	聯營公司減值	-	-	(55,876)	(55,876)
Share of losses of associates	所佔聯營公司虧損	-	-	(15,619)	(15,619)
Share of losses of joint ventures	所佔合營公司虧損	-	-	(52)	(52)
Segment results	分部業績	<u>(9,134)</u>	<u>(21,271)</u>	<u>(173,030)</u>	(203,435)
Income tax expense	所得稅支出				<u>(7,154)</u>
Loss for the year from continuing operations	年度來自持續經營業務虧損				(210,589)
Loss for the year from discontinued operations	年度來自已終止經營業務虧損				<u>(3,775)</u>
Loss for the year	年度虧損				<u>(214,364)</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION (continued)

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

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

Other segment information

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

5 分部資料(續)

分部間銷售及轉撥交易之售價乃參照當時售予第三者之市場價格而釐定。

分部業績指由各分部賺取之盈利/(虧損)而並不包括未分配之企業開支，當中包括董事薪金、聯營公司攤薄虧損、聯營公司減值、聯營公司重列作可供出售財務資產收益、按公平值透過損益列帳的財務資產公平值收益/(虧損)、可供出售財務資產減值、其它營運支出、所佔聯營、合營公司虧損及購股權支出。

其他分部資料

於二零一七年十二月三十一日的分部資產和負債以及截至二零一七年十二月三十一日止年度的折舊、攤銷及增添非流動資產如下：

		Continuing operations 持續經營業務				
		Steel trading 鋼鐵貿易 HK\$'000 港幣千元	Lithium business 鋰業務 HK\$'000 港幣千元	Mineral resources 礦產資源 HK\$'000 港幣千元	Unallocated 未分配 HK\$'000 港幣千元	Group 集團 HK\$'000 港幣千元
Assets	資產	<u>990,845</u>	<u>125,152</u>	<u>92,352</u>	<u>584,384*</u>	<u>1,792,733</u>
Liabilities	負債	<u>404,189</u>	<u>69,531</u>	<u>141,088</u>	<u>226,119</u>	<u>840,927</u>
Depreciation	折舊	<u>1,127</u>	<u>-</u>	<u>650</u>	<u>538</u>	<u>2,315</u>
Amortisation	攤銷	<u>-</u>	<u>-</u>	<u>160</u>	<u>-</u>	<u>160</u>
Additions to non-current assets	增添非流動資產	<u>8</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>62</u>

* Including investment in the listed shares of Alliance Mineral Assets Limited of approximately HK\$170 million which were acquired during the year and designated as financial assets at fair value through profit or loss.

* 包括約港幣 1.7 億元於 Alliance Mineral Assets Limited 的上市股份投資，該等股份於年內購入列作按公平值透過損益列帳的財務資產。

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION (continued)

Other segment information (continued)

The segment assets and liabilities as at 31 December 2016 and depreciation, amortisation and additions to non-current assets for the year ended 31 December 2016 are as follows:

		Continuing operations			Discontinued	Group
		持續經營業務		已終止經營	業務	
		Steel trading	Mineral resources	Unallocated	Steel processing	
		鋼鐵貿易	礦產資源	未分配	鋼鐵加工	集團
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Assets	資產	<u>997,522</u>	<u>103,647</u>	<u>593,270</u>	<u>19,575</u>	<u>1,714,014</u>
Liabilities	負債	<u>535,089</u>	<u>134,041</u>	<u>109,386</u>	<u>2,158</u>	<u>780,674</u>
Depreciation	折舊	<u>627</u>	<u>651</u>	<u>1,575</u>	<u>2,125</u>	<u>4,978</u>
Amortisation	攤銷	<u>-</u>	<u>160</u>	<u>-</u>	<u>156</u>	<u>316</u>
Additions to non-current assets	增添非流動資產	<u>4,281</u>	<u>-</u>	<u>8</u>	<u>12</u>	<u>4,301</u>

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

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

5 分部資料(續)

其他分部資料(續)

於二零一六年十二月三十一日的分部資產和負債以及截至二零一六年十二月三十一日止年度的折舊、攤銷及增添非流動資產如下：

分部資產不包括會籍債券、遞延所得稅資產、聯營、合營公司投資、可供出售財務資產、可收回所得稅及其他未分配總公司及企業資產，因這些資產以集團方式管理。

分部負債並不包括遞延所得稅負債、應付所得稅、企業貸款及其他未分配總公司及企業負債，因這些負債以集團方式管理。

Notes to the Consolidated Financial Statements 綜合財務報表附註

5 SEGMENT INFORMATION (continued)

Geographical information

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

Continuing operations

Revenue (by location of customers)
– Europe
– Mainland China
– Asia (other than Mainland China and Hong Kong)
– Middle East
– Hong Kong
– Others

持續經營業務

收入(按顧客地區分類)
– 歐洲
– 中國
– 亞洲(不包括中國及香港)
– 中東
– 香港
– 其他

Discontinued operations

Revenue (by location of customers)
– Mainland China

已終止經營業務

收入(按顧客地區分類)
– 中國

Non-current assets

– Mainland China
– Hong Kong
– Europe
– Others

非流動資產

– 中國
– 香港
– 歐洲
– 其他

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

For the year ended 31 December 2017, the Group had sales of approximately HK\$283,623,000 (2016: HK\$314,442,000) to a single significant customer of the steel trading segment, representing approximately 11% (2016: 12%) of the sales to external customers.

5 分部資料(續)

地區資料

本集團的業務分部以全球方式管理，主要在五個地區經營。

2017 HK\$'000	2016 HK\$'000 (restated)
港幣千元	港幣千元 (經重列)

1,188,167	833,407
432,897	263,012
418,567	415,931
198,023	356,905
109,500	630,251
144,635	148,409
2,491,789	2,647,915

–	56,024
2,491,789	2,703,939

2017 HK\$'000	2016 HK\$'000
港幣千元	港幣千元

91,636	115,401
2,791	64,292
100	118
1	1
94,528	179,812

以上非流動資產按資產所在地區劃分，但不包括會籍債券、遞延所得稅資產、聯營公司投資、合營公司投資及可供出售財務資產。

截至二零一七年十二月三十一日止年度，本集團鋼鐵貿易分部銷售約港幣283,623,000元(二零一六年：港幣314,442,000元)予一位單一重大客戶，佔本集團之外部銷售約11%(二零一六年：12%)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

6 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

Outside Hong Kong, held on:
Leases of between 10 to 50 years

在香港以外持有：
十至五十年期的租賃

2017	2016
HK\$'000	HK\$'000
港幣千元	港幣千元

3,754	7,906
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Leasehold land and land use rights with aggregate carrying amount of approximately HK\$4,290,000 as at 31 December 2016 were pledged to secure against certain of the Group's bank borrowings (see Note 22).

於二零一六年十二月三十一日，租賃土地及土地使用權總帳面值約港幣4,290,000元已為部份集團銀行貸款作抵押(見附註22)。

Movement of the leasehold land and land use rights during the year is as follows:

租賃土地及土地使用權於年內的變動如下：

2017	2016
HK\$'000	HK\$'000
港幣千元	港幣千元

At 1 January	於一月一日	7,906	8,486
Currency translation differences	貨幣匯兌差額	298	(264)
Amortisation of prepaid operating lease payments	預付營運租賃款項攤銷	(212)	(316)
Disposal of subsidiaries	出售附屬公司	(4,238)	-
At 31 December	於十二月三十一日	3,754	7,906

	8,486
	(264)
	(316)
	-
	7,906

Notes to the Consolidated Financial Statements 綜合財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT

7 物業、機器及設備

		Leasehold land in Hong Kong under long-term finance lease 於香港長期 融資租賃土地 HK\$'000 港幣千元	Buildings 樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃 樓宇裝修 HK\$'000 港幣千元	Machinery 機器 HK\$'000 港幣千元	Furniture and equipment 傢具 及設備 HK\$'000 港幣千元	Motor vehicles 車輛 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元	
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度									
Opening net book amount	期初帳面淨值		53,605	14,290	-	2,438	502	4,218	96,853	171,906
Currency translation differences	貨幣匯兌差額		-	-	-	173	29	10	7,278	7,490
Additions	增添		-	-	-	62	-	-	-	62
Disposals	出售		(53,191)	(6,735)	-	(15)	(96)	(317)	-	(60,354)
Disposal of subsidiaries	出售附屬公司		-	(6,958)	-	-	-	-	-	(6,958)
Impairment charge	減值		-	-	-	-	-	(18,506)	-	(18,506)
Depreciation charge	折舊		(414)	(597)	-	(652)	(122)	(1,081)	-	(2,866)
Closing net book amount	期終帳面淨值		-	-	-	1,944	375	2,830	85,625	90,774
At 31 December 2017	於二零一七年 十二月三十一日									
Cost	成本		-	-	3,363	8,784	5,406	6,809	311,283	335,645
Accumulated depreciation and impairment	累計折舊及減值		-	-	(3,363)	(6,840)	(5,031)	(3,979)	(225,658)	(244,871)
Net book amount	帳面淨值		-	-	-	1,944	375	2,830	85,625	90,774

Notes to the Consolidated Financial Statements 綜合財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT (continued)

7 物業、機器及設備(續)

		Leasehold land in Hong Kong under long-term finance lease 於香港長期 融資租賃土地 HK\$'000 港幣千元	Buildings 樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃 樓宇裝修 HK\$'000 港幣千元	Machinery 機器 HK\$'000 港幣千元	Furniture and equipment 傢具 及設備 HK\$'000 港幣千元	Motor vehicles 車輛 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度								
Opening net book amount	期初帳面淨值		54,848	-	4,140	693	836	114,350	190,951
Currency translation differences	貨幣匯兌差額		-	-	(196)	(19)	(37)	(7,283)	(7,535)
Additions	增添		-	-	-	61	4,240	-	4,301
Disposals	出售		(1)	-	(381)	(3)	(234)	-	(619)
Impairment charge	減值		-	-	-	-	-	(10,214)	(10,214)
Depreciation charge	折舊		(1,243)	-	(1,125)	(230)	(587)	-	(4,978)
Closing net book amount	期終帳面淨值		<u>53,605</u>	<u>-</u>	<u>2,438</u>	<u>502</u>	<u>4,218</u>	<u>96,853</u>	<u>171,906</u>
At 31 December 2016	於二零一六年 十二月三十一日								
Cost	成本		82,582	5,999	12,665	7,395	7,483	287,981	454,779
Accumulated depreciation and impairment	累計折舊及減值		<u>(28,977)</u>	<u>(5,999)</u>	<u>(10,227)</u>	<u>(6,893)</u>	<u>(3,265)</u>	<u>(191,128)</u>	<u>(282,873)</u>
Net book amount	帳面淨值		<u>53,605</u>	<u>-</u>	<u>2,438</u>	<u>502</u>	<u>4,218</u>	<u>96,853</u>	<u>171,906</u>

No depreciation expenses of continuing operations has been charged in cost of sales, approximately HK\$1,137,000 (2016: HK\$625,000) has been charged in selling and distribution expenses and HK\$1,178,000 (2016: HK\$2,228,000) in general and administrative expenses.

持續經營業務之折舊費用並無計入銷售成本中，然而於二零一七年約港幣1,137,000元(二零一六年：港幣625,000元)計入銷售及分銷費用，而港幣1,178,000元(二零一六年：港幣2,228,000元)則計入一般及行政費用。

Notes to the Consolidated Financial Statements 綜合財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2016, leasehold land in Hong Kong under long-term finance lease and buildings with carrying amount of approximately HK\$53,605,000 and HK\$11,989,000, respectively, were pledged to secure against certain of the Group's bank borrowings (see Note 22).

The construction in progress is included in the mineral resources operating segment.

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

Cost – capitalised finance leases
Accumulated depreciation

成本－資本化融資租賃
累計折舊

Net book amount

帳面淨值

The Group leases certain motor vehicles under noncancellable finance lease agreements at 31 December 2016. The lease terms are between 3 and 5 years, and ownership of the assets lie within the Group.

7 物業、機器及設備(續)

於二零一六年十二月三十一日，於香港長期融資租賃土地及樓宇帳面值分別約港幣53,605,000元及港幣11,989,000元已為部份集團銀行貸款作抵押(見附註22)。

在建工程礦是屬於產資源經營分部。

本集團作為融資租賃承租方的車輛包括下述金額：

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
–	4,240
–	(485)
<u>–</u>	<u>3,755</u>

於二零一六年十二月三十一日，本集團根據不可撤銷之融資租賃合約持有租賃車輛。租期為三至五年及資產所有權乃本集團所有。

Notes to the Consolidated Financial Statements 綜合財務報表附註

7 PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment test of the construction in progress

The construction in progress is included in the mineral resources operating segment. It relates to processing plants being constructed on iron ore mines in the Mainland China. In the opinion of the directors, the construction in progress would be able to be operated efficiently the function for it was designed, built and erected after certain refurbishing.

Due to the market prices of iron ore concentrates in Mainland China decreased to a level lower than the projected production cost of the mineral resources operation, the Group had halted operation of the assets pending improvements in the market conditions for iron ore concentrates, impairment charge was made for construction in progress of approximately HK\$18,506,000 (2016: HK\$10,214,000). The recoverable amount of construction in progress is determined based on the higher of the fair value less costs of disposal and value-in-use calculation. As at 31 December 2016 and 2017, the recoverable amount of construction in progress was determined based on fair value less costs of disposal, management has taken reference to the valuation reports conducted by an independent valuer. The construction in progress measured at fair value was classified as level 3. The market value of construction in progress has been derived using cost approach and this considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation. The key assumptions are that the cost of reproduction/replacement new of the subject assets, accrued depreciation and the assets will continue to be used in its present existing state with the benefit of continuity of the tenure of land and building during the foreseeable future.

7 物業、機器及設備(續)

在建工程減值檢測

在建工程是屬於礦產資源經營分部。相關的加工廠於中國鐵礦山建造。根據董事會意見，在建工程能憑藉設計、建立及刷新使其有效運作。

由於中國鐵精礦的市場價格降至比預期礦產資源運營的生產成本低，本集團已停止運作該資產直至鐵精礦的市場狀況改善。在建工程減值費用約港幣18,506,000元(二零一六年：港幣10,214,000元)。在建工程的可收回金額按照公平值減出售成本及使用價值兩者中較高而釐定。於二零一六年及二零一七年十二月三十一日，管理層參照獨立估值師評估報告，在建工程可收回金額以按照公平值減出售成本而釐定。以公平值計算的在建工程已分類為第三級。在建工程的市場價值採用成本法(折舊重置成本)計算並已考慮到複製或在新條件下按照目前同類資產的市場價格扣除應計折舊成本。主要假設是基於重建/重置上述資產的成本，應計折舊及將在可見將來土地及樓宇年期獲延續下以現況使用。

Notes to the Consolidated Financial Statements 綜合財務報表附註

8 INTANGIBLE ASSETS

8 無形資產

		Mining right 採礦權 HK\$'000 港幣千元	Exploration and evaluation assets 勘探及評估資產 HK\$'000 港幣千元	Domain names, trademark and computer software 域名、商標及電腦軟件 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 January 2016	於二零一六年一月一日				
Cost	成本	193,267	18,235	193	211,695
Accumulated amortisation and impairment	累計攤銷及減值	(193,267)	(18,235)	(193)	(211,695)
Net book amount	帳面淨值	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度				
Opening net book amount and closing net book amount	期初帳面淨值及期終帳面淨值	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2016	於二零一六年十二月三十一日				
Cost	成本	180,382	17,020	193	197,595
Accumulated amortisation and impairment	累計攤銷及減值	(180,382)	(17,020)	(193)	(197,595)
Net book amount	帳面淨值	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度				
Opening net book amount and closing net book amount	期初帳面淨值及期終帳面淨值	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2017	於二零一七年十二月三十一日				
Cost	成本	195,595	18,454	193	214,242
Accumulated amortisation and impairment	累計攤銷及減值	(195,595)	(18,454)	(193)	(214,242)
Net book amount	帳面淨值	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

