



新時代  
新鋼鐵  
新生活

Interim Report  
二零一八年中中期報告

2018

鎳資源國際控股有限公司  
NICKEL RESOURCES INTERNATIONAL  
HOLDINGS COMPANY LIMITED

*(incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立之有限公司)*

Stock code 股份代號：2889

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# Corporate Information

## 公司資料

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Dong Shutong (*Chairman and Chief Executive Officer*)  
Mr. Dong Chengzhe (*Deputy Chief Executive Officer*)  
Mr. Wang Ping (*Deputy Chief Executive Officer*)  
Mr. Song Wenzhou  
Mr. Yang Fei

#### Non-executive Director

Mr. Yang Tianjun

#### Independent Non-executive Directors

Mr. Bai Baohua  
Mr. Huang Changhuai  
(resigned on 27 August 2018)  
Mr. Wong Chi Keung  
Mr. Fahmi Idris

### AUDIT COMMITTEE

Mr. Wong Chi Keung (*Committee Chairman*)  
Mr. Huang Changhuai  
(resigned on 27 August 2018)  
Mr. Bai Baohua  
Mr. Yang Tianjun  
(appointed on 27 August 2018)

### REMUNERATION COMMITTEE

Mr. Bai Baohua (*Committee Chairman*)  
(appointed on 27 August 2018)

Mr. Huang Changhuai (*Committee Chairman*)  
(resigned on 27 August 2018)

Mr. Dong Shutong  
Mr. Wong Chi Keung

### NOMINATION COMMITTEE

Mr. Dong Shutong (*Committee Chairman*)  
Mr. Bai Baohua  
Mr. Huang Changhuai  
(resigned on 27 August 2018)  
Mr. Wong Chi Keung

### COMPANY SECRETARY

Mr. Choi Kwok Keung Sanvic

### AUTHORISED REPRESENTATIVES

Mr. Dong Shutong  
Mr. Yang Fei

### REGISTERED OFFICE

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

### 董事會

#### 執行董事

董書通先生 (*主席兼總裁*)  
董鉞喆先生 (*副總裁*)  
王平先生 (*副總裁*)  
宋文州先生  
楊飛先生

#### 非執行董事

楊天鈞先生

#### 獨立非執行董事

白葆華先生  
黃昌淮先生 (*於二零一八年  
八月二十七日辭任*)  
黃之強先生  
法米先生

### 審核委員會

黃之強先生 (*委員會主席*)  
黃昌淮先生 (*於二零一八年  
八月二十七日辭任*)  
白葆華先生  
楊天鈞先生 (*於二零一八年  
八月二十七日獲委任*)

### 薪酬委員會

白葆華先生 (*委員會主席*)  
(*於二零一八年  
八月二十七日獲委任*)  
黃昌淮先生 (*委員會主席*)  
(*於二零一八年  
八月二十七日辭任*)  
董書通先生  
黃之強先生

### 提名委員會

董書通先生 (*委員會主席*)  
白葆華先生  
黃昌淮先生 (*於二零一八年  
八月二十七日辭任*)  
黃之強先生

### 公司秘書

蔡國強先生

### 授權代表

董書通先生  
楊飛先生

### 註冊辦事處

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

**HEAD OFFICE IN HONG KONG**

Room 1705  
West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

**PRINCIPAL PLACE OF BUSINESS IN THE PRC**

No. 7, Block F  
Runhua Business Garden  
No. 24 Jinshui Road, Jinshui District  
Zhengzhou City, Henan Province  
The PRC 450012

**AUDITOR**

PricewaterhouseCoopers

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER OFFICE**

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

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

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

**PRINCIPAL BANKERS**

**Hong Kong:**

China CITIC Bank International Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

**The PRC:**

Bank of Communications Co., Ltd.  
China CITIC Bank Corporation Limited  
Pudong Development Bank Co. Ltd.  
Lianyungang Orient Rural Commercial Bank Co., Ltd.  
Bank of Jiangsu Co., Ltd.