9 PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2017:

9 主要附屬公司

於二零一七年十二月三十一日之主要附屬公司如下：

Name 名稱	Place of incorporation/ operations and kind of legal entity 註冊成立/ 經營地點 及法定地位	Issued and fully paid capital 已發行及已繳足股本	Percentage of equity interest/ voting capital attributable to the Group 本集團擁有之 權益/有投票 權股本百分比	Principal activities 主要業務性質
Directly held: 直接持有：				
Burwill and Company Limited	Hong Kong limited liability company 香港有限責任公司	HK\$50,000,000 and £ 50,000 港幣50,000,000元 及50,000英磅	100%	Investment holding 投資控股
Burwill HK Portfolio Limited	The British Virgin Islands limited liability company 英屬處女群島 有限責任公司	US\$2 2美元	100%	Investment holding 投資控股
Burwill Network Investment Limited 寶威網絡投資有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$1 港幣1元	100%	Investment holding 投資控股
Smart Task Limited	The British Virgin Islands limited liability company 英屬處女群島 有限責任公司	US\$1 1美元	100%	Investment holding 投資控股

Notes to the Consolidated Financial Statements 綜合財務報表附註

9 PRINCIPAL SUBSIDIARIES (continued)

9 主要附屬公司(續)

Name	Place of incorporation/ operations and kind of legal entity 註冊成立/ 經營地點 及法定地位	Issued and fully paid capital 已發行及已繳足股本	Percentage of equity interest/ voting capital attributable to the Group 本集團擁有之 權益/有投票 權股本百分比	Principal activities 主要業務性質
Indirectly held: 間接持有：				
Burwill (China) Limited 寶威(中國)有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$200 港幣200元	100%	Investment holding 投資控股
Burwill Commercial Holdings Limited 寶威商業地產有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$1 港幣1元	100%	Investment holding 投資控股
Burwill Commodity Limited 寶威物料有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$1 港幣1元	100%	Concentrate procurement, lithium carbonate processing and sales 精礦採購、碳酸鋰 加工和銷售
Burwill Minerals Limited 寶威礦業有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$1 港幣1元	100%	Investment holding 投資控股
Burwill Resources Limited 寶威物料供應有限公司	Hong Kong limited liability company 香港有限責任公司	HK\$41,000,000 港幣41,000,000元	100%	Steel trading 鋼鐵貿易
Burwill Resources Europe, S.A.	Spain limited liability company 西班牙有限責任公司	EUR62,000 62,000歐元	70%	Steel trading 鋼鐵貿易
Burwill Warehousing (Shanghai) Limited (Note (i)) 寶威倉儲(上海)有限公司 (附註(i))	Mainland China 中國	US\$1,200,000 1,200,000美元	100%	Steel trading 鋼鐵貿易

Notes to the Consolidated Financial Statements 綜合財務報表附註

9 PRINCIPAL SUBSIDIARIES (continued)

9 主要附屬公司(續)

Name	Place of incorporation/ operations and kind of legal entity 註冊成立/ 經營地點 及法定地位	Issued and fully paid capital 已發行及已繳足股本	Percentage of equity interest/ voting capital attributable to the Group 本集團擁有之 權益/有投票 權股本百分比	Principal activities 主要業務性質
Indirectly held: (continued) 間接持有：(續)				
Hillot Limited	Hong Kong limited liability company 香港有限責任公司	HK\$500,000 港幣500,000元	100%	Securities investment 證券投資
Tai Xin Minerals Limited	The British Virgin Islands limited liability company 英屬處女群島 有限責任公司	US\$164 164美元	70.12%	Investment holding 投資控股
青島泰鑫礦業有限公司 (Note (i)) (附註(i))	Mainland China 中國	HK\$50,000,000 港幣50,000,000元	70.12%	Investment holding 投資控股
萊陽聚金鐵業有限公司 (Note (i)) (附註(i))	Mainland China 中國	US\$39,000,000 39,000,000美元	70.12%	Mineral resources 礦產資源
萊陽泰鑫礦業有限公司 (Note (i)) (附註(i))	Mainland China 中國	RMB37,793,500 人民幣37,793,500元	70.12%	Mineral resources 礦產資源

Note:

- (i) Burwill Warehousing (Shanghai) Limited, 青島泰鑫礦業有限公司, 萊陽聚金鐵業有限公司 and 萊陽泰鑫礦業有限公司 are wholly foreign owned enterprises established in Mainland China to be operated for 50 years up to March 2050, 30 years up to December 2037, 20 years up to September 2029 and 20 years up to December 2027, respectively.

The Group had no subsidiaries which have material non-controlling interests for the year ended 31 December 2016 and 2017.

附註：

- (i) 寶威倉儲(上海)有限公司、青島泰鑫礦業有限公司、萊陽聚金鐵業有限公司及萊陽泰鑫礦業有限公司均為於中國成立之外商獨資企業，營業期分別為五十年至二零五零年三月、三十年至二零三七年十二月、二十年至二零二九年九月及二十年至二零二七年十二月。

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

Notes to the Consolidated Financial Statements 綜合財務報表附註

10 INVESTMENTS IN AND BALANCES WITH ASSOCIATES 10 聯營公司投資及結餘

(a) Investments in associates

The amounts recognised in the consolidated balance sheet are as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
At 31 December	於十二月三十一日	<u>217,665</u>	<u>353,241</u>

The amounts recognised in the consolidated income statement are as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
For the year ended 31 December	截至十二月三十一日止年度	<u>(86,840)</u>	<u>(15,619)</u>

Set out below is the associate of the Group as at 31 December 2017 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

下文載列於二零一七年十二月三十一日董事認為對本集團而言屬重大之聯營公司。下列公司擁有由本集團間接持有僅以普通股構成之股本。所有權之權益比例與持有之投票權比例相同。

Nature of investments in associates as at 31 December 2016 and 2017:

於二零一六年及二零一七年十二月三十一日聯營公司投資之性質：

Name 名稱	Place of business 業務地點	Country of incorporation 註冊成立國家	Percentage of ownership interest 持有權益百分比		Nature of relationship 關係的性質	Measurement method 計量方法
Indirectly held: 間接持有：						
			<u>2017</u>	<u>2016</u>		
China Land Assets Limited ("CLA")	Mainland China 中國	Hong Kong 香港	45%	45%	Note (1) 附註(1)	Equity 權益
Kazakhstan Potash Corporation Limited ("KPC")	Republic of Kazakhstan 哈薩克斯坦 共和國	Australia 澳大利亞	-	25.93%	Note (2) 附註(2)	Note (2) 附註(2)

Notes to the Consolidated Financial Statements 綜合財務報表附註

10 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (continued)

10 聯營公司投資及結餘(續)

(a) Investments in associates (continued)

Notes:

- (1) China Land Assets Limited ("CLA") is engaged in the commercial property investments in Mainland China.

CLA is a private company and there is no quoted market price available for its shares.

- (2) Kazakhstan Potash Corporation Limited ("KPC"), a listed company on the Australian Securities Exchange ("ASX"), is engaged in the exploration and development of potash resources in the Republic of Kazakhstan and the production of fertilisers. KPC is a strategic business partner of the Group in the development of the potash business.

During the year ended 31 December 2017, the Group's equity interest in KPC has been diluted from 25.93% to 18.14% as a result of certain placings of new shares by KPC during the year and resulting a dilution loss on an associate recognised as expenses and included in other income and net gains amounted to approximately HK\$26,343,000 (2016: HK\$5,985,000). Subsequent to the dilution, the Group was no longer in a position to exercise significant influence over KPC and therefore the investment in KPC was reclassified to available-for-sale financial assets accordingly and a gain of approximately HK\$17,392,000 arisen from the reclassification of investment in an associate to available-for-sale financial assets was recognised in the consolidated income statement upon the reclassification. In addition, this resulted in ten months of share of loss of KPC of approximately HK\$7,823,000 and was included in the consolidated income statement during the year ended 31 December 2017.

As at 31 December 2016, the fair value and the carrying amount of the Group's interest in KPC, which is listed on the ASX, was approximately HK\$76,563,000.

There are no contingent liabilities relating to the Group's interest in CLA.

(a) 聯營公司投資(續)

附註：

- (1) China Land Assets Limited (「CLA」) 主要在中國從事工商物業投資業務。

CLA為一間私營公司，其股份並無市場報價。

- (2) Kazakhstan Potash Corporation Limited (「KPC」) 是一間於澳大利亞證券交易所(「ASX」)上市的公司。KPC從事勘探和開發位於哈薩克斯坦共和國的鉀鹽礦，以最終生產複合肥。KPC為本集團鉀鹽業務戰略伙伴。

於截至二零一七年十二月三十一日止年度，KPC有若干配售新股份而導致本集團之股權權益由25.93%攤薄至18.14%。聯營公司攤薄虧損金額約港幣26,343,000元(二零一六年：港幣5,985,000元)已列入其他收入及收益淨額中。於攤薄後，本集團不再對KPC有重大影響力，因此KPC被重新歸類為可供出售財務資產。於綜合損益表內，將聯營公司的投資重分類至可供出售財務資產後將產生約港幣17,392,000元的收益。此外，KPC於十個月所產生虧損約港幣7,823,000元，並於截至二零一七年十二月三十一日止年度計入綜合損益表內。

於二零一六年十二月三十一日，本集團於ASX上市的KPC之權益的公平價值和帳面值約港幣76,563,000元。

本集團於CLA的權益並沒有或然負債。

Notes to the Consolidated Financial Statements 綜合財務報表附註

10 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (continued) 10 聯營公司投資及結餘(續)

(a) Investments in associates (continued)

(i) Summarised financial information for associate

KPC, which is considered a former material associate of the Group, is a strategic business partner of the Group in the development of the potash business and was accounted for using the equity method for the year ended 31 December 2016.

The following table illustrates the summarised financial information of the Group's material associate, KPC, extracted from the financial statements:

		2016 HK\$'000 港幣千元
Current assets	流動資產	28,660
Non-current assets	非流動資產	588,021
Current liabilities	流動負債	(150,784)
Non-current liabilities	非流動負債	<u>(146,501)</u>
Net assets	淨資產	<u>319,396</u>
		2016 HK\$'000 港幣千元
Revenue	收入	4,148
Share of profit of joint ventures	所佔合營公司收益	324
Expenses	支出	<u>(127,382)</u>
Loss from continuing operations	持續經營業務虧損	(122,910)
Income tax expense	所得稅支出	<u>–</u>
Post-tax loss from continuing operations	持續經營業務除稅前虧損	(122,910)
Other comprehensive income	其他全面收入	<u>3,758</u>
Total comprehensive expense for the year	年度全面支出總額	<u>(119,152)</u>

(a) 聯營公司投資(續)

(i) 聯營公司的簡要財務信息摘要

KPC是本集團前重要聯營公司之一，並且為本集團發展鉀鹽業務的策略性業務夥伴，於截至二零一六年十二月三十一日止年度本集團採用權益法入帳。

下列表格列出了摘錄自於財務報表，有關本集團的聯營公司，KPC的財務資料概要：

Notes to the Consolidated Financial Statements 綜合財務報表附註

10 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (continued) 10 聯營公司投資及結餘(續)

(a) Investments in associates (continued)

(i) Summarised financial information for associate (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in the associate that is material to the Group recognised in the consolidated financial statements:

		2016 HK\$'000 港幣千元
Net assets of the associate	聯營公司資產淨值	319,396
Add:	加：	
Attributable to holders of – non-controlling interests	持有人攤佔 – 非控股權益	<u>9,453</u>
Net assets attributable to the owners of the associate	聯營公司擁有人攤佔 資產淨值	<u>328,849</u>
Net assets attributable to the Group's interest in the associate	本集團於聯營公司權益 攤佔資產淨值	85,275
Goodwill	商譽	46,865
Impairment loss on interest in the associate	聯營公司權益之減值虧損	(55,876)
Currency translation differences	貨幣匯兌差額	<u>299</u>
Carrying amount of the Group's interest in the associate	本集團於聯營公司權益之 帳面值	<u><u>76,563</u></u>

(a) 聯營公司投資(續)

(i) 聯營公司的簡要財務信息摘要(續)

上文綜合財務資料摘要與本集團為重大的聯營公司之權益帳面值(於綜合財務報表內所確認)對帳：

Notes to the Consolidated Financial Statements 綜合財務報表附註

10 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (continued) 10 聯營公司投資及結餘(續)

(a) Investments in associates (continued)

(ii) Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Aggregate carrying amount of individually immaterial associates	個別非重大之聯營公司 綜合帳面值	<u>70,327</u>	<u>66,501</u>
Aggregate amounts of the Group's share of associates	本集團所佔聯營公司 綜合金額		
Profit or loss	收益或虧損	<u>3,925</u>	6,624
Other comprehensive expense	其他全面支出	<u>(1,555)</u>	<u>(4,228)</u>
Total comprehensive income	全面收入總額	<u><u>2,370</u></u>	<u><u>2,396</u></u>

(b) Balances with associates

Except for the amount due from CLA amounting to approximately HK\$13,110,000 (2016: HK\$13,110,000) which bears interest at 10% (2016: 10%) per annum, all the outstanding balances with associates are unsecured, non-interest bearing and repayable on demand.

(a) 聯營公司投資(續)

(ii) 非個別重大的聯營公司

除上文所披露聯營公司權益外，本集團亦擁有多間非重大聯營公司權益，其均採用權益法入帳。

(b) 聯營公司結餘

除CLA欠款約為港幣13,110,000元(二零一六年：港幣13,110,000元)計年息為10厘(二零一六年：10厘)，所有其他與聯營公司結欠均無抵押、免利息及於要求時還款。

11 INVESTMENTS IN JOINT VENTURES

Share of net liabilities
Investments in joint ventures

所佔負債淨值
合營公司投資

11 合營公司投資

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
	<u>(216)</u>	(52)
	<u>5,953</u>	5,953
	<u><u>5,737</u></u>	<u><u>5,901</u></u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

11 INVESTMENTS IN JOINT VENTURES (continued)

(a) Investments in joint ventures

Set out below are the joint ventures of the Group as at 31 December 2017 which, in the opinion of the directors, are immaterial to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held indirectly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investments in joint ventures as at 31 December 2016 and 2017:

Name 名稱	Place of business 業務地點	Country of incorporation 註冊成立國家	Percentage of ownership interest 持有權益百分比		Nature of relationship 關係的性質	Measurement method 計量方法
			2017	2016		
Golden Time Holding Limited ("Golden Time")	Samoa 薩摩亞	Samoa 薩摩亞	50%	50%	Note (i) 附註(i)	Equity 權益
江西寶江鋰業有限公司 ("江西寶江")	Mainland China 中國	Mainland China 中國	50%	–	Note (ii) 附註(ii)	Equity 權益

Notes:

- (i) Golden Time is an investment holding company. Golden Times and its subsidiary are principally engaged in the investment of wine industry.
- (ii) 江西寶江 is principally engaged in the processing of lithium concentrates and sales of lithium carbonate and lithium hydroxide.

下文載列於二零一七年十二月三十一日董事認為對本集團而言屬非重大之合營公司。下列公司擁有由本集團間接持有僅以普通股構成之股本。成立或註冊的國家也是主要經營地，而所有權之權益比例與持有之投票權比例相同。

於二零一六年及二零一七年十二月三十一日合營公司投資之性質：

Name 名稱	Place of business 業務地點	Country of incorporation 註冊成立國家	Percentage of ownership interest 持有權益百分比		Nature of relationship 關係的性質	Measurement method 計量方法
			2017	2016		
Golden Time Holding Limited ("Golden Time")	Samoa 薩摩亞	Samoa 薩摩亞	50%	50%	Note (i) 附註(i)	Equity 權益
江西寶江鋰業有限公司 ("江西寶江")	Mainland China 中國	Mainland China 中國	50%	–	Note (ii) 附註(ii)	Equity 權益

附註：

- (i) Golden Time 為一間投資控股公司。Golden Time 及其附屬公司主要從事酒業項目投資。
- (ii) 江西寶江 主要從事鋰精礦加工、銷售碳酸鋰和氫氧化鋰。

Notes to the Consolidated Financial Statements 綜合財務報表附註

11 INVESTMENTS IN JOINT VENTURES (continued)

(a) Investments in joint ventures (continued)

Commitments in respect of joint ventures

Commitments – joint ventures
Capital commitments

The Group's share of the results of its joint ventures is as follows:

Net loss and total comprehensive expense for the year

Golden Time and 江西寶江 are private companies and there are no quoted market price available for their shares.

No summarised financial information of Golden Time and 江西寶江 are presented as the joint ventures are not material to the Group.

(b) Balances with joint ventures

All the outstanding balances with joint ventures are unsecured, non-interest bearing and repayable on demand.

11 合營公司投資(續)

(a) 合營公司投資(續)

合營公司之承擔

2017	2016
HK\$'000	HK\$'000
港幣千元	港幣千元

48,192	–
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集團應佔其合營公司業績如下：

2017	2016
HK\$'000	HK\$'000
港幣千元	港幣千元

(164)	(52)
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Golden Time及江西寶江為私營公司，其股份並無市場報價。

由於Golden Time及江西寶江對集團而言並不重大，故並無呈列此合營公司的財務資料概要。

(b) 合營公司結餘

所有與合營公司結欠均無抵押、免利息及於要求時還款。

Notes to the Consolidated Financial Statements 綜合財務報表附註

12 FINANCIAL INSTRUMENTS BY CATEGORY

12 按類別劃分之金融工具

		Carrying amount 帳面值 HK\$'000 港幣千元
At 31 December 2017	於二零一七年十二月三十一日	
Assets as per consolidated balance sheet	綜合資產負債表所列資產	
Available-for-sale financial assets	可供出售財務資產	25,063
Financial assets at fair value through profit or loss:	按公平值透過損益列帳的財務資產：	
– Held for trading	– 持有作買賣	294
– Designated at fair value through profit or loss	– 指定以公平價值計量且於變動計入權益	169,792
Financial assets classified as loans and receivables:	分類為貸款和應收款項的財務資產：	
– Bills and accounts receivable	– 應收票據及應收帳項	704,600
– Deposits and other receivables	– 按金及其他應收款	90,257
– Due from associates	– 聯營公司欠款	120,163
– Due from joint ventures	– 合營公司欠款	43
– Cash and bank balances	– 現金及銀行結餘	149,226
		<u>1,259,438</u>
		Carrying amount 帳面值 HK\$'000 港幣千元
At 31 December 2017	於二零一七年十二月三十一日	
Liabilities as per consolidated balance sheet	綜合資產負債表所列負債	
Financial liabilities at amortised cost:	按攤銷成本入帳的負債：	
– Borrowings	– 貸款	471,118
– Due to associates	– 欠聯營公司款項	568
– Bills and accounts payable	– 應付票據及應付帳項	116,916
– Other payables and accruals	– 其他應付帳項及應計費用	227,015
		<u>815,617</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

12 FINANCIAL INSTRUMENTS BY CATEGORY (continued) 12 按類別劃分之金融工具(續)

		Carrying amount 帳面值 HK\$'000 港幣千元
At 31 December 2016	於二零一六年十二月三十一日	
Assets as per consolidated balance sheet	綜合資產負債表所列資產	
Financial assets at fair value through profit or loss:	按公平值透過損益列帳的 財務資產：	
– Derivative financial instruments	– 衍生金融工具	3,632
– Held for trading	– 持有作買賣	711
Financial assets classified as loans and receivables:	分類為貸款和應收款項的 財務資產：	
– Bills and accounts receivable	– 應收票據及應收帳項	730,978
– Deposits and other receivables	– 按金及其他應收款	64,437
– Due from associates	– 聯營公司欠款	98,135
– Due from joint ventures	– 合營公司欠款	35
– Cash and bank balances	– 現金及銀行結餘	84,299
		<u>982,227</u>
		Carrying amount 帳面值 HK\$'000 港幣千元
At 31 December 2016	於二零一六年十二月三十一日	
Liabilities as per consolidated balance sheet	綜合資產負債表所列負債	
Financial liabilities at fair value through profit or loss:	按公平值透過損益列帳的 財務負債：	
– Derivative financial instruments	– 衍生金融工具	1,103
Financial liabilities at amortised cost:	按攤銷成本入帳的負債：	
– Borrowings (excluding finance lease liabilities)	– 貸款(不包括融資租賃負債)	426,571
– Finance lease liabilities	– 融資租賃負債	3,065
– Due to associates	– 欠聯營公司款項	476
– Bills and accounts payable	– 應付票據及應付帳項	240,489
– Other payables and accruals	– 其他應付帳項及應計費用	71,448
		<u>743,152</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

13 可供出售財務資產

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Listed equity investment, at fair value – KPC (Note)	上市股權投資， 按公平價值—KPC(附註)	<u>25,063</u>	<u>–</u>

Note:

As detailed in Note 10 to the consolidated financial statements, the Group's equity interest in KPC has been diluted during the year and the Group no longer had significant influence over KPC. The Group's investment in KPC was reclassified to available-for-sale financial assets.

During the year ended 31 December 2017, subsequent to the date of reclassification as available-for-sale financial assets, there was a significant decline in the fair value of the Group's available-for-sale financial assets in KPC. The directors of the Company consider that such a decline indicates that the available-for-sale financial assets have been impaired and an impairment loss of approximately HK\$33,536,000 was recognised as "other income and net gains" in consolidated income statement.

附註：

如財務報表附註10所詳述，年內，本集團於KPC之股本權益已被攤薄，且本集團對其再無任何重大影響力。本集團於KPC之投資已重新分類至可供出售財務資產。

KPC之股權按公平價值列帳。於截至二零一七年十二月三十一日止年度，本集團於KPC的可供出售投資的公平價值大幅下跌。本公司董事認為，有關下跌顯示可供出售財務資產已減值並已經確認減值虧損約港幣33,536,000元，並於綜合損益表的其他收入及收益淨額中呈列。

14 INVENTORIES

14 存貨

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Finished goods	製成品	35,190	80,780
Consumables	消耗品	–	790
		<u>35,190</u>	<u>81,570</u>

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK\$2,294,845,000 (2016: HK\$2,595,952,000).

At 31 December 2017, the Group had certain inventories of approximately HK\$27,355,000 (2016: HK\$15,917,000) pledged with the banks (see Note 37(a)).

存貨成本中確認為費用並列入銷售成本的金額共計約港幣2,294,845,000元(二零一六年：港幣2,595,952,000元)。

於二零一七年十二月三十一日，集團有部份存貨約港幣27,355,000元(二零一六年：港幣15,917,000元)抵押予銀行(見附註37(a))。

Notes to the Consolidated Financial Statements 綜合財務報表附註

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

15 按公平值透過損益列帳的財務資產

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Financial assets held for trading:	持有作買賣的財務資產：		
Listed equity securities	上市股本證券		
– Hong Kong	– 香港	294	487
– Overseas	– 海外	–	224
Financial assets designated as at fair value through profit or loss:	經損益公平值計算的財務資產：		
Listed equity securities	上市股本證券		
– Overseas (Note)	– 海外(附註)	<u>169,792</u>	–
Market value of listed equity securities	上市股本證券之市值	<u>170,086</u>	<u>711</u>

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other income and net gains” in the consolidated income statement (see Note 26).

按公平值透過損益列帳的財務資產的公平值變動，在綜合損益表內「其他收入及收益淨額」中列帳(見附註26)。

The fair value of all equity securities is based on their current bid prices in an active market.

所有股本證券公平值乃根據其在活躍市場之現時出價計算。

Note: The financial assets at 31 December 2017 represent the investment in Alliance Mineral Assets Limited (“AMAL”) which was designated, upon initial recognitions by the Company as at fair value through profit or loss.

附註：於二零一七年十二月三十一日，上述財務資產於初步確認時，被本公司指定為透過損益按公平值列帳之財務資產。上述財務資產為本公司投資於Alliance Mineral Assets Limited (「AMAL」)。

AMAL listed its equity shares on the Singapore Stock Exchange (the “SGX”). As of 31 December 2017, a total of 76,510,228 ordinary shares of AMAL are held by the Group, representing 13.77% of AMAL’s total issued ordinary shares.

AMAL權益股份在新加坡證券交易所上市。於二零一七年十二月三十一日，本集團共持有76,510,228股普通股，佔已發行普通股總數13.77%。

At 31 December 2017, equity securities with market value of approximately HK\$169,792,000 were pledged to secure other loans of the Group (see Note 37(b)).

於二零一七年十二月三十一日，股本證券市值約港幣169,792,000元已為集團其他貸款作抵押(見附註37(b))。

Notes to the Consolidated Financial Statements 綜合財務報表附註

16 DERIVATIVE FINANCIAL INSTRUMENTS

16 衍生金融工具

		2017		2016	
		Assets	Liabilities	Assets	Liabilities
		資產	負債	資產	負債
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Commodity swap contracts	商品掉期合約	-	-	38	448
Forward foreign currency exchange contracts	遠期外匯合約	-	-	3,594	655
		<u>-</u>	<u>-</u>	<u>3,632</u>	<u>1,103</u>

Derivatives were classified as held for trading purpose and were classified as current assets and liabilities.

作買賣用途衍生工具分類為流動資產或負債。

The notional principal amounts of outstanding commodity swap contracts at 31 December 2016 were approximately HK\$18,385,000.

於二零一六年十二月三十一日，未平倉之商品掉期合約的票面本金約為港幣18,385,000元。

The notional principal amounts of outstanding forward foreign currency exchange contracts at 31 December 2016 were approximately HK\$100,805,000.

於二零一六年十二月三十一日，未平倉之遠期外匯合約的票面本金約為港幣100,805,000元。

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated balance sheet.

於報告日期對信貸風險的最大披露為綜合資產負債表的衍生資產的公平值。

17 BILLS, ACCOUNTS AND OTHER RECEIVABLES

17 應收票據、應收帳項及其他應收款

		2017	2016
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Bills and accounts receivable	應收票據及應收帳項	710,016	737,002
Less: allowance for impairment of accounts receivable	減：應收帳項減值撥備	(5,416)	(6,024)
Bills and accounts receivable, net (Note (a))	應收票據及應收帳項淨額(附註(a))	<u>704,600</u>	<u>730,978</u>
Deposits, prepayments and other receivables	按金、預付款及其他應收款	344,938	217,284
Less: allowance for impairment of deposits, prepayments and other receivables	減：按金、預付款及其他應收款減值撥備	(91,927)	(85,775)
Deposits, prepayments and other receivables, net	按金、預付款及其他應收款，淨額	<u>253,011</u>	<u>131,509</u>
		<u>957,611</u>	<u>862,487</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

17 BILLS, ACCOUNTS AND OTHER RECEIVABLES 17 應收票據、應收帳項及其他應收款(續) (continued)

Notes:

- (a) The Group normally grants to its customers credit periods for sale of goods ranging from 30 days to 180 days. At 31 December 2017 and 2016, the ageing analysis of bills and accounts receivable is as follows:

Within three months	三個月內
Over three months but within six months	超過三個月而不超過六個月
Over six months but within twelve months	超過六個月而不超過十二個月

There is no significant concentration of credit risk with respect to bills and accounts receivable as the Group has a large number of customers, which are internationally dispersed.

- (b) As of 31 December 2017, none of the accounts receivable were past due but not impaired (2016: HK\$48,824,000). These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these accounts receivable is as follows:

Within three months	三個月內
Over six months but within twelve months	超過六個月而不超過十二個月

- (c) As of 31 December 2017, accounts receivable of approximately HK\$5,416,000 (2016: HK\$6,024,000) were impaired and fully provided for. The individually impaired receivables mainly related to customers, which are in unexpectedly difficult economic situations. The ageing analysis of these receivables are as follows:

Over twelve months	超過十二個月
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附註：

- (a) 本集團普遍就銷貨收入給予其客戶三十日至一百八十日之信用期。二零一六年及二零一七年十二月三十一日應收票據及應收帳款的帳齡分析如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
三個月內	618,072	575,602
超過三個月而不超過六個月	86,528	106,975
超過六個月而不超過十二個月	-	48,401
	<u>704,600</u>	<u>730,978</u>

應收票據及應收帳項並無重大集中的信貸風險，因為本集團有眾多客戶，遍佈世界各地。

- (b) 於二零一七年十二月三十一日，並無逾期但未減值的應收帳項(二零一六年：港幣48,824,000元)。此等款項僅涉及多個沒有重大財務困難的獨立客戶。根據過往的經驗，皆可收回逾期款項。此等應收帳項的帳齡分析如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
三個月內	-	423
超過六個月而不超過十二個月	-	48,401
	<u>-</u>	<u>48,824</u>

- (c) 於二零一七年十二月三十一日，應收帳項約港幣5,416,000元(二零一六年：港幣6,024,000元)已進行減值。個別已減值應收款項主要與意外陷入經濟困境或信貸紀錄不良的客戶有關。有關應收帳項帳齡分析如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
超過十二個月	<u>5,416</u>	<u>6,024</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

17 BILLS, ACCOUNTS AND OTHER RECEIVABLES (continued) 17 應收票據、應收帳項及其他應收款(續)

Notes: (continued)

- (d) The carrying amounts of the Group's bills and accounts receivable are denominated in the following currencies:

US\$	美元
RMB	人民幣
EUR	歐元

- (e) Movements on the Group's allowance for impairment of accounts receivable are as follows:

At 1 January	於一月一日
Accounts receivable written off during the year as uncollectible	於年中因不能收回而 撤銷的應收帳項
Currency translation differences	貨幣匯兌差額
At 31 December	於十二月三十一日

The creation and release of provision for impaired accounts receivable have been included in general and administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

At 31 December 2017, the Group had certain bills and accounts receivable of approximately HK\$126,436,000 (2016: HK\$76,520,000) pledged with the banks (see Note 37(c)).

附註：(續)

- (d) 本集團的應收票據及應收帳項的帳面金額以下列貨幣為單位：

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
574,687	646,770
–	494
129,913	83,714
704,600	730,978

- (e) 本集團應收帳項減值撥備變動如下：

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
6,024	6,343
(1,904)	–
1,296	(319)
5,416	6,024

對已減值應收帳項撥備的設立和撥回已包括在綜合損益表中一般及行政費用內。在撥備帳戶中扣除的數額一般會在預期無法收回額外現金時撤銷。

於二零一七年十二月三十一日，集團有部份應收票據及應收帳項約港幣126,436,000元（二零一六年：港幣76,520,000元）抵押予銀行（見附註37(c)）。

Notes to the Consolidated Financial Statements 綜合財務報表附註

17 BILLS, ACCOUNTS AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (f) Movements on the Group's allowance for impairment of deposits, prepayments and other receivables are as follows:

At 1 January	於一月一日
Provision for deposits, prepayments and other receivables impairment	按金、預付款及其他應收帳項減值撥備
Currency translation differences	貨幣匯兌差額
At 31 December	於十二月三十一日

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 應收票據、應收帳項及其他應收款(續)

附註：(續)

- (f) 本集團按金、預付款及其他應收款減值撥備變動如下：

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
85,775	50,860
1,444	38,424
4,708	(3,509)
91,927	85,775

在報告日期，信貸風險的最高風險承擔為上述每類應收款的帳面值。本集團不持有任何作為質押的抵押品。

18 CASH AND BANK BALANCES

Cash at banks and on hand 銀行及庫存現金

At 31 December 2017, the Group had certain bank balances of approximately HK\$27,696,000 (2016: HK\$12,574,000) pledged with the banks (see Note 37(d)).

At 31 December 2017, cash and bank balances of approximately HK\$1,769,000 (2016: HK\$2,013,000) are denominated in RMB and placed with banks in Mainland China. The remittance of these funds out of Mainland China is subject to the exchange control restrictions imposed by the Chinese Government.