**WEBSITE**

[ir.nickelholdings.com](http://ir.nickelholdings.com)

**STOCK CODE**

2889

**香港總辦事處**

香港  
上環  
干諾道中168-200號  
信德中心  
西座  
1705室

**中國主要營業地點**

中國  
河南省鄭州市  
金水區金水路24號  
潤華商務花園  
F座7號  
郵編450012

**核數師**

羅兵咸永道會計師事務所

**股份過戶登記總處**

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

**股份過戶登記處香港分處**

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東183號  
合和中心17M樓

**主要往來銀行**

**香港：**

中信銀行（國際）有限公司  
香港上海滙豐銀行有限公司

**中國：**

交通銀行股份有限公司  
中信銀行股份有限公司  
上海浦東發展銀行股份有限公司  
連雲港東方農村商業銀行股份有限公司  
江蘇銀行股份有限公司

**網站**

[ir.nickelholdings.com](http://ir.nickelholdings.com)

**股份代號**

2889

# Financial Highlights

## 財務摘要

### Six months ended 30 June

截至六月三十日止六個月

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收益	<b>178,887</b>	150,276
Gross Profit	毛利	<b>71,050</b>	4,458
Profit/(Loss) before Interest, Tax, Depreciation and Amortisation ("EBITDA/(LBITDA)")	除利息、稅項、折舊及 攤銷前之溢利／（虧損） （「EBITDA/(LBITDA)」）	<b>10,244</b>	(91,921)
Loss before Tax	除稅前虧損	<b>(235,424)</b>	(287,290)
Loss Attributable to Equity Holders of the Company	本公司權益持有人 應佔虧損	<b>(235,322)</b>	(287,095)
Gross Profit Margin	毛利率	<b>39.7%</b>	3.0%
EBITDA/(LBITDA) Margin	EBITDA/(LBITDA)率	<b>5.7%</b>	(61.2%)

### OPERATING ENVIRONMENT ANALYSIS

#### Impact of Export Ban

The Group purchases ores for both trading of limonitic ore business and self-use manufacturing of iron and special steel products. In the past few years, the Group enjoyed fixed price in ore supply through an exclusive offtake agreement entered into with PT. Yiwuan Mining ("Yiwan") ("EOA").

Pursuant to the relevant regulations promulgated in Indonesia, unprocessed ore export by mining business licence holders in Indonesia ("IUP Holders") has been banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to Government Regulation No. 23 of 2010 regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with Law No. 4 of 2009 regarding minerals and coal mining ("Export Ban"). Due to the Export Ban, Yiwan can no longer export unprocessed ore to the Group.

After the Export Ban, the ore trading business of the Group continued suspension in the first half of 2018.

Besides the direct impact on the ore trading business, the Export Ban also adversely affected the manufacturing of iron and special steel products. Without ore supply in stable price under the EOA, the Group had to purchase the ores from the PRC market with volatile ore price fluctuation which affected the cost of manufacturing of the iron and special steel products.

#### 經營環境分析

#### 出口禁運的影響

本集團購入礦石以供褐鐵礦石貿易業務及生產鐵及特鋼製品自營業務之用。過去數年，本集團藉一份與PT. Yiwan Mining (「Yiwan」)簽訂的獨家採購協議 (「獨家採購協議」)受惠於以固定價格取得礦石供應。

根據印尼頒佈的相關規例，印尼採礦業務牌照持有人 (「IUP持有人」) 的未經處理礦石出口於二零一四年一月十二日起被禁止，惟IUP持有人已按二零一零年政府規例第23號 (有關開採礦物及煤業務活動實施) 在當地進行處理及提煉，並且已按二零零九年法例第4號 (有關開採礦物及煤) 進行提煉及冶煉則另作別論 (「出口禁運」)。由於出口禁運，Yiwan不再向本集團出口未經處理的礦石。

出口禁運實施後，於二零一八年上半年本集團之礦石貿易業務繼續停頓。

除了對礦石貿易業務造成直接影響，出口禁運亦對鐵及特鋼製品生產業務造成負面影響。失去獨家採購協議下價格穩定的礦石供應後，本集團須向中國市場採購礦石，由於礦石價格相當波動，因而影響了鐵及特鋼製品的生產成本。

# Management Discussion and Analysis

## 管理層討論與分析

### Operating environment in the first half of 2018

The steel product price along with the iron ore price became narrow in the first half of 2018.