18 現金及銀行結餘

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
149,226	84,299

於二零一七年十二月三十一日，集團有部份銀行結餘約港幣27,696,000元(二零一六年：港幣12,574,000元)抵押予銀行(見附註37(d))。

於二零一七年十二月三十一日，現金及銀行結餘約港幣1,769,000元(二零一六年：港幣2,013,000元)是以人民幣為貨幣單位並存放於中國之銀行。從中國匯出該等資金會受限於中國政府實施之外匯管制規條。

Notes to the Consolidated Financial Statements 綜合財務報表附註

19 SHARE CAPITAL

19 股本

		Number of ordinary shares 普通股數目 (thousands) (千計)	Nominal value 面值 HK\$'000 港幣千元
<i>Authorised</i>	法定		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日， 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	6,800,000	680,000
<i>Issued and fully paid</i>	已發行及繳足		
At 1 January 2016	於二零一六年一月一日	5,064,361	506,436
Repurchase of shares (Note (a))	購回股份(附註(a))	(47,796)	(4,780)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	5,016,565	501,656
Repurchase of shares (Note (b))	購回股份(附註(b))	(53,136)	(5,313)
Share options exercised	行使購股權	9,400	940
At 31 December 2017	於二零一七年十二月三十一日	4,972,829	497,283

Notes:

- (a) During the year ended 31 December 2016, the Company via Hillot Limited, a wholly-owned subsidiary of the Company, repurchased a total of 47,796,000 shares of the Company on the Stock Exchange pursuant to the general mandates granted by the shareholders at the annual general meetings held on 10 June 2015 and 22 June 2016.
- (b) During the year ended 31 December 2017, the Company via Hillot Limited, a wholly-owned subsidiary of the Company, repurchased a total of 53,136,000 shares of the Company on the Stock Exchange pursuant to the general mandate granted by the shareholders at the annual general meeting held on 30 June 2017.

附註：

- (a) 截至二零一六年十二月三十一日止年度內，本公司透過全資附屬公司Hillot Limited根據於二零一五年六月十日及二零一六年六月二十二日舉行之股東週年大會上獲股東授予董事購回股份之一般授權，於聯合交易所購回本公司股份合共47,796,000股。
- (b) 截至二零一七年十二月三十一日止年度內，本公司透過全資附屬公司Hillot Limited根據二零一七年六月三十日舉行之股東週年大會上獲股東授予董事購回股份之一般授權，於聯合交易所購回本公司股份合共53,136,000股。

Notes to the Consolidated Financial Statements 綜合財務報表附註

20 SHARE-BASED PAYMENTS

At the annual general meeting of the Company held on 8 June 2011, shareholders of the Company approved the adoption of a share option scheme (the "Option Scheme"). Under the Option Scheme, the Company may grant options to employees (including executive directors or non-executive directors) of the Company and its subsidiaries to subscribe for shares in the Company, subject to a maximum of 30% of the issued share capital of the Company from time to time excluding for this purpose shares issued on exercise of options. The subscription price will be determined by the directors, and will not be less than the highest of: (i) the closing price of the shares quoted on the Stock Exchange on the trading day of granting the options; (ii) the average of the closing prices of the shares quoted on the Stock Exchange for the five trading days immediately preceding the date of granting the options; and (iii) the nominal value of the shares. The Option Scheme shall be valid and effective for a period of ten years commencing on 8 June 2011, after which period no further options will be granted or accepted but the provisions of the Option Scheme shall remain in full force and effect in all other respects.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

		2017		2016	
		Average exercise price in HK\$ per share option	Options (thousands)	Average exercise price in HK\$ per share option	Options (thousands)
		每購股權平均行使價 (港元)	購股權 (千計)	每購股權平均行使價 (港元)	購股權 (千計)
At 1 January	於一月一日	–	–	0.30	224,900
Granted	已授出	0.217	436,000	–	–
Exercised	已行使	0.217	(9,400)	–	–
Expired	已失效	–	–	0.30	(224,900)
At 31 December	於十二月三十一日	<u>0.217</u>	<u>426,600</u>	<u>–</u>	<u>–</u>

All the outstanding options were exercisable as at 31 December 2017. Options exercised in 2017 resulted in 9,400,000 shares being issued at a weighted average price of HK\$0.217. The related weighted average share price at the time of exercise was HK\$0.34 per share.

20 以股份支付之報酬

本公司於二零一一年六月八日舉行之股東週年大會上獲得股東批准採用購股權計劃(「購股權計劃」)。根據購股權計劃，本公司可授予本公司及其附屬公司之員工(包括執行董事或非執行董事)購股權以認購本公司之股份，但僅限於最多當時本公司已發行股本之30%(不計入因行使購股權而發行的股份)。每股之認購價由董事決定，並將不少於：(i)在授出購股權當日於聯交所匯報之收市價；(ii)在授出購股權前五個交易日內於聯交所匯報之平均收市價；及(iii)股份面值三者之較高者。購股權計劃之有效期由二零一一年六月八日起計，為期十年，其後將不得再授出或接納任何購股權，惟購股權計劃之條文在其他各方面將仍具有十足效力及作用。

尚未行使之購股權數目及彼等有關加權平均行使價變動如下：

於二零一七年十二月三十一日，所有未行使之購股權均可予行使。於二零一七年共有9,400,000份購股權按每份港幣0.217元之加權平均價行使。於行使時之相關加權平均股價為每股股份港幣0.34元。

Notes to the Consolidated Financial Statements 綜合財務報表附註

20 SHARE-BASED PAYMENTS (continued)

The related transaction costs amounting to HK\$9,000 had been netted off with the proceeds received for the year ended 31 December 2017.

Share options outstanding at the end of the year had the following expiry date and exercise price:

Expiry date	到期日
Option Scheme 13 July 2019	購股權計劃 二零一九年七月十三日

The vesting period of the options is from the date of the grant until the commencement of the exercisable period.

According to Black-Scholes options pricing model, the fair value of options granted during the year was approximately HK\$26,160,000 of which the Group recognised a share option expenses of approximately HK\$26,160,000 for the year ended 31 December 2017.

The weighted average fair value of options granted during the year determined using the Black-Scholes options pricing model was \$0.06 per option. The significant inputs into the model were summarised as follows:

Volatility	52.05%
Exercise price	HK\$0.217
Expected option life	2 years
Annual risk-free interest rate	0.79%
Share price at the grant date	HK\$0.217

The volatility represented the average standard deviation of historical share price movement of the Company in the relevant periods matching expected life of the share options. The amount of share-based payments charged to the consolidated income statement for the year ended 31 December 2017.

20 以股份支付之報酬(續)

截至二零一七年十二月三十一日止年度相關交易成本為港幣9,000元，透過已收取所得款項結清。

於年末尚未行使之購股權之到期日及行使價如下：

Exercise price in HK\$ per share option 每購股權行使價 (港元)	Options (thousands) 購股權 (千計)	
	2017	2016
0.217	426,600	—

購股權之歸屬期由授出當日起至行使期開始當日止。

根據「柏力克—舒爾斯」期權計價模式，於年內授出之購股權之公平值約港幣26,160,000元，其中本集團於截至二零一七年十二月三十一日止年度確認購股權支出約港幣26,160,000元。

本年度授出之購股權，其加權平均公平值以「柏力克—舒爾斯」期權計價模式釐定，每份購股權為\$0.06。輸入該模式之重大數據綜合如下：

波動幅度	52.05%
行使價	港幣0.217元
購股權之預計年期	兩年
無風險年利率	0.79%
於授出日期之股價	港幣0.217元

波動幅度指公司於相關期內匹配購股權之預計年期的歷史股價變動之平均標準偏差。截至二零一七年十二月三十一日止年度，於綜合損益表扣除之股份報酬之款項。

Notes to the Consolidated Financial Statements 綜合財務報表附註

21 OTHER RESERVES AND ACCUMULATED LOSSES

21 其他儲備及累計虧損

		Share premium	Capital reserve	Contributed surplus	Capital redemption reserve	Revaluation reserve	Translation adjustments	Share-based compensation reserve	Accumulated losses	Total
		股份溢價	資本儲備	繳入盈餘	資本回贖儲備	重估儲備	換算調整	以股份支付之補償儲備	累計虧損	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2016	於二零一六年一月一日	857,346	(51,580)	99,172	12,037	11,213	125,114	21,460	(326,212)	748,550
Loss for the year	年度虧損	-	-	-	-	-	-	-	(207,896)	(207,896)
Share of other comprehensive income of associates	所佔聯營公司其他全面收入	-	-	-	-	-	793	-	-	793
Release upon disposal of subsidiaries	出售附屬公司權益時轉出	-	-	-	-	(11,213)	(34,648)	-	-	(45,861)
Currency translation differences	貨幣匯兌差額									
- Group	- 集團	-	-	-	-	-	(10,365)	-	-	(10,365)
- Associates	- 聯營公司	-	-	-	-	-	(19,229)	-	-	(19,229)
Repurchase of shares	回購股份	(6,481)	-	-	-	-	-	-	-	(6,481)
Transfer of share option reserve upon the forfeiture or expiry of share options	轉撥被沒收或失效購股權後之購股權儲備	-	-	-	-	-	-	(21,460)	21,460	-
At 31 December 2016	於二零一六年十二月三十一日	<u>850,865</u>	<u>(51,580)</u>	<u>99,172</u>	<u>12,037</u>	<u>-</u>	<u>61,665</u>	<u>-</u>	<u>(512,648)</u>	<u>459,511</u>

		Share premium	Capital reserve	Contributed surplus	Capital redemption reserve	Available-for-sale reserve	Translation adjustments	Share-based compensation reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價	資本儲備	繳入盈餘	資本回贖儲備	可供出售儲備	換算調整	以股份支付之補償儲備	債券儲備	累計虧損	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2017	於二零一七年一月一日	850,865	(51,580)	99,172	12,037	-	61,665	-	-	(512,648)	459,511
Loss for the year	年度虧損	-	-	-	-	-	-	-	-	(7,715)	(7,715)
Share of other comprehensive expense of associates	所佔聯營公司其他全面支出	-	-	-	-	-	(3,845)	-	-	-	(3,845)
Release upon disposal of subsidiaries	出售附屬公司	-	-	-	-	-	(9,890)	-	-	-	(9,890)
Release of reserves upon reclassification of associate to available-for-sale financial assets	聯營公司重列作可供出售財務資產轉出儲備	-	-	-	-	-	(9,432)	-	-	-	(9,432)
Change in fair value of available-for-sale financial assets	可供出售財務資產公平值變動	-	-	-	-	(33,536)	-	-	-	-	(33,536)
Reclassification upon impairment of available-for-sale financial assets	可供出售財務資產減值需作儲備調整	-	-	-	-	33,536	-	-	-	-	33,536
Currency translation differences	貨幣匯兌差額										
- Group	- 集團	-	-	-	-	-	(10,383)	-	-	-	(10,383)
- Associates	- 聯營公司	-	-	-	-	-	33,759	-	-	-	33,759
Repurchase of shares	回購股份	(3,331)	-	-	-	-	-	-	-	-	(3,331)
Employee share option scheme:	僱員購股權計劃:										
- value of employee services	- 僱員服務價值	-	-	-	-	-	-	26,160	-	-	26,160
- share options exercised	- 行使購股權	1,663	-	-	-	-	-	(564)	-	-	1,099
Issue of convertible bonds - equity component	發行可換股債券 - 權益組成部分	-	-	-	-	-	-	-	14,236	-	14,236
At 31 December 2017	於二零一七年十二月三十一日	<u>849,197</u>	<u>(51,580)</u>	<u>99,172</u>	<u>12,037</u>	<u>-</u>	<u>61,874</u>	<u>25,596</u>	<u>14,236</u>	<u>(520,363)</u>	<u>490,169</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

21 OTHER RESERVES AND ACCUMULATED LOSSES (continued)

Contributed surplus represents (i) the difference between the nominal amount of the shares issued and the book value of the underlying net assets of subsidiaries acquired; and (ii) transfer from share premium account. It can be utilised for issuance of bonus shares or for capital redemption upon repurchase of shares.

Under the Companies Act 1981 of Bermuda, contributed surplus is distributable to shareholders subject to the condition that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

21 其他儲備及累計虧損(續)

繳入盈餘乃(i)股份發行之面值與購入附屬公司之淨資產帳面值之差額；及(ii)由股份溢價帳轉入。繳入盈餘可供發行紅股或購回股份時作資本贖回使用。

根據百慕達一九八一年公司法，繳入盈餘可分派給股東，但如(i)於分派後，公司未能償還到期債務或(ii)其資產之可變現價值少於其負債、已發行股本及股份溢價帳之總和，本公司不能宣佈或支付股息或分派繳入盈餘。

22 BORROWINGS

22 貸款

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Non-current	非流動		
Convertible bonds (Note (i))	可轉換債券(附註(i))	140,300	-
Notes payables (Note (ii))	應付票據(附註(ii))	23,065	-
Other loans from non-controlling shareholders of subsidiaries (Note (iii))	附屬公司非控股股東的其他貸款(附註(iii))	56,660	56,357
Finance lease liabilities (Note (iv))	融資租賃負債(附註(iv))	-	2,111
		<u>220,025</u>	<u>58,468</u>
Current	流動		
Bank overdrafts (Note 34(b))	銀行透支(附註34(b))	-	11,159
Bank borrowings due within one year	須於一年內償還的銀行貸款	181,714	263,234
Bank borrowings due after one year which contain a repayment on demand clause	須於一年後償還並附帶可隨時要求還款之銀行貸款	-	95,821
Other loans (Note (v))	其他貸款(附註(v))	69,379	-
Finance lease liabilities (Note (iv))	融資租賃負債(附註(iv))	-	954
		<u>251,093</u>	<u>371,168</u>
Total borrowings	總貸款	<u>471,118</u>	<u>429,636</u>
Secured borrowings are as follows:	有抵押貸款如下：		
		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Bank borrowings	銀行貸款	124,082	210,303
Other loans (Note (v))	其他貸款(附註(v))	69,379	-
Finance lease liabilities (Note (iv))	融資租賃負債(附註(iv))	-	3,065
		<u>193,461</u>	<u>213,368</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

22 BORROWINGS (continued)

At 31 December 2017, bank borrowings of approximately HK\$124,082,000 (2016: HK\$210,303,000) were secured by certain inventories, bills and accounts receivable and bank balances (see Notes 14, 17 and 18).

Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 3.1(c). As at 31 December 2016 and 2017, none of the covenants relating to the drawn down facilities had been breached.

At 31 December 2016 and 2017, the Group's borrowings were repayable as follows:

22 貸款(續)

於二零一七年十二月三十一日，銀行貸款及其他貸款約港幣124,082,000元(二零一六年：港幣210,303,000元)以部份存貨、應收票據及應收帳項及銀行結餘作抵押(見附註14、17及18)。

本集團部分銀行信貸須受履行與本集團若干資產負債比率有關的契約所規限。該等契約常見於與金融機構達成的借貸安排。若本集團違反契約，則已提取的貸款將須於要求時償還。本集團會定期監察該等契約的遵行情況。本集團管理流動資金風險的進一步詳情載於附註3.1(c)。於二零一六年及二零一七年十二月三十一日，本集團並無違反有關已提取信貸的契約。

於二零一六年及二零一七年十二月三十一日，本集團貸款的償還情況如下：

	Bank borrowings and overdrafts 銀行貸款及透支		Other borrowings 其他貸款	
	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Within one year 一年內	181,714	274,393	69,379	–
Between one and two years (Note) 一至二年內(附註)	–	6,512	159,465	–
Between two and five years (Note) 二至五年內(附註)	–	20,491	60,560	56,357
Over five years (Note) 超過五年(附註)	–	68,818	–	–
	<u>181,714</u>	<u>370,214</u>	<u>289,404</u>	<u>56,357</u>

Note:

The amounts due are based on the schedule repayment dates set out in the loan agreements and ignored the effect of any repayment on demand clause.

附註：

到期金額乃按貸款協議所載的預定償還日期計算，並無計及任何可隨時要求償還條款之影響。

Notes to the Consolidated Financial Statements 綜合財務報表附註

22 BORROWINGS (continued)

Notes:

(i) Convertible bonds

On 25 September 2017, the Company entered into the subscription agreement dated 25 September 2017 with Haitong International Financial Products (Singapore) Pte. Ltd. in relation to the issue of convertible bonds in the aggregate principal amount of US\$20,000,000 by the Company (the "2017 Convertible Bonds"). Upon full conversion of the 2017 Convertible Bonds at the conversion price of HK\$0.26 per conversion share (subject to adjustments), a total of 603,846,000 new ordinary shares of the Company (the "2017 Conversion Share(s)") will be issued. The 2017 Conversion Shares will be allotted and issued pursuant to the general mandate granted to the Directors of the Company at annual general meeting of the Company held on 30 June 2017. The conversion period of the 2017 Convertible Bond will commence on 3 June 2018.