Despite the rebound of the PRC steel market since 2016, we remain pessimistic about the steel market in the PRC in the short term due to the continuation of over-supply and the persisting weak steel price under fierce competition in the steel market. Although the PRC government started to implement certain solutions to mitigate the over-supply situation, we expect the prices of iron and steel products may continue to fluctuate in the near future. However, in the long term, we expect the global economy will gradually recover and the economy of the PRC will maintain its healthy growth trend. Going forward, domestic market in the PRC will become quality-oriented, which will impose higher requirements on products in terms of environmental-friendliness, safety and durability, sustainability and recycling. We expect that the quantitative demand for high quality steel products will increase significantly in the long run, and product development will incline to the high-end market.

To capture these business opportunities, the Group has shifted to the production of high quality iron and special steel products through the application of more environmental-friendly production method. Moreover, the Group completed the innovation on the new “high-strength special steel” product in 2014 which can be applied to bridge construction, offshore oil platform construction, marine construction, ship construction, power transmission engineering and marine transport facilities. The Directors believe that the “high-strength special steel” product can contribute substantially to the Group’s future operating profits upon the successful exploration and development of the new “high-strength special steel” products in the PRC steel market in the near future.

### 於二零一八年上半年的營運環境

於二零一八年上半年，鋼產品價格連同鐵礦石價格顯得收窄。

儘管自二零一六年起中國鋼鐵市場近期出現反彈，但我們短期內仍對中國鋼鐵市場並不樂觀，原因為鋼鐵市場競爭激烈、供應過剩問題持續以及鋼鐵價格持續疲軟。儘管中國政府已開始實施若干方案減少該等供應過剩情況，但我們預期鐵及鋼製品的價格短期內可能會持續波動。然而，長遠而言，我們預期全球經濟將逐漸復甦，中國經濟亦會維持其健康增長趨勢。未來，中國國內市場將更著重質量，而對產品環保、安全及耐用、可持續及可回收方面要求更高。我們預期長遠內高質素鋼製品的需求將會大幅增長，產品的發展將趨向高端市場。

為抓住此等商機，本集團已逐步轉向生產高質素鐵及特鋼製品，並採用更環保的生產方法。此外，本集團已於二零一四年完成新「高強特鋼」產品之改進，其可應用於橋樑建設、海上石油平台建設、海洋建築、船舶建造、輸電工程及海洋運輸設備。董事相信，待不久將來中國鋼鐵市場成功探索及開發出新「高強特鋼」產品後，「高強特鋼」產品將大大有助本集團之未來經營溢利。

### BUSINESS REVIEW

#### Project Progress

##### *In the PRC*

Lianyungang City East Harvest Mining Company Limited, a wholly-owned subsidiary of the Company, has constructed a production plant to produce nickel fine powder. The first production line of the production plant started trial production in 2012. The nickel fine powder can be treated as finished product for direct sales; alternatively, it can be treated in a blast furnace and processed into nickel-iron alloy fluid, which becomes a high-quality raw material for the production of stainless steel. The Lianyungang plant applies low carbon metallurgical technology developed by the Group. Ordinary coal, rather than coke used in traditional process, is used in the reduction purification process, under which the consumption of carbon may decrease by up to 40%. In addition, the plant can utilise low grade nickel ore for production, the cost of which is much lower than that used in traditional production process. The project is highly recognised by the local government. Moreover, the plant is situated at the Lianyungang port and benefits from geographical advantages. Ores and other raw materials from overseas can be conveniently transported to the plant, largely reducing the inland transportation costs and logistics pressure.