The convertible bond recognised in the statement of financial position are calculated as follows:

		2017 HK\$'000 港幣千元
Face value of convertible bonds issued	發行的可轉換債券的票面值	156,000
Transaction costs	交易成本	(3,508)
Equity component (Note 21)	權益組成部份(附註21)	(14,236)
Liability component on initial recognition	初步確認時的負債組成部份	138,256
Interest expense	利息費用	4,738
Interest accrued	應付利息	(2,694)
Liability component at 31 December 2017	於二零一七年十二月三十一日的負債組成部份	140,300

Interest expense on the liability component of the bond was calculated at the effective interest rate of 13.9% per annum.

(ii) Notes payables

On 17 May 2017, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent agreed to act as a placing agent, on a best effort basis, for the purposes of arranging placees for the issue of the notes with an aggregate principal amount of up to HK\$200,000,000 in multiple tranches. At 31 December 2017, the placing notes carry interest at 7% per annum and payable annually in arrears on the anniversary date of the issue date of the notes or on the maturity date.

During the year ended 31 December 2017, the Company issued 7% to 12.5% notes. The notes have a three and five years term and payable annually in arrears on the anniversary date of the issue date of the notes or on the maturity date.

22 貸款(續)

附註：

(i) 可轉換債券

二零一七年九月二十五日，本公司與 Haitong International Financial Products (Singapore) Pte. Ltd. 簽訂認購協議以發行本金合計20,000,000美元可換股債券(「2017可換股債券」)。倘2017可換股債券獲每換股股份換股價港幣0.26元(可予調整)悉數轉換，合計將可發行603,846,000股本公司新普通股股份(「2017換股股份」)。2017換股股份將根據於二零一七年六月三十日舉行之本公司股東週年大會上授予董事之一般性授權配發及發行。2017可換股債券的轉換期將於二零一八年六月三日開始。

在財務狀況表確認的可轉換債券計算如下：

		2017 HK\$'000 港幣千元
Face value of convertible bonds issued	發行的可轉換債券的票面值	156,000
Transaction costs	交易成本	(3,508)
Equity component (Note 21)	權益組成部份(附註21)	(14,236)
Liability component on initial recognition	初步確認時的負債組成部份	138,256
Interest expense	利息費用	4,738
Interest accrued	應付利息	(2,694)
Liability component at 31 December 2017	於二零一七年十二月三十一日的負債組成部份	140,300

可轉換債券的負債組成部份的利息費用採用實際利率方法計算，採用實際年利率13.9%計算負債組成部份。

(ii) 應付票據

二零一七年五月十七日，本公司與配售代理訂立配售協議，據此，配售代理同意擔任配售代理且盡其最大努力，發行合計本金總額不超過港幣200,000,000元的多份票據安排承配人。配售票據乃按年利率7厘計息並且按年度，於票據發行日期的週年日期或於到期日支付。

截止二零一七年十二月三十一日止年度，本公司發行7至12.5厘票據。票據為期三及五年並且按年度，於票據發行日期的週年日期或於到期日支付。

Notes to the Consolidated Financial Statements 綜合財務報表附註

22 BORROWINGS (continued)

Notes: (continued)

(iii) Other loans from non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and not repayable within one year.

(iv) Finance lease liabilities

Gross finance lease liabilities
– minimum lease payments:
Not later than one year
Later than one year and not
later than five years

融資租賃負債
– 最低租賃付款：
不超過一年
超過一年但不超過五年

Future finance charges on finance leases

融資租賃之未來財務費用

Present value of finance lease liabilities

融資租賃負債之現值

The present value of finance lease liabilities is as follows:

融資租賃負債之現值如下：

Not later than one year
Later than one year and not
later than five years

不超過一年
超過一年但不超過五年

(v) Other loans were secured by certain financial assets at fair value through profit or loss in overseas, bearing interest at 7% per annum and repayable on demand.

The effective interest rates at the end of the reporting period are as follows:

	2017		2016			
	US\$ 美元	EUR 歐元	US\$ 美元	RMB 人民幣	EUR 歐元	HK\$ 港幣
Bank borrowings and overdraft	4.7%	2.2%	3.5%	13.4%	2.0%	2.4%
Finance lease liabilities	–	–	–	–	–	2.1%

22 貸款(續)

附註：(續)

(iii) 附屬公司非控股股東的其他貸款並無抵押、免利息及不須於一年內償還。

(iv) 融資租賃負債

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
	–	1,061
	–	2,236
	–	3,297
	–	(232)
	–	3,065
	–	954
	–	2,111
	–	3,065

(v) 其他貸款為金融機構及孖展融資貸款以按公平值透過損益列帳的海外財務資產抵押，年利率7%利息及於要求時還款。

於報告日期末的實際利率如下：

Notes to the Consolidated Financial Statements 綜合財務報表附註

22 BORROWINGS (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
US\$	美元	343,063	245,733
RMB	人民幣	3,899	3,600
HK\$	港元	23,065	138,235
EUR	歐元	31,712	42,068
SGD	新加坡元	69,379	-
		<u>471,118</u>	<u>429,636</u>

23 DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
At 1 January	於一月一日	42,630	47,909
Currency translation differences	貨幣匯兌差額	489	(440)
Consolidated income statement credit/(charge)	在綜合損益表進帳/(扣除)	1,220	(4,839)
Disposal of subsidiaries	出售附屬公司	<u>(28,893)</u>	-
At 31 December	於十二月三十一日	<u>15,446</u>	<u>42,630</u>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities 遞延所得稅負債

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
At 1 January	於一月一日	(1,177)	(1,177)
Disposal of subsidiaries	出售附屬公司	<u>1,177</u>	-
At 31 December	於十二月三十一日	<u>-</u>	<u>(1,177)</u>

22 貸款(續)

集團貸款的帳面金額以下列貨幣為單位：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
	343,063	245,733
	3,899	3,600
	23,065	138,235
	31,712	42,068
	69,379	-
	<u>471,118</u>	<u>429,636</u>

23 遞延所得稅

遞延所得稅帳目之變動總額如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
	42,630	47,909
	489	(440)
	1,220	(4,839)
	<u>(28,893)</u>	-
	<u>15,446</u>	<u>42,630</u>

年內遞延所得稅資產及負債之變動(沒有考慮與同一徵稅地區之結餘抵銷)如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
	(1,177)	(1,177)
	<u>1,177</u>	-
	<u>-</u>	<u>(1,177)</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

23 DEFERRED INCOME TAX (continued)

23 遞延所得稅(續)

Deferred income tax assets 遞延所得稅資產		Decelerated tax depreciation 減速稅項折舊		Tax losses 稅損		Total 總額	
		2017	2016	2017	2016	2017	2016
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January	於一月一日	340	1,554	43,467	47,532	43,807	49,086
(Charged)/Credited to the consolidated income statement	在綜合損益表 (扣除)/進帳	(333)	(1,214)	1,553	(3,625)	1,220	(4,839)
Currency translation differences	貨幣匯兌差額	-	-	489	(440)	489	(440)
Disposal of subsidiaries	出售附屬公司	(824)	-	(29,246)	-	(30,070)	-
At 31 December	於十二月三十一日	<u>(817)</u>	<u>340</u>	<u>16,263</u>	<u>43,467</u>	<u>15,446</u>	<u>43,807</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet as assets/liabilities not realisable/due within one year:

尚有合法強制執行權利可抵銷當期稅項資產與當期稅項負債，以及當遞延所得稅資產與負債與同一課稅當局就有意按淨額基準結付結餘。在計入適當抵銷後，下列金額在綜合資產負債表內以不可於一年內變現/到期之資產/負債列帳：

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Deferred income tax assets	遞延所得稅資產	15,861	42,631
Deferred income tax liabilities	遞延所得稅負債	(415)	(1)
		<u>15,446</u>	<u>42,630</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

23 DEFERRED INCOME TAX (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of approximately HK\$849,404,000 (2016: HK\$768,155,000), which certain amounts are subject to approval from the Hong Kong Inland Revenue Department. Tax losses of PRC subsidiaries have an expiry period of five years, while tax losses of Hong Kong subsidiaries have no expiry date. Tax losses can be carried forward to offset future taxable income.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5-10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2017, no deferred income tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred income tax liabilities have not been recognised totalled approximately HK\$388,000 at 31 December 2017 (2016: HK\$4,290,000).

23 遞延所得稅(續)

遞延所得稅資產乃因應相關稅務利益可透過未來應課稅溢利變現而就所結轉之稅損作確認。本集團有未確認稅損約港幣849,404,000元(二零一六年：港幣768,155,000元)，其中部份需待香港稅務局批准。中國內地成立之附屬公司的稅損屆滿期為五年，而香港成立之附屬公司的稅損並無到期日。稅損可結轉以抵銷未來應課稅收入。

根據新中國企業所得稅法，於中國內地成立之外國投資企業向外國投資者宣派之股息須徵收10%預扣稅。此規定於二零零八年一月一日生效並適用於二零零七年十二月三十一日以後之盈利。倘中國內地與外國投資者所屬司法權區訂立稅務條約，則較低之預扣稅率可能會適用。就本集團而言，適用稅率為5-10%。因此，本集團須就其於中國內地成立之該等附屬公司及聯營公司就於二零零八年一月一日後產生之盈利而派付之股息繳納預扣稅。

於二零一七年十二月三十一日，概無就本集團於中國內地成立之附屬公司的未匯出盈利而應付之預扣稅確認任何遞延所得稅。尚未確認遞延所得稅負債之中國內地附屬公司投資並與之相關之暫時差異於二零一七年十二月三十一日合共約為港幣388,000元(二零一六年：約為港幣4,290,000元)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

24 BILLS AND ACCOUNTS PAYABLE

The ageing analysis of bills and accounts payable is as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Within three months	三個月內	94,316	220,272
Over three months but within six months	超過三個月而不超過六個月	–	38
Over six months but within twelve months	超過六個月而不超過十二個月	–	523
Over twelve months	超過十二個月	<u>22,600</u>	<u>19,656</u>
		<u>116,916</u>	<u>240,489</u>

The carrying amounts of the Group's bills and accounts payable are denominated in the following currencies:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
US\$	美元	83,682	124,601
RMB	人民幣	22,227	20,724
EUR	歐元	<u>11,007</u>	<u>95,164</u>
		<u>116,916</u>	<u>240,489</u>

24 應付票據及應付帳項

應付票據及應付帳項帳齡分析如下：

本集團的應付票據及應付帳項的帳面金額以下列貨幣為單位：

Notes to the Consolidated Financial Statements 綜合財務報表附註

25 PROVISION FOR LAND RESTORATION AND ENVIRONMENTAL COSTS 25 土地復原及環境成本撥備

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
At 1 January	於一月一日	3,804	4,075
Currency translation differences	貨幣匯兌差額	321	(271)
At 31 December	於十二月三十一日	<u>4,125</u>	<u>3,804</u>

The provision for land restoration and environmental costs is in relation to the estimated costs of complying with the Group's obligations for land reclamation. These costs are expected to be incurred on mine closure, which are based on current mineral reserve estimates.

土地復原及環境成本撥備是關於本集團對復墾的責任相關成本之估計。此項成本乃根據現有礦產資源儲備估計，並預期在礦井關閉時產生。

26 OTHER INCOME AND NET GAINS

26 其他收入及收益淨額

		2017 HK\$'000 港幣千元	2016 HK\$'000 (restated) 港幣千元 (經重列)
Fair value gains/(losses) on:	公平值收益/(虧損)：		
– financial assets at fair value through profit or loss	– 按公平值透過損益列帳的財務資產	48,014	(242)
– derivative financial instruments	– 衍生金融工具	(445)	2,572
Gains on reclassification of an associate to available-for-sale financial assets	聯營公司重列作可供出售財務資產收益	17,392	–
Impairment loss on available-for-sale financial assets	可供出售財務資產減值	(33,536)	–
Interest income on:	利息收入：		
– bank deposits	– 銀行存款	50	22
– other receivables	– 其他應收款	159	177
– due from associates	– 聯營公司欠款	2,190	501
Dividend income	股息收入	9	12
Dilution loss on an associate	聯營公司攤薄虧損	(26,343)	(5,985)
Others	其他	2,442	4,499
		<u>9,932</u>	<u>1,556</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

27 EXPENSES BY NATURE

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

		2017 HK\$'000 港幣千元	2016 HK\$'000 (restated) 港幣千元 (經重列)
Depreciation of property, plant and equipment	物業、機器及設備折舊		
– owned assets	– 自置資產	2,315	2,368
– assets held under finance leases	– 融資租賃資產	–	485
Amortisation of prepaid operating lease payments	預付營運租賃款項攤銷	160	160
Operating lease rentals	營運租賃租金	6,595	1,199
Employee benefit expense (including directors' emoluments) (Note 29)	僱員福利開支(包括董事酬金) (附註29)	90,702	68,332
Provision for impairment of deposits, prepayments and other receivables	按金、預付款及 其他應收款減值撥備	1,444	38,079
Provision for impairment of amounts due from associates	聯營公司欠款減值撥備	75	3,082
Provision for inventories	存貨撥備	(2,394)	2,271
Net exchange gains	匯兌淨收益	(14,753)	(2,361)
Auditors' remuneration	核數師酬金	1,150	1,250

28 OTHER OPERATING EXPENSES

Other operating expenses represent settlement of customer claims in respect of disputes arose from the execution of several sales contracts.

27 按性質分類的費用

列在銷售成本、銷售及分銷費用和一般及行政費用內的費用分析如下：

28 其他經營支出

其他經營支出為處理若干銷售合同履行之糾紛支出。

29 EMPLOYEE BENEFIT EXPENSE

Wages and salaries and other termination benefit	薪金工資及離職補助金	60,914	63,191
Share options granted to directors and employees	授予董事及僱員的購股權	26,160	–
Pension costs – defined contribution plans (Note (a))	退休成本 – 界定供款計劃 (附註(a))	2,778	3,426
Staff welfare	員工福利	850	1,715

29 僱員福利開支

	2017 HK\$'000 港幣千元	2016 HK\$'000 (restated) 港幣千元 (經重列)
	90,702	68,332

Notes to the Consolidated Financial Statements 綜合財務報表附註

29 EMPLOYEE BENEFIT EXPENSE (continued)

Notes:

(a) Pensions – defined contribution plans

The Group has arranged for its Hong Kong employees to participate in a defined contribution retirement scheme (the "Original Scheme"), which is managed by independently administered funds. The Group's monthly contributions are based on 5% of employees' monthly salaries. The employees are entitled to receive 100% of the Group's contribution and the accrued interest thereon upon retirement or leaving the Group after completing ten years of service or at a reduced scale of 30% to 90% after completing three to nine years of services.

For the Hong Kong employees employed after 1 December 2000, the Group has arranged for these employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. From 1 June 2014, both the employer's and the employees' contributions are subject to a maximum of HK\$1,500 per month per employee.

As stipulated by the rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes to retirement plans at rates of approximately 14% to 22% of the basic salaries of its employees in Mainland China, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year, the aggregate amount of the Group's contributions to the aforementioned schemes was approximately HK\$2,821,000 (2016: HK\$3,610,000) without deduction of forfeited contributions of the Original Scheme.