#### 業務回顧

##### 項目進展

##### *在中國*

本公司全資附屬公司連雲港市東茂礦業有限公司已興建生產廠房，以生產鎳精粉。該生產廠房的首條生產線已於二零一二年投入試生產。鎳精粉既可作完成品直接出售，亦可於高爐加工成鎳鐵合金液，成為生產不銹鋼的上乘原材料。連雲港廠房採用由本集團研發的低碳冶金技術。傳統提純還原工藝採用焦煤，但新技術下則採用普通煤從而可減少碳消耗量最高達40%。此外，該廠可利用低品位鎳礦石進行生產，成本遠低於傳統生產工藝所用之原料。該項目備受地方政府認同。再者，該廠位於連雲港港口，佔盡地利，來自海外的礦石及其他原材料運入廠時相當便捷，大大減低經內陸運輸的成本及物流壓力。



# Management Discussion and Analysis

## 管理層討論與分析

### *In Indonesia*

On 11 March 2018, the Group entered into a sale and purchase agreement with Mr. Sun, who is an indirect shareholder of the Subscriber, pursuant to which the Group agreed to sell 7% equity interest in SEAM to Mr. Sun at a consideration of RMB210,000,000 (equivalent to approximately HK\$249,081,000). This transaction is conditional upon, obtaining amongst others, approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

Along with the disposal of 7% equity interest in SEAM, the Group is actively assessing the available financing sources and considering any possible alternatives, including but not limited to, co-operation with local enterprises or PRC giant steel manufacturer for building up special steel mills in Indonesia.

### **Business Development**

#### ***Ore trading business***

The Group purchases ores from Indonesia through the EOA at fixed price for self-use or for sale, and has started selling ores to third parties since the end of 2009. The ore trading business had a remarkable contribution to our profitability and cash flows due to strong demand from the PRC customers in the past.

However, the ore trading business of the Group has been suspended upon the Export Ban and it is anticipated that this will have a continuous significant negative impact on the financial and operating results of the Group.

It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be uplifted in near future.

The Directors are considering any possible alternatives, including but not limited to, co-operation with local enterprises or PRC giant steel manufacturer for building up special steel mills in Indonesia.

### *在印尼*

於二零一八年三月十一日，本集團與孫先生（彼為認購方之間接股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的7%股本權益，代價為人民幣210,000,000元（相當於約249,081,000港元）。該交易須待包括在股東特別大會上取得本公司股東的批准及本公司股份恢復買賣後，方可作實。

隨著南洋礦業的7%股本權益之出售事項，本集團現正積極評估可用的融資來源及考慮任何潛在替代方案，包括但不限於與地方企業或中國大型鋼生產商合作，以便於印尼建立特鋼廠。

### **業務發展**

#### ***礦石貿易業務***

本集團透過獨家採購協議以固定價格由印尼購入礦石以供自用或銷售，並且已於二零零九年年末開始向第三方銷售礦石。因為中國客戶的需求強勁，礦石貿易業務於過往對我們的盈利能力及現金流有可觀貢獻。

然而，在出口禁運後，本集團的礦石貿易業務已暫停。我們預期有關禁運將持續對本集團之財務及經營業績帶來重大負面影響。

印尼的相關採礦規例可能會有修訂，但不保證出口禁運將於不久將來取消。

董事現正考慮任何潛在替代方案，包括但不限於與地方企業或中國大型鋼生產商合作，以便於印尼建立特鋼廠。

#### **Special steel-making operations**

For the special steel-making operations of the Group, sales volume increased as compared to the year of 2016 whereas the profit margins of stainless steel products and Ni-Cr alloy steel ingots narrowed during the period. During the period, Yongtong Special Steel continued to provide sub-contracting services to external customers by utilisation of its existing production capacity for enhancing its cash flow position and generating stable revenue. During the period, the Group recorded sub-contracting service income amounted to HK\$33.6 million.

While we expect the keen competition in the steel market of the PRC will continue in 2018, the demand for steel products will gradually pick up. Following the Environmental Protection Bureau taking measures to monitor and control the air pollution index since 2016, we expect the environmental protection issues will continue in 2018 and the supply of the stainless steel products market may be affected. Therefore, the Group will take this opportunity to produce substantially the market needed stainless steel products in near future. The Group is also actively developing and launching new high value-added special steel products and identifying PRC and overseas markets with growth potentials to strengthen our product portfolio and reduce market concentration risk.