29 僱員福利開支(續)

附註：

(a) 退休金－界定供款計劃

本集團為香港僱員安排參與由獨立基金管理之界定供款退休計劃(「原計劃」)。本集團每月之供款按僱員月薪的5%計算。於退休或完成滿十年服務後離開本集團，僱員均有權收取全數集團的供款及應計利息，完成滿三至九年服務則可按30%至90%比例收取。

本集團為二零零零年十二月一日後入職香港僱員安排參與強制性公積金計劃(「強積金計劃」)，一個由獨立受託人管理的界定供款計劃。根據強積金計劃，本集團及其僱員各自須按照強制性公積金條例的規定，每月將僱員薪金的5%供款。由二零一四年六月一日起，僱主及僱員的各自供款最高為每名僱員每月港幣1,500元。

根據中國法例規定，本集團為其中國僱員參與國家資助的退休計劃。本集團按其僱員基本薪金約14%至22%供款。除年度供款外，本集團毋須承擔其他實際退休金付款或退休後福利的責任。國家資助的退休計劃負責應付退休僱員的全部養老金責任。

於年內，本集團對上述計劃作出的供款總額約港幣2,821,000元(二零一六年：港幣3,610,000元)，並無扣除原計劃的沒收供款。

Notes to the Consolidated Financial Statements 綜合財務報表附註

29 EMPLOYEE BENEFIT EXPENSE (continued)

Notes: (continued)

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2017 is set out below:

Name of director 董事姓名	Fees 袍金 HK\$'000 港幣千元	Salaries, allowances and benefits 薪金、津貼 及福利 HK\$'000 港幣千元	Discretionary bonuses 酌情獎金 HK\$'000 港幣千元	Employer's contribution to pension scheme 退休計劃的 僱主供款 HK\$'000 港幣千元	Employee share option benefit 僱員購股權 福利 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Executive directors 執行董事						
Mr. CHAN Shing (Note (i)) 陳城先生(附註(i))	-	5,878	1,500	266	294	7,938
Ms. CHEUNG Kwan 張軍女士	-	3,586	-	17	294	3,897
Mr. SIT Hoi Tung 薛海東先生	-	2,880	500	144	600	4,124
Mr. KWOK Wai Lam 郭偉霖先生	-	2,160	500	108	294	3,062
Mr. SHAM Kai Man 岑啟文先生	-	2,040	-	102	294	2,436
Mr. WEI Jia Fu (Note (iv)) 魏家福先生(附註(iv))	-	1,080	-	-	-	1,080
Non-executive directors 非執行董事						
Mr. HUANG Shenglan (Note (ii)) 黃勝藍先生(附註(ii))	319	-	-	-	294	613
Independent non-executive directors 獨立非執行董事						
Mr. CUI Shu Ming 崔書明先生	446	-	-	-	294	740
Mr. CHAN Ming Fai 陳明輝先生	319	-	-	-	294	613
Mr. TSANG Kwok Wa (Note (iii)) 曾國華先生(附註(iii))	139	-	-	-	294	433
Mr. CHEUNG Sing Din (Note (iii)) 張聖典先生(附註(iii))	139	-	-	-	294	433
	<u>1,362</u>	<u>17,624</u>	<u>2,500</u>	<u>637</u>	<u>3,246</u>	<u>25,369</u>

29 僱員福利開支(續)

附註：(續)

(b) 董事及高級管理層薪酬

截至二零一七年十二月三十一日止年度，每名董事及行政總裁的薪酬如下：

Notes to the Consolidated Financial Statements 綜合財務報表附註

29 EMPLOYEE BENEFIT EXPENSE (continued)

Notes: (continued)

(b) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 31 December 2016 is set out below:

Name of director	Fees	Salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Employee share option benefit	Total
董事姓名	袍金	薪金、津貼及福利	酌情獎金	退休計劃的僱主供款	僱員購股權福利	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive directors 執行董事						
Mr. CHAN Shing (Note (i))		6,335	443	266	-	7,044
Ms. CHEUNG Kwan		3,960	-	21	-	3,981
Mr. SIT Hoi Tung		3,100	250	143	-	3,493
Mr. WEI Jia Fu (Note (iv))		2,400	-	-	-	2,400
Mr. KWOK Wai Lam		2,310	250	107	-	2,667
Mr. SHAM Kai Man		2,192	550	101	-	2,843
Independent non-executive directors 獨立非執行董事						
Mr. CUI Shu Ming	444	-	35	-	-	479
Mr. HUANG Shenglan (Note (ii))	318	-	25	-	-	343
Mr. CHAN Ming Fai	318	-	25	-	-	343
	<u>1,080</u>	<u>20,297</u>	<u>1,578</u>	<u>638</u>	<u>-</u>	<u>23,593</u>

Notes:

- (i) The chief executive of the Company is Mr. CHAN Shing, who is also one of the executive directors of the Company.
- (ii) Re-designated as non-executive director on 3 March 2017.
- (iii) Appointed on 2 June 2017.
- (iv) Removed on 9 June 2017.

29 僱員福利開支(續)

附註：(續)

(b) 董事及高級管理層薪酬(續)

截至二零一六年十二月三十一日止年度，每名董事及行政總裁的薪酬如下：

Name of director	Fees	Salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Employee share option benefit	Total
董事姓名	袍金	薪金、津貼及福利	酌情獎金	退休計劃的僱主供款	僱員購股權福利	總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive directors 執行董事						
Mr. CHAN Shing (Note (i))		6,335	443	266	-	7,044
Ms. CHEUNG Kwan		3,960	-	21	-	3,981
Mr. SIT Hoi Tung		3,100	250	143	-	3,493
Mr. WEI Jia Fu (Note (iv))		2,400	-	-	-	2,400
Mr. KWOK Wai Lam		2,310	250	107	-	2,667
Mr. SHAM Kai Man		2,192	550	101	-	2,843
Independent non-executive directors 獨立非執行董事						
Mr. CUI Shu Ming	444	-	35	-	-	479
Mr. HUANG Shenglan (Note (ii))	318	-	25	-	-	343
Mr. CHAN Ming Fai	318	-	25	-	-	343
	<u>1,080</u>	<u>20,297</u>	<u>1,578</u>	<u>638</u>	<u>-</u>	<u>23,593</u>

附註：

- (i) 本公司之行政總裁為陳城先生，亦為本公司之執行董事之一。
- (ii) 於二零一七年三月三日聘任為非執行董事。
- (iii) 於二零一七年六月二日委任。
- (iv) 於二零一七年六月九日被罷免。

Notes to the Consolidated Financial Statements 綜合財務報表附註

29 EMPLOYEE BENEFIT EXPENSE (continued)

Notes: (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2016: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individual (a past director) for the years ended 31 December 2016 and 2017 are as follows:

Salaries, allowance and benefits	薪金、津貼及福利
Employer's contributions to pension scheme	退休計劃的僱主供款
Employee share option benefit	僱員購股權福利

For the years ended 31 December 2016 and 2017, no payments had been made by the Group to the directors or the highest paid individual in respect of inducement to join or compensation for loss of office, and no directors or the highest paid individual waived any of the emoluments.

The emoluments fell within the following bands:

Emolument bands (in HK dollar)	酬金範圍(港元)
HK\$3,500,001 - HK\$4,000,000	3,500,001 - 4,000,000港元
HK\$4,000,001 - HK\$4,500,000	4,000,001 - 4,500,000港元
HK\$4,500,001 - HK\$5,000,000	4,500,001 - 5,000,000港元
HK\$5,000,001 - HK\$5,500,000	5,000,001 - 5,500,000港元

30 FINANCE COSTS

Interest on:

- bank borrowings
- finance lease liabilities
- convertible bonds
- notes payables
- other loans

利息：

- 銀行貸款
- 融資租賃負債
- 可換股債券
- 應付票據
- 其他貸款

29 僱員福利開支(續)

附註：(續)

(c) 五位最高薪酬人士

本年度集團最高薪酬的五位人士包括兩位(二零一六年：四位)董事，他們的薪酬在上文呈報的分析中反映。截至二零一六年及二零一七年十二月三十一日止年度，餘下最高薪酬人士(已辭任董事)的薪酬如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Salaries, allowance and benefits	9,478	5,216
Employer's contributions to pension scheme	314	224
Employee share option benefit	3,234	-
	13,026	5,440

截至二零一六年及二零一七年十二月三十一日止年度，本集團概無因就職或離職補償而向董事或最高薪人士支付款項，概無董事或最高薪人士放棄收取酬金。

其酬金範圍如下：

	Number of individuals 人數	
	2017	2016
Emolument bands (in HK dollar)		
HK\$3,500,001 - HK\$4,000,000	1	-
HK\$4,000,001 - HK\$4,500,000	1	-
HK\$4,500,001 - HK\$5,000,000	1	-
HK\$5,000,001 - HK\$5,500,000	-	1

30 融資成本

	2017 HK\$'000 港幣千元	2016 HK\$'000 (restated) 港幣千元 (經重列)
Interest on:		
- bank borrowings	11,415	12,910
- finance lease liabilities	50	118
- convertible bonds	4,738	-
- notes payables	797	-
- other loans	2,036	-
	19,036	13,028

Notes to the Consolidated Financial Statements 綜合財務報表附註

31 INCOME TAX (CREDIT)/EXPENSE

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax of 25% (2016: 25%) on their taxable income determined according to Mainland China tax laws. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong for the year ended 31 December 2017 (2016: Nil).

31 所得稅(貨項)/支出

本公司可免繳百慕達稅項直至二零三五年。於英屬處女群島成立之附屬公司可免繳英屬處女群島所得稅。香港利得稅按本年度預計產生或源自香港的應課稅盈利之16.5% (二零一六年：16.5%)撥備。本集團於中國之附屬公司須繳交中國企業所得稅，按中國稅法確定應課稅所得之25% (二零一六年：25%)計算。其他海外盈利之稅項已根據估計年度應課稅盈利按本集團經營業務國家之現行稅率計算。

截至二零一七年十二月三十一日止年度，因本集團並無產生或源自香港的應課稅盈利，香港利得稅沒有撥備(二零一六年：無)。

		2017 HK\$'000	2016 HK\$'000 (restated)
		港幣千元	港幣千元 (經重列)
Current tax:	本年稅項：		
– Mainland China taxation	– 中國稅項	–	12
– Overseas taxation	– 海外稅項	–	1,899
		<u>–</u>	<u>1,911</u>
Adjustments in respect of prior years:	以前年度調整：		
– Hong Kong taxation	– 香港稅項	32	–
– Overseas taxation	– 海外稅項	–	(280)
		<u>32</u>	<u>(280)</u>
Deferred tax:	遞延稅項：		
Origination and reversal of temporary differences	暫時差異的產生及轉回	(1,220)	5,523
		<u>(1,220)</u>	<u>5,523</u>
Income tax (credit)/expense	所得稅(貨項)/支出	<u>(1,188)</u>	<u>7,154</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

31 INCOME TAX (CREDIT)/EXPENSE (continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

31 所得稅(貸項)/支出(續)

本集團有關除所得稅前虧損之稅項與假若採用本公司本土國家之稅率而計算之理論稅額之差額如下：

		2017 HK\$'000 港幣千元	2016 HK\$'000 (restated) 港幣千元 (經重列)
Loss before income tax	除所得稅前虧損	(76,939)	(203,435)
Calculated at a tax rate of 16.5% (2016: 16.5%)	按稅率16.5% (二零一六年：16.5%)計算	(12,695)	(33,567)
Effect of different taxation rates in other countries	其他國家不同稅率之影響	11,378	(625)
Income not subject to taxation	無須課稅之收入	(47,256)	(11,972)
Expenses not deductible for taxation purposes	不可扣稅之支出	38,072	33,178
Tax losses for which no deferred income tax assets was recognised	未確認遞延所得稅資產 的稅損	11,481	8,905
Adjustments in respect of prior years	以前年度調整	32	(280)
Others	其他	(2,200)	11,515
Income tax (credit)/expense	所得稅(貸項)/支出	(1,188)	7,154

Notes to the Consolidated Financial Statements 綜合財務報表附註

32 (LOSS)/EARNINGS PER SHARE

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

32 每股(虧損)/盈利

每股基本及攤薄(虧損)/盈利根據本公司權益持有人應佔(虧損)/盈利，除以年內已發行普通股的加權平均數目計算。

		2017	2016
Loss from continuing operations attributable to owners of the Company (HK\$'000) (restated)	本公司權益持有人應佔來自持續經營業務虧損(港幣千元)(經重列)	(68,589)	(190,559)
Profit/(Loss) from discontinued operations attributable to owners of the Company (HK\$'000) (restated)	本公司權益持有人應佔來自已終止經營業務盈利/(虧損)(港幣千元)(經重列)	60,874	(17,337)
Loss attributable to owners of the Company (HK\$'000)	本公司權益持有人應佔虧損(港幣千元)	<u>(7,715)</u>	<u>(207,896)</u>
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千計)	<u>4,979,271</u>	<u>5,044,487</u>
Basic and diluted (loss)/earnings per share (HK cents)	每股基本及攤薄(虧損)/盈利(港仙)		
From continuing operations	來自持續經營業務	(1.38)	(3.78)
From discontinued operations	來自已終止經營業務	1.23	(0.34)
		<u>(0.15)</u>	<u>(4.12)</u>

The outstanding share options and convertible bonds during the years ended 31 December 2016 and 31 December 2017 have an anti-dilutive effect on the basic (loss)/earnings per share.

截至二零一六及二零一七年十二月三十一日止年度內尚未行使的購股權及可換股債券對每股基本(虧損)/盈利存有反攤薄作用。

33 DIVIDENDS

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

33 股息

董事局不擬就截至二零一七年十二月三十一日止年度派付末期股息(二零一六年：無)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS 34 綜合現金流量表附註

(a) Cash used in operations

(a) 營運所用的現金

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Loss for the year	年度虧損	(14,877)	(214,364)
Adjustments for:	調整：		
– Tax	– 稅項	(1,229)	9,520
– Depreciation of property, plant and equipment	– 物業、機器及設備折舊	2,866	4,978
– Amortisation	– 攤銷	212	316
– Property, plant and equipment impairment charge	– 物業、機器及設備減值	18,506	10,214
– Gain on disposal of subsidiaries	– 出售附屬公司溢利	(66,134)	(10,699)
– Gains on disposal of property, plant and equipment	– 出售物業、機器及設備之盈利	(202,069)	(3,030)
– Gain on reclassification of an associate to available-for-sale financial assets	– 聯營公司重列作可供出售財務資產溢利	(17,392)	–
– Loss on available-for-sale financial assets	– 可供出售財務資產減值	33,536	–
– Dilution loss on an associate	– 聯營公司攤薄虧損	26,343	5,985
– Share option expenses	– 購股權支出	26,160	–
– Fair value gains on investment properties	– 投資物業的公平值收益	–	(95)
– Fair value (gains)/losses on financial assets at fair value through profit or loss	– 按公平值透過損益列帳的財務資產之公平值(收益)/虧損	(48,014)	242
– Fair value losses/(gains) on derivative financial instruments	– 衍生金融工具之公平值虧損/(收益)	433	(1,923)
– Dividends received from financial assets at fair value through profit or loss	– 收取按公平值透過損益列帳的財務資產股息	(9)	(12)
– Interest income	– 利息收入	(2,431)	(2,160)
– Finance costs	– 融資成本	19,044	15,489
– Share of losses of associates	– 所佔聯營公司虧損	86,840	15,489
– Share of losses of joint ventures	– 所佔合營企業虧損	164	52
– Provision for impairment of investment in an associate	– 聯營公司減值撥備	–	55,876
– Provision for impairment of deposits, prepayments and other receivables	– 按金、預付款及其他應收款減值撥備	1,444	38,424
– Provision for amounts due from associates	– 聯營公司欠款撥備	75	3,082
– Provision for inventories	– 存貨撥備	(2,394)	2,271
– Effect of foreign exchange rate changes	– 外幣匯率變動之影響	(26,692)	2,498
		(165,618)	(67,847)
Changes in working capital:	營運資金變更：		
– Inventories	– 存貨	48,774	(25,782)
– Bills and accounts receivable	– 應收票據及應收帳項	26,378	50,858
– Deposits, prepayments and other receivables	– 按金、預付款及其他應收款	(120,764)	1,713
– Due from an associate	– 聯營公司欠款	(14,500)	–
– Due from joint ventures	– 合營公司欠款	(8)	(35)
– Bills and accounts payable	– 應付票據及應付帳項	(123,573)	18,029
– Other payables and accruals	– 其他應付帳項及應計費用	140,576	(25,499)
– Due to an associate	– 欠聯營公司款項	60	62
Cash used in operations	營運所用的現金	(208,675)	(48,501)

Notes to the Consolidated Financial Statements 綜合財務報表附註

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

34 綜合現金流量表附註(續)

(b) Analysis of the balances of cash and cash equivalents

(b) 現金及現金等價物結餘分析

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Cash and cash equivalents for the purpose of the consolidated statement of cash flows:	就綜合現金流量表而言，現金及現金等價物如下：		
Cash at bank and on hand	銀行及庫存現金	149,226	84,299
Less: Pledged bank balances	減：抵押銀行結餘	(27,696)	(12,574)
Bank overdrafts	銀行透支	-	(11,159)
Cash and cash equivalents	現金及現金等價物	<u>121,530</u>	<u>60,566</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

34 綜合現金流量表附註(續)

(c) Reconciliation of liabilities arising from financing activities

(c) 融資活動所產生負債的對賬

		Bank borrowings	Finance lease liabilities	Convertible bonds	Other loans	Notes payables
		銀行貸款	融資租賃負債	可換股債券	其他貸款	應付票據
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2017	於二零一七年一月一日	359,055	3,065	-	56,357	-
Changes from financing cash flows	融資活動的現金流量	(177,341)	(3,065)	152,492	69,379	22,800
Foreign exchange movement	匯率調整流動	-	-	-	303	-
Equity component of convertible bonds	可換股債券權益組成部份	-	-	(14,236)	-	-
Interest expense	利息支出	-	-	4,738	-	797
Interest paid classified as operating cash flows	已付利息分類為營運活動的現金流量	-	-	(2,694)	-	(532)
At 31 December 2017	於二零一七年十二月三十一日	181,714	-	140,300	126,039	23,065

35 LITIGATION

(a) Legal Proceedings in Hong Kong in relation to BCHL

The Group holds a 45% share capital in China Land Assets Limited ("CLA"). CLA holds 69% equity interests in Yangzhou Times Square and originally held 100% interests in Wuxi Sunshine Plaza. CLA was unable to repay loans to the Group as scheduled, and Charm Best Investments Inc. ("Charm Best"), which held 55% of the share capital of CLA, failed with respect to repayment obligations on CLA's behalf; therefore the Group exercised its right to take over the charged shares in accordance with the deed of share charge on 14 October 2016. On 4 November 2016, Burwill Commercial Holdings Limited ("BCHL"), a wholly-owned subsidiary of the Company, as plaintiff issued a writ of summons in the High Court of Hong Kong against Charm Best and Mr. IP Kwok Kin ("Mr. IP") as defendants ("HCA 2895/2016").