#### **Financing Arrangement**

As at 30 June 2018, the Group had net current liabilities of approximately HK\$4,000.5 million. The Group has been actively negotiating with PRC and overseas banks and institutional investors for new borrowings and renewal of existing borrowings when they fall due. During the period, the Group had successfully obtained bank and other borrowings of HK\$63.2 million to finance its operation and for repayment of its borrowings when they fall due.

#### **特鋼製造業務**

就本集團的特鋼製造業務而言，不銹鋼產品及鎳鉻合金鋼錠的銷量較二零一六年增加，而溢利率則於期內收窄。於期內，永通特鋼繼續利用其現有產能向外部客戶提供加工服務，以改善其現金流量狀況及製造穩定收益。期內，本集團錄得加工服務收入33.6百萬港元。

儘管我們預期中國鋼鐵市場競爭激烈的情況於二零一八年仍會持續，鋼產品的需求將會逐步回復。由於環境保護局自二零一六年起採取措施監督及監控空氣污染指數，我們預計二零一八年將會繼續實施環境保護措施，且不銹鋼製品市場的供應可能會受到影響。因此，本集團將會把握這個機會，在近期大力生產市場所需的不銹鋼製品。本集團亦正在積極發展及推出新的高增值特鋼產品，並物色具增長潛力的中國及海外市場，以鞏固我們的產品組合，減低市場集中的風險。

#### **融資安排**

於二零一八年六月三十日，本集團之流動負債淨額約為4,000.5百萬港元。本集團已積極就新的借款及重續現有到期借款，與中國境內及海外銀行以及機構投資者展開磋商。期內，本集團已順利獲得63.2百萬港元之銀行貸款及其他借貸，以撥付其經營資金及償還到期債務。

## Management Discussion and Analysis

### 管理層討論與分析

In addition, based on the framework agreement with a potential investor for the disposal of 30% equity interest of SEAM, a wholly-owned subsidiary of the Group, the aggregate consideration will be approximately US\$150 million (equivalent to approximately HK\$1,170 million). The transaction is still in progress or may be modified in near future (currently under negotiation with relevant parties) due to the rapid change in operating and regulatory environment of SEAM, and the potential investor needs more time for conducting due diligence work.

On 11 March 2018, the Group entered into a sale and purchase agreement with Mr. Sun, who is also an indirect shareholder of the Subscriber, pursuant to which the Group agreed to sell 7% equity interest in SEAM to Mr. Sun at a consideration of RMB210,000,000 (equivalent to approximately HK\$249,081,000).

#### Subscription agreement

References are made to the announcements of the Company dated 7 March 2016 and 29 September 2016 in respect of, among other things, the (i) proposed issue of Subscription Shares under the Specific Mandate; (ii) application for the Whitewash Waiver; and (iii) Special Deal (the "Subscription Announcements"). Unless otherwise stated, capitalised terms used in this report shall have the same meanings as defined in the Subscription Announcements.

此外，按照就出售本集團全資附屬公司南洋礦業30%股本權益而與準投資者訂立的框架協議，代價總額約為150百萬美元（相等於約1,170百萬港元）。基於南洋礦業的經營環境及監管環境急變，該交易仍在進行中或可能於不久將來作出修改（目前正與有關方面磋商），而準投資者需要更多時間進行盡職審查。

於二零一八年三月十一日，本集團與孫先生（彼亦為認購方之間接股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的7%股本權益，代價為人民幣210,000,000元（相當於約249,081,000港元）。

#### 認購協議

茲提述本公司日期為二零一六年三月七日及二零一六年九月二十九日之公告，內容有關（其中包括）(i)建議根據特別授權發行認購股份；(ii)申請清洗豁免；及(iii)特別交易（「認購公告」）。除非另有所指，本報告所用之詞彙與認購公告所界定者具有相同涵義。

## Management Discussion and Analysis

### 管理層討論與分析

On 5 March 2016, the Company and a potential investor (the “Potential Investor” or “Subscriber”) entered into a share subscription agreement pursuant to which the Subscriber agreed to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of approximately HK\$0.1876 per share (the “Subscription Shares”), with proposed gross proceeds totalling HK\$275 million (the “Subscription”), subject to certain conditions precedent which, among others, include the following:

- approval from the Company’s shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company (“EGM”);
- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong (“SFC”) in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;
- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the “Special Deal”);
- approval of resumption of trading of the Company’s shares, and listing of the Subscription Shares from the Stock Exchange; and
- 於二零一六年三月五日，本公司與一名潛在投資者（「潛在投資者」或「認購方」）訂立一份股份認購協議，據此，認購方同意按每股約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合計為275百萬港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：
- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（如適當）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易（定義見下文）；
- 香港證券及期貨事務監察委員會（「證監會」）就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能另行引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；
- 證監會同意根據下文所述的建議債務重組，利用認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及

## Management Discussion and Analysis

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- completion of a debt restructuring by the Company by way of the “Schemes” (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction of and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

On 29 September 2016 and 23 September 2017, the Company and the Subscriber agreed to extend the Long Stop Date from 31 December 2016 to 30 September 2017 and from 30 September 2017 to 30 June 2018 respectively.

#### **Supplemental Subscription Agreements**

On 21 May 2018 and 10 June 2018, the Subscriber, the Company and Mr. Dong Shutong entered into the Supplemental Subscription Agreements, pursuant to which the Subscriber, the Company and Mr. Dong Shutong, being the chairman and executive Director of the Company, agreed to supplement and/or amend certain terms and conditions of the Subscription Agreement as follows:

#### **Long Stop Date**

Pursuant to the Supplemental Subscription Agreements, the Company and the Subscriber agreed to further extend the Long Stop Date from 30 June 2018 to 30 September 2018 or such other date as may be agreed by the Company and the Subscriber in writing from time to time.

- 本公司透過「計劃」方式完成債務重組（「債務重組建議」）。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i)削減及註銷債券的未償還本金額至少80%；(ii)削減及註銷債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

於二零一六年九月二十九日及二零一七年九月二十三日，本公司與認購方同意將最後完成日期分別由二零一六年十二月三十一日延長至二零一七年九月三十日；及由二零一七年九月三十日延長至二零一八年六月三十日。

#### **補充認購協議**

於二零一八年五月二十一日及二零一八年六月十日，認購方、本公司與董書通先生訂立補充認購協議，據此，認購方、本公司及董書通先生（本公司主席兼執行董事）同意補充及／或修訂認購協議之若干條款及條件如下：

#### **最後完成日期**

根據補充認購協議，本公司及認購方同意將最後完成日期由二零一八年六月三十日進一步延長至二零一八年九月三十日或本公司與認購方可能不時書面協定之有關其他日期。

## Management Discussion and Analysis 管理層討論與分析

### Conditions Precedent

Pursuant to the Supplemental Subscription Agreements:

### 先決條件

根據補充認購協議：

- (1) The conditions precedent to Completion as contemplated under the Subscription Agreement (as set out in the section headed “Conditions Precedent” in the Company’s announcement dated 7 March 2016), which require (i) approvals by the Shareholders, or Independent Shareholders when appropriate, at the EGM; (ii) grant of the Whitewash Waiver by the Executive to the Subscriber; and (iii) consent to the Special Deal by the Executive, are expanded to include all the necessary Shareholders’ or Independent Shareholders’ approval(s) and waiver(s)/ consent(s) by the Executive in relation to not only the Subscription but all the transactions and arrangements contemplated under the Resumption Proposal.
  - (2) Subject to all the other conditions precedent to Completion having been satisfied or waived (if applicable) before the Long Stop Date, the Subscriber agreed to waive the following conditions:
    - (i) a written confirmation having been given by the Stock Exchange and the SFC (if applicable) confirming that they have no further comments on the announcement in relation to the resumption of trading in the Shares on the Stock Exchange and/or the Resumption Proposal; and
    - (ii) the approval of resumption of trading in the Shares having been obtained from the Stock Exchange (subject to other Resumption Conditions having been satisfied and such Resumption Conditions not having adverse effect on the transactions contemplated under the Subscription Agreement or the right of the Subscriber thereunder), and such approval not having been revoked.
- (1) 認購協議項下擬定完成之先決條件（載於本公司日期為二零一六年三月七日之公告內「先決條件」一節），其規定(i)股東或獨立股東（倘適用）於股東特別大會上批准；(ii)執行人員向認購方授出清洗豁免；及(iii)執行人員就特別交易授出之同意擴大至包括所有必要股東或獨立股東批准及執行人員不僅就認購事項授出豁免／同意，亦就復牌建議項下擬進行之一切交易及安排授出豁免／同意。
  - (2) 倘完成之所有其他先決條件於最後完成日期前獲達成或豁免（如適用），認購方同意豁免以下條件：
    - (i) 聯交所及證監會（如適用）發出書面確認，確認彼等對有關股份於聯交所恢復買賣及／或復牌建議之公告再無進一步意見；及
    - (ii) 已取得聯交所批准股份恢復買賣（須已達成其他復牌條件，且有關復牌條件並無對認購協議項下擬進行之交易或認購方於認購協議項下之權利造成不利影響），且有關批准並無被撤回。



# Management Discussion and Analysis

## 管理層討論與分析

### *Settlement of consideration*

The Subscriber will pay no more than HK\$150 million (as set out in the section headed “Use of proceeds and future business plan” in the Company’s announcement dated 7 March 2016) directly to the designated trust account of, or such other account as directed by, the scheme administrator pursuant to the Debt Restructuring under the Resumption Proposal on the Completion Date, subject to all the Conditions Precedent having been satisfied or waived (as the case may be).

### *Post-completion obligation of the Company*

The Company must fulfil the following conditions (“Post-completion Obligation”) within 2 months from the Completion Date or on or before 5 October 2018, whichever is later (“Post-completion Long Stop Date”):

- (i) all the Resumption Conditions and the conditions set out in the LRC Decision Letter (including any other resumption conditions as imposed or amended by the Stock Exchange from time to time) having been satisfied in full; and
- (ii) the approval from the Stock Exchange to the resumption of trading in the Shares having been obtained and such approval not having been revoked.

In the event the Company fails to fulfil the Post-completion Obligation on or before the Post-completion Long Stop Date or such later date as the parties to the Supplemental Subscription Agreements may agree, the Company shall, subject to the applicable rules and regulations, use its best endeavours to facilitate the Subscriber to receive in cash an amount equivalent to the sum of (i) the actual consideration paid by it under the Subscription, and (ii) 10% of such actual consideration paid (being the finance costs and administrative expenses incurred in connection with the Subscription) (together, the “Agreed Amount”) on or before the expiration of the 18th months from the Post-completion Long Stop Date (the “Due Date”).

### *償付代價*

認購方將於完成日期根據復牌建議項下之債務重組直接向計劃管理人之指定信託戶口（或計劃管理人指示之有關其他戶口）支付不多於150百萬港元（誠如本公司日期為二零一六年三月七日之公告中「所得款項用途及未來業務計劃」一節所載），惟須待所有先決條件獲達成或豁免（視乎情況而定）後，方可作實。

### *本公司之完成後責任*

本公司必須於完成日期起計兩個月內或於二零一八年十月五日或之前（以較遲者為準）（「完成後之最後完成日期」）達成以下條件（「完成後責任」）：

- (i) 所有復牌條件及載於上市（覆核）委員會決定信件之條件（包括聯交所不時施加或修訂之任何其他復牌條件）已獲全面達成；及
- (ii) 已取得聯交所批准股份恢復買賣，而有關批准並無被撤回。