BCHL made the claim for, *inter alia*, the declaration that BCHL validly exercised its rights under the deed of share charge dated 13 September 2016 (the "Deed"). BCHL's position is that it has exercised its rights under the Deed to, *inter alia*, take over the 55% charged shares in China Land Assets Limited (the "Charged Shares") on 14 October 2016. As a result, Charm Best was no longer the shareholder of CLA and Mr. IP was no longer a director of CLA. The Charged Shares have been transferred to the Group's wholly-owned subsidiary, Double Honour Enterprises Limited, which holds the Charged Shares on trust as a nominee.

35 訴訟

(a) 於香港有關寶威商業的法律訴訟

集團持有新港資產有限公司(「新港資產」)45%股權。由於新港資產未如期還款給本集團，持有其55%股權的股東Charm Best Investment Inc.(「Charm Best」)未有依據合約代其向集團歸還欠款，二零一六年十月十四日，集團根據股份質押契據接管了Charm Best持有的55%新港資產股份。二零一六年十一月四日，本公司全資附屬公司寶威商業地產有限公司(「寶威商業」)作為原告人於香港高等法院向被告Charm Best及葉國堅先生(「葉先生」)發出傳訊令狀(「HCA 2895/2016」)。

寶威商業作出申索目的為(當中包括)聲明寶威商業有效行使其權利執行二零一六年九月十三日股份質押契據(「契據」)。寶威商業行使契據權利(當中包括)於二零一六年十月十四日接管了55%新港資產有限公司質押股份(「質押股份」)。Charm Best自此不再為新港資產有限公司「新港資產」股東而葉先生亦不再為新港資產董事。質押股份暫轉予本集團全資附屬公司Double Honour Enterprises Limited作為代理人以信託形式代持。

35 LITIGATION (continued)

(a) Legal Proceedings in Hong Kong in relation to BCHL (continued)

A Statement of Claim under the action of HCA 2895/2016 was filed by BCHL on 13 February 2017 which was subsequently amended and filed on 9 March 2017.

On 23 May 2017, Mr. IP and Charm Best issued a defence and counterclaim in the High Court of Hong Kong against BCHL and CLA under HCA 2895/2016. BCHL as plaintiff (by original action) had filed and served the Reply and Defence to Counterclaim on 17 July 2017.

On 18 November 2016, Mr. IP and Charm Best issued a writ of summons in the High Court of Hong Kong against, *inter alias*, BCHL and CLA ("HCA 3015/2016"). On 4 January 2017, the Court queried the need for the plaintiffs in HCA 3015/2016 (Mr. IP and Charm Best), to issue such legal action and then on 6 February 2017, the Court directed the plaintiffs in HCA 3015/2016 to proceed by way of a counterclaim under HCA 2895/2016.

At 31 December 2017, the parties to the legal proceedings were at discovery stage, and the date of trial of the Legal Proceedings has not been fixed.

35 訴訟(續)

(a) 於香港有關寶威商業的法律訴訟(續)

寶威商業已於二零一七年二月十三日將案件HCA 2895/2016之申索陳述書存案，經修訂申索陳述書亦已於二零一七年三月九日存案。

二零一七年五月二十三日，葉先生及 Charm Best 作為案件 HCA 2895/2016 被告人已對寶威商業及新港資產向香港高等法院提出抗辯及反申索。寶威商業作為原案件原告人已於二零一七年七月十七日將反申索之答辯及抗辯送達並存案。

二零一六年十一月十八日，葉先生及 Charm Best 於香港高等法院向(當中包括)寶威商業及新港資產發出傳訊令狀(「HCA 3015/2016」)。二零一七年一月四日法院質疑 HCA 3015/2016 原告人(葉先生及 Charm Best) 提出 HCA 3015/2016 法律訴訟的需要，期後於二零一七年二月六日法院指令 HCA 3015/2016 原告人應對 HCA 2895/2016 開展反申索。

於本報告日期，法律訴訟各方處於開示階段及法律訴訟之審訊日期仍未確定。

35 LITIGATION (continued)

(b) Legal Proceedings in the PRC in relation to 萊陽泰鑫礦業有限公司 and 青島泰鑫礦業有限公司

The Company has been provided with a writ dated 16 June 2015 (“Writ”) filed with the Shandong Province Yantai City Intermediate People’s Court of the People’s Republic of China (“PRC”) under which an individual (“Plaintiff”) alleged that he is the beneficial owner of 50% of the equity interest in 萊陽泰鑫礦業有限公司 (“Allegation”) and that 青島泰鑫礦業有限公司 holds such 50% equity interest in 萊陽泰鑫礦業有限公司 (“萊陽泰鑫 50% equity interest”) as nominee for the Plaintiff. In the Writ, 萊陽泰鑫礦業有限公司 has been named as defendant. In the interim, as a result of the Allegation, the Shandong Province Yantai City Intermediate People’s Court of the PRC has imposed a freezing order in respect of 35% equity interest in 萊陽泰鑫礦業有限公司 held by 青島泰鑫礦業有限公司 (the “Freezing Order”). The frozen equity interest will be restricted from transfer or pledge during the existence of the Freezing Order but the operations of 萊陽泰鑫礦業有限公司 will not be hindered by the imposition of the Freezing Order. The trial of the Allegation was held in August 2016 that the Plaintiff lost a lawsuit and the judgement was received in the early 2017 that 萊陽泰鑫礦業有限公司 was not liable to any claim and the Plaintiff alleged that he owned 萊陽泰鑫 50% equity interest was not in fact. The Plaintiff served a notice of appeal to the judgement. The trial of the final appeal was held in December 2017 and it was judged that the Plaintiff should have 0.67% of the equity interest in 萊陽泰鑫礦業有限公司. 青島泰鑫礦業有限公司 is now seeking for legal advice on the retrial of the case.

For the above cases, the directors of the Company have assessed those cases and believed that there would not be a material impact to the financial position of the Group.

35 訴訟(續)

(b) 於中國有關萊陽泰鑫礦業有限公司及青島泰鑫礦業有限公司的法律訴訟

本公司收到已交中華人民共和國(「中國」)山東省煙臺市中級人民法院登記日期為二零一五年六月十六日之起訴書(「起訴書」)，起訴書指一名個人(「原告」)指稱其為持有萊陽泰鑫礦業有限公司50%股權(「該指稱」)，而青島泰鑫礦業有限公司僅作為原告之代名人代其持有萊陽泰鑫礦業有限公司50%股權(「萊陽泰鑫50%股權」)。萊陽泰鑫礦業有限公司為起訴書內之被告。期間，中國山東省煙臺市中級人民法院基於該指稱已據此對由青島泰鑫礦業有限公司所持萊陽泰鑫礦業有限公司35%股權查封(「該查封」)。被查封之股權在該查封期內將被禁止轉讓或質押，然而，萊陽泰鑫礦業有限公司之日常營運不會受該查封所影響。該指稱審判已於二零一六年八月舉行，判決原告敗訴，於二零一七年初收到判決指萊陽泰鑫礦業有限公司不需承擔任何責任，而原告指稱擁有萊陽泰鑫50%股權不成立。原告對判決展開上訴，上訴審判於二零一七年十二月舉行，判決指原告擁有萊陽泰鑫礦業有限公司0.67%股權。青島泰鑫礦業有限公司正就重審案件尋求法律意見。

對於上述案件，經本公司董事評估後，相信案件對本集團的財務狀況沒有重大影響。

Notes to the Consolidated Financial Statements 綜合財務報表附註

36 COMMITMENTS AND CONTINGENT LIABILITIES

Operating lease commitments – where the Group is the lessee

At 31 December 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Not later than one year	不超過一年	10,845	2,944
Later than one year and not later than five years	一年後 但不超過五年	16,958	4,950
Over five years	超過五年	7,213	7,520
		<u>35,016</u>	<u>15,414</u>

37 CHARGE ON ASSETS

At 31 December 2017, the following assets were pledged:

- (a) Certain inventories of approximately HK\$27,355,000 (2016: HK\$15,917,000);
- (b) Certain financial assets at fair value through profit or loss of approximately HK\$167,792,000 (2016: Nil);
- (c) Certain bills and accounts receivable of approximately HK\$126,436,000 (2016: HK\$76,520,000); and
- (d) Certain bank balances of approximately HK\$27,696,000 (2016: HK\$12,574,000).

36 承擔及或然負債

營運租賃承擔 – 本集團為承租人

於二零一七年十二月三十一日，集團根據不可撤銷之營運租賃而於未來支付之最低租賃付款總額如下：

	2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
不超過一年	10,845	2,944
一年後 但不超過五年	16,958	4,950
超過五年	7,213	7,520
	<u>35,016</u>	<u>15,414</u>

37 資產抵押

於二零一七年十二月三十一日，以下資產已予抵押：

- (a) 部份存貨約港幣27,355,000元(二零一六年：港幣15,917,000元)；
- (b) 部份按公平值透過損益列帳的財務資產約港幣169,792,000元(二零一六年：無)；
- (c) 部份應收票據及應收帳項約港幣126,436,000元(二零一六年：港幣76,520,000元)；及
- (d) 部份銀行存款約港幣27,696,000元(二零一六年：港幣12,574,000元)。

38 DISCONTINUED OPERATIONS

(a) For the year ended 31 December 2017

On 8 February 2017, Burwill and Company Limited, a wholly-owned subsidiary of the Company (as vendor), the Company (as guarantor) and Huge Mark International Holdings Limited (as purchaser) entered into the provisional sales and purchases agreement dated 8 February 2017, pursuant to which the vendor has conditionally agreed to sell and the purchaser has conditionally agreed to acquire the sale shares, representing the entire issued share capital of Burwill Steel Company Limited, a wholly-owned subsidiary of the vendor, at the consideration of HK\$97,000,000.

Burwill Steel Company Limited and its subsidiaries (the "Disposal Group") were principally engaged in the business of steel processing operations of the Group.

Upon the disposal of the Disposal Group in April 2017, the Group had discontinued its steel processing operations. Accordingly, the results of steel processing operations have been presented as discontinued operations in the consolidated income statement. The comparative financial information for the year ended 31 December 2017 has been reclassified to conform with current presentation in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

38 已終止經營業務

(a) 截至二零一七年十二月三十一日止年度

於二零一七年二月八日，Burwill and Company Limited（本公司全資附屬公司）（作為賣方），本公司（作為擔保方）與宏成國際控股有限公司（作為買方）簽訂臨時股份買賣協議，據此，賣方有條件地同意出售並且買方有條件地同意購買Burwill Steel Company Limited（賣方全資附屬公司）之全部已發行股本。買方應付代價為港幣97,000,000元。

Burwill Steel Company Limited及其附屬公司主要從事本集團鋼鐵加工業務。

目標公司及其附屬公司主要從事鋼鐵加工業務。出售目標公司後，二零一七年四月，本集團已終止經營鋼鐵加工業務。終止業務之收益已於綜合損益表中呈列。截至二零一七年十二月三十一日止年度比較財務信息被重新分類，以符合香港財務報告準則第5號—待出售非流動資產及停業單位。

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(a) For the year ended 31 December 2017 (continued)

(i) Discontinued operations

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of disposal group, is as follows:

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Revenue	收入	–	37,227
Expenses	支出	(5,301)	(56,558)
Loss before income tax of discontinued operations	除所得稅前已終止經營業務之虧損	(5,301)	(19,331)
Income tax credit	所得稅貸項	41	426
Loss after tax from discontinued operations	年度來自已終止經營業務虧損	(5,260)	(18,905)
Gain on disposal of subsidiaries	出售附屬公司收益	66,134	–
Profit/(Loss) for the year from discontinued operations attributable to:	年度來自已終止經營業務盈利/(虧損)歸屬於：		
– Owners of the Company	– 本公司權益持有人	60,874	(18,905)
– Non-controlling interests	– 非控股權益	–	–
Profit/(Loss) for the year from discontinued operations	年度來自已終止經營業務盈利/(虧損)	60,874	(18,905)

38 已終止經營業務(續)

(a) 截至二零一七年十二月三十一日止年度(續)

(i) 已終止經營業務

已終止經營業務之待售集團經重新計算，分析結果如下：

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(a) For the year ended 31 December 2017 (continued)

(i) Discontinued operations (continued)

Cash flows

Operating cash flows	營運活動的現金流量
Investing cash flows	投資活動的現金流量
Financing cash flows	融資活動的現金流量
Total cash flows	總現金流量

(ii) Disposal of subsidiaries

The assets and liabilities arising from the disposal are as follows:

Leasehold land and land use rights
Property, plant and equipment
Deferred income tax assets
Deposits, prepayments and other receivables
Cash and bank balances
Other payables and accruals
Net assets of the subsidiaries

38 已終止經營業務(續)

(a) 截至二零一七年十二月三十一日止年度(續)

(i) 已終止經營業務(續)

現金流

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
--------------------------	--------------------------

(2,784)	(27,822)
52	3,536
—	(5,241)
(2,732)	(29,527)

(ii) 出售附屬公司

該出售附屬公司淨資產情況如下：

	2017 HK\$'000 港幣千元
租賃土地及土地使用權	4,238
物業、機器及設備	6,958
遞延所得稅資產	28,893
按金、預付款及其他應收款	10
現金及銀行結餘	44
其他應付帳項及應計費用	(347)
附屬公司淨資產	39,796

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(a) For the year ended 31 December 2017 (continued)

(ii) Disposal of subsidiaries (continued)

Details of sales proceeds and gain on disposal are as follow:

Consideration
Cost directly attributable to the disposal
Net assets disposed of
Release of reserve

Gain on disposal of the subsidiaries

Proceeds on disposal of the subsidiaries are as follows:

Proceeds received

Net cash inflow arising on disposal:

Proceeds received in cash
Cost directly attributable to the disposal
Cash and bank balances disposed of

38 已終止經營業務(續)

(a) 截至二零一七年十二月三十一日止 年度(續)

(ii) 出售附屬公司(續)

所獲得款項及處置收益情況如下：

代價
出售直接成本
出售的資產淨值
儲備回撥

出售附屬公司之收益

出售附屬公司所得款情況如下：

出售收到的所得款

出售產生的現金流入淨額：

出售收到的現金收益
出售直接成本
出售的現金及銀行結餘

2017
HK\$'000
港幣千元

97,000
(960)
(39,796)
9,890

66,134

95,996

97,000
(960)
(44)

95,996

38 DISCONTINUED OPERATIONS (continued)

(b) For the year ended 31 December 2016

On 18 August 2014, the Company as vendor of the disposal of the entire issued share capital of Burwill China Portfolio Limited ("BCPL"), a wholly-owned subsidiary of the Company (the "Disposal Shares") and Charm Best Investments Inc. as vendor of the sale of the entire issued share capital of Dynamic Gain Holding Limited, a wholly-owned subsidiary of Charm Best Investments Inc., (the "Charm Best's Disposal Shares") on the one hand and China Land Assets Limited ("CLA") on the other hand entered into the conditional sale and purchase agreement dated 18 August 2014 as supplemented by supplemental agreements dated 19 August 2014, 30 June 2015, 30 October 2015, 29 January 2016 and 23 March 2016, pursuant to which (i) the Company conditionally agreed to dispose and CLA conditionally agreed to acquire the Disposal Shares at a consideration of RMB199,780,000, and (ii) Charm Best Investments Inc. conditionally agreed to dispose and CLA conditionally agreed to acquire the Charm Best's Disposal Shares at a consideration of RMB60,000,000. The principal assets of BCPL and its subsidiaries (the "Disposal Group") is the Yangzhou Times Square, a large scale shopping centre located in China.

The transaction had been completed on 23 March 2016. The assets and liabilities related to the Disposal Group, had been presented as held for sale as at 31 December 2015 and 2016 following the approval of such disposal by the shareholders of the Company on 31 October 2014.

38 已終止經營業務(續)

(b) 截至二零一六年十二月三十一日止年度

於二零一四年八月十八日，本公司作為出售本公司全資附屬公司 Burwill China Portfolio Limited (「BCPL」) 全部已發行股本(「出讓股份」)之賣方及另一方面 Charm Best Investments Inc. 作為出售 Charm Best Investments Inc. 全資附屬公司 Dynamic Gain Holding Limited 全部已發行股本(「Charm Best 出讓股份」)之賣方與另一方面新港資產有限公司(「新港資產」)簽訂二零一四年八月十八日有條件買賣協議(經二零一四年八月十九日、二零一五年六月三十日、二零一五年十月三十日、二零一六年一月二十九日及二零一六年三月二十三日之補充協議補充)，據此，(i) 本公司有條件地同意出售並且新港資產有條件地同意購買出讓股份，代價為人民幣199,780,000元，及(ii) Charm Best Investments Inc. 有條件地同意出售並且新港資產有條件地同意購買 Charm Best 出讓股份，代價為人民幣60,000,000元。BCPL及其附屬公司(「待售集團」)之主要資產為位處中國之大型購物中心—揚州時代廣場。

該交易已於二零一六年三月二十三日完成。在本公司股東於二零一四年十月三十一日批准該出售後，待售集團的資產及負債於二零一五年及二零一六年十二月三十一日呈列為待售資產及負債。

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(b) For the year ended 31 December 2016 (continued)

(i) Discontinued operations

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of disposal group, was as follows:

		2016 HK\$'000 港幣千元
Revenue	收入	21,023
Expenses	支出	<u>(13,800)</u>
Profit before income tax of discontinued operations	除所得稅前已終止經營業務之盈利	7,223
Income tax expense	所得稅支出	<u>(2,792)</u>
Profit after tax from discontinued operations	年度來自已終止經營業務收益	4,431
Gain on disposal of subsidiaries	出售附屬公司之收益	<u>10,699</u>
Profit for the year from discontinued operations	年度來自已終止經營業務盈利	<u>15,130</u>
Profit for the year from discontinued operations attributable to:	年度來自已終止經營業務盈利歸屬於：	
– Owners of the Company	– 本公司權益持有人	12,267
– Non-controlling interests	– 非控股權益	<u>2,863</u>
Profit for the year from discontinued operations	年度來自已終止經營業務盈利	<u>15,130</u>
Cash flows	現金流	
		2016 HK\$'000 港幣千元
Operating cash flows	營運活動的現金流量	13,922
Investing cash flows	投資活動的現金流量	1,230
Financing cash flows	融資活動的現金流量	<u>(6,217)</u>
Total cash flows	總現金流量	<u>8,935</u>

38 已終止經營業務(續)

(b) 截至二零一六年十二月三十一日止 年度(續)

(i) 已終止經營業務

已終止經營業務之待售集團經重新計算，分析結果如下：

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(b) For the year ended 31 December 2016 (continued)

(ii) Disposal of subsidiaries

The assets and liabilities arising from the disposal were as follows:

		2016 HK\$'000 港幣千元
Leasehold land and land use rights	租賃土地及土地使用權	946
Property, plant and equipment	物業、機器及設備	12,689
Investment properties	投資物業	1,025,750
Investment in associates	聯營公司投資	3,855
Deferred income tax assets	遞延所得稅資產	832
Deposits, prepayments and other receivables	按金、預付款及其他應收款	7,039
Cash and bank balances	現金及銀行結餘	28,351
Other assets	其他資產	85,002
Borrowings	貸款	(119,438)
Other payables and accruals	其他應付帳項及應計費用	(36,864)
Deferred income tax liabilities	遞延所得稅負債	(210,392)
Other liabilities	其他負債	(255,060)
Net assets of the subsidiaries	附屬公司淨資產	<u>542,710</u>

38 已終止經營業務(續)

(b) 截至二零一六年十二月三十一日止 年度(續)

(ii) 出售附屬公司

該出售附屬公司淨資產情況如下：

		2016 HK\$'000 港幣千元
租賃土地及土地使用權		946
物業、機器及設備		12,689
投資物業		1,025,750
聯營公司投資		3,855
遞延所得稅資產		832
按金、預付款及其他應收款		7,039
現金及銀行結餘		28,351
其他資產		85,002
貸款		(119,438)
其他應付帳項及應計費用		(36,864)
遞延所得稅負債		(210,392)
其他負債		(255,060)
附屬公司淨資產		<u>542,710</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

38 DISCONTINUED OPERATIONS (continued)

(b) For the year ended 31 December 2016 (continued)

(ii) Disposal of subsidiaries (continued)

Details of sales proceeds and gain on disposal were as follow:

		2016 HK\$'000 港幣千元
Consideration	代價	292,024
Fair value of the retained 45% equity interest in an associate	於一間聯營公司保留的 45%股本權益的公平值	217,561
Net assets disposed of	出售的資產淨值	(542,710)
Release of reserve	儲備回撥	45,861
Cost directly attributable to the disposal	出售直接成本	(2,037)
		<hr/>
Gain on disposal of the subsidiaries	出售附屬公司之收益	<u>10,699</u>

Proceeds on disposal of the subsidiaries were as follows:

		2016 HK\$'000 港幣千元
Proceeds received in previous year	以前年度收到所得款	68,750
Proceeds received during the year	年度出售收到所得款	142,628
Proceeds receivable	出售應收帳款	78,520
Net exchange gain	匯兌淨收益	2,126
		<hr/>
		<u>292,024</u>

Net cash inflow arising on disposal:

		2016 HK\$'000 港幣千元
Proceeds received in cash during the year	年度出售收到的現金收益	66,667
Cost directly attributable to the disposal	出售直接成本	(408)
Cash and bank balances disposed of	出售的現金及銀行結餘	(28,351)
		<hr/>
		<u>37,908</u>

38 已終止經營業務(續)

(b) 截至二零一六年十二月三十一日止 年度(續)

(ii) 出售附屬公司(續)

所獲得款項及處置收益情況如下：

		2016 HK\$'000 港幣千元
代價		292,024
於一間聯營公司保留的 45%股本權益的公平值		217,561
出售的資產淨值		(542,710)
儲備回撥		45,861
出售直接成本		(2,037)
		<hr/>
出售附屬公司之收益		<u>10,699</u>

出售附屬公司所得款情況如下：

		2016 HK\$'000 港幣千元
以前年度收到所得款		68,750
年度出售收到所得款		142,628
出售應收帳款		78,520
匯兌淨收益		2,126
		<hr/>
		<u>292,024</u>

出售產生的現金流出淨額：

		2016 HK\$'000 港幣千元
年度出售收到的現金收益		66,667
出售直接成本		(408)
出售的現金及銀行結餘		(28,351)
		<hr/>
		<u>37,908</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

39 RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions for the year ended 31 December 2017:

(a) Related party transactions which were carried out in the normal course of the Group's business are as follows:

Rental income received from an associate	已收聯營公司租金收入
Service income received from an associate	已收聯營公司服務收入
Interest income received from associates	已收聯營公司利息收入

These related party transactions did not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Compensation to key management personnel

Wages and salaries	薪金工資
Pension costs – defined contribution plans	退休成本 – 界定供款計劃
Staff welfare	員工福利
Employee share option benefits	僱員購股權福利

39 關連方交易

除綜合財務報表其他部分已披露外，本集團於截至二零一七年十二月三十一日止年度曾進行以下重大有關連人士交易：

(a) 按集團一般商業條款下進行之關連方交易如下：

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
–	978
–	173
2,190	501

根據聯交所證券上市規則第14A章，此等關連方交易不會被視為關連交易或持續關連交易。

(b) 主要管理人員酬金

2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
20,922	22,376
637	638
564	579
3,246	–
25,369	23,593

40 COMPARATIVE FIGURES

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

40 比較數字

若干比較數字經重列以確認呈現本年包括已終止經營業務。

Notes to the Consolidated Financial Statements 綜合財務報表附註

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

41 本公司的資產負債表及儲備之變動

Balance sheet of the Company as at 31 December 2017

於二零一七年十二月三十一日之本公司的資產負債表

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	附屬公司投資	70,910	74,958
Due from subsidiaries	附屬公司欠款	503,571	503,571
Club debentures	會籍債券	90	90
Total non-current assets	總非流動資產	<u>574,571</u>	<u>578,619</u>
Current assets	流動資產		
Deposits, prepayments and other receivables	按金、預付款及其他應收款	4,792	1,104
Due from subsidiaries	附屬公司欠款	444,631	258,550
Due from associates	關聯公司欠款	98,407	91,788
Financial assets at fair value through profit or loss	按公平值透過損益列帳的財務資產	292	485
Cash and bank balances	現金及銀行結餘	768	1,227
Total current assets	總流動資產	<u>548,890</u>	<u>353,154</u>
Total assets	總資產	<u>1,123,461</u>	<u>931,773</u>
EQUITY	權益		
Equity attributable to owners of the Company	本公司權益持有人應佔權益		
Share capital	股本	497,283	501,656
Other reserves (Note)	其他儲備(附註)	1,129,070	1,090,906
Accumulated losses (Note)	累計虧損(附註)	<u>(681,785)</u>	<u>(664,658)</u>
Total equity	總權益	<u>944,568</u>	<u>927,904</u>
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	貸款	163,365	-
Total non-current liabilities	總非流動負債	<u>163,365</u>	<u>-</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

41 本公司的資產負債表及儲備之變動(續)

Balance sheet of the Company as at 31 December 2017 (continued)

於二零一七年十二月三十一日之本公司的資產負債表(續)

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元
Current liabilities	流動負債		
Due to subsidiaries	欠附屬公司款項	10,034	1,015
Due to associates	欠聯營公司款項	24	-
Other payables and accruals	其他應付帳項及應計費用	5,470	2,854
Total current liabilities	總流動負債	<u>15,528</u>	<u>3,869</u>
Total liabilities	總負債	<u>178,893</u>	<u>3,869</u>
Total equity and liabilities	總權益及負債	<u>1,123,461</u>	<u>931,773</u>
Net current assets	流動資產淨值	<u>533,362</u>	<u>349,285</u>
Total assets less current liabilities	總資產減流動負債	<u>1,107,933</u>	<u>927,904</u>

The balance sheet of the Company was approved by the Board of Directors on 29 March 2018 and were signed on its behalf by:

此資產負債表已於二零一八年三月二十九日獲董事局批准，並經下列人士代為簽署：

CHAN SHING
陳城
Chairman
主席

KWOK WAI LAM
郭偉霖
Director
董事

Notes to the Consolidated Financial Statements 綜合財務報表附註

41 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued) 41 本公司的資產負債表及儲備之變動(續)

Note: Reserves movement of the Company

附註：本公司儲備之變動

		Share premium	Capital redemption reserve	Contributed surplus	Share-based compensation reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價	資本回贖儲備	繳入盈餘	以股份支付之補償儲備	可換股債券儲備	累計虧損	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2016	於二零一六年一月一日	857,346	12,037	228,004	21,460	-	(542,519)	576,328
Loss for the year	年度虧損	-	-	-	-	-	(143,599)	(143,599)
Repurchase of shares	回購股份	(6,481)	-	-	-	-	-	(6,481)
Release upon lapse of share options	於購股權失效時回發	-	-	-	(21,460)	-	21,460	-
At 31 December 2016	於二零一六年十二月三十一日	<u>850,865</u>	<u>12,037</u>	<u>228,004</u>	<u>-</u>	<u>-</u>	<u>(664,658)</u>	<u>426,248</u>
At 1 January 2017	於二零一七年一月一日	850,865	12,037	228,004	-	-	(664,658)	426,248
Loss for the year	年度虧損	-	-	-	-	-	(17,127)	(17,127)
Repurchase of shares	回購股份	(3,331)	-	-	-	-	-	(3,331)
Employee share option scheme:	僱員購股權計劃：							
- value of employee services	- 僱員服務價值	-	-	-	26,160	-	-	26,160
- share options exercised	- 行使購股權	1,663	-	-	(564)	-	-	1,099
Issue of convertible bonds - equity component	發行可換股債券 - 權益組成部分	-	-	-	-	14,236	-	14,236
At 31 December 2017	於二零一七年十二月三十一日	<u>849,197</u>	<u>12,037</u>	<u>228,004</u>	<u>25,596</u>	<u>14,236</u>	<u>(681,785)</u>	<u>447,285</u>

Five Years' Financial Summary 五年財務概要

The results, assets and liabilities of the Group for the last five financial years are as follows:

本集團過去五個財政年度之業績、資產及負債如下：

		2017 HK\$'000 港幣千元	2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Results	業績					
Revenue	收入					
Continuing operations	持續經營業務	2,491,789	2,647,915	4,500,065	6,005,309	4,206,471
Discontinued operations	已終止經營業務	-	56,024	198,981	292,228	341,704
(Loss)/Profit attributable to owners of the Company arises from:	(虧損)/盈利歸屬於本公司權益持有人來自：					
Continuing operations	持續經營業務	(68,589)	(190,559)	(148,286)	(343,615)	(63,343)
Discontinued operations	已終止經營業務	60,874	(17,337)	24,833	64,487	59,676
		(7,715)	(207,896)	(123,453)	(279,128)	(3,667)
(Loss)/Profit attributable to Non-controlling interests	(虧損)/盈利歸屬於非控股權益	(7,162)	(6,468)	(7,680)	(70,489)	23,178
(Loss)/Profit for the year	年度(虧損)/盈利	(14,877)	(214,364)	(131,133)	(349,617)	19,511
Assets and liabilities	資產及負債					
Non-current assets	非流動資產	360,327	583,058	480,121	384,841	1,804,955
Current assets	流動資產	1,432,406	1,130,956	2,448,170	2,838,305	1,568,815
Total assets	總資產	1,792,733	1,714,014	2,928,291	3,223,146	3,373,770
Non-current liabilities	非流動負債	224,565	62,273	60,695	61,091	456,839
Current liabilities	流動負債	616,362	718,401	1,393,492	1,679,271	1,074,724
Total liabilities	總負債	840,927	780,674	1,454,187	1,740,362	1,531,563
Total equity	總權益	951,806	933,340	1,474,104	1,482,784	1,842,207