倘本公司未能於完成後之最後完成日期或之前或補充認購協議之訂約各方可能協定之有關較後日期履行完成後責任，則本公司須在適用規則及法規之規限下盡其最大努力促使認購方於完成後之最後完成日期起計第18個月屆滿時（「到期日」）或之前以現金收取相等於以下各項總和之金額：(i)其於認購事項項下已付之實際代價；及(ii)有關已付之實際代價之10%（為認購事項產生之融資成本及行政開支）（統稱「協定金額」）。

Such endeavours shall not involve any transfer of Shares from the Subscriber to the Company, Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

#### *Guarantee*

The Company's Post-completion Obligation and its obligation to facilitate the Subscriber's receipt of the Agreed Amount on or before the Due Date are unconditionally and irrevocably guaranteed by Mr. Dong Shutong. In the event the Subscriber fails to receive the Agreed Amount in full on or before the Due Date, Mr. Dong Shutong, being the guarantor, shall be obligated to pay to the Subscriber the shortfall of the Agreed Amount together with interest thereon calculated at the rate of 0.05% per calendar day and accruing from the Due Date up to (and including) the date on which the Agreed Amount is paid in full. Such guarantee shall not involve any transfer of Shares from the Subscriber to Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

Save as disclosed above, other terms and conditions of the Subscription Agreement remain unchanged.

#### **Update on the status of the Debt Restructuring Proposal and Event of Default and Cross-Default Bonds**

References are made to the announcements of the Company dated 30 May 2016, 24 June 2016 and 7 July 2016 regarding the convening of Meetings and Adjourned Meetings of Bondholders (the "Bond Announcements"). Capitalised terms used herein have the same meanings as those defined in the Bond Announcements unless defined otherwise.

有關努力須不涉及認購方向本公司、董書通先生及／或任何其他人士（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）轉讓任何股份。

#### *擔保*

本公司之完成後責任及其促使認購方於到期日或之前收取協定金額之責任由董書通先生無條件及不可撤銷地擔保。倘認購方未能於到期日或之前悉數收取協定金額，董書通先生（作為擔保人）將有責任向認購方支付協定金額之差額連同按每個曆日0.05%之利率計算自到期日起直至（及包括）協定金額獲悉數償付當日累計之利息。有關擔保須不涉及認購方向董書通先生及／或任何其他人士（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）轉讓任何股份。

除上文所披露者外，認購協議之其他條款及條件均維持不變。

#### **債務重組建議狀況之更新及違約及交叉違約事件**

##### **債券**

茲提述本公司日期為二零一六年五月三十日、二零一六年六月二十四日及二零一六年七月七日之公告，內容有關召開債券持有人大會及延期大會（「債券公告」）。除非另有界定，此處所用之詞彙與債券公告所界定者具有相同涵義。



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### 管理層討論與分析

Since December 2014, the Group had continuous default in payment of due interest and principal under the terms and conditions of the Bonds, the default may trigger a cross-default in accordance with respective terms and conditions of the Bonds. In such an event, DB Trustees (Hong Kong) Limited, in its respective capacities as trustee for the holders of the Bonds is entitled to, amongst other things, accelerate the Company's obligations under the Bonds and declare the outstanding principal amounts of the Bonds to be immediately due and payable, together with outstanding interest and all other sums payable. Upon the passing of the Extraordinary Resolutions by the Company on 21 June 2016 and 6 July 2016, no Senior Bondholder or Convertible Bondholder shall demand repayment of any amount due under such Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of such Bonds or request or require the relevant bonds trustee to take any action against the Company from the date of the Extraordinary Resolutions to (and including) the date upon which the Schemes are implemented.

As disclosed in the announcement of the Company dated 13 June 2016, (i) the principal amount of the 12% Coupon Senior Bonds of HK\$390,990,000 and the accrued interest of HK\$90,769,000 were outstanding; (ii) the principal amount of the 8% Coupon Convertible Bonds of HK\$117,525,000 and the accrued interest of HK\$18,725,000 were outstanding; and (iii) the principal amount of the Modified 10% Coupon Bonds of HK\$28,400,000 and the accrued interest of HK\$5,996,000 were outstanding as at 12 June 2016.

自二零一四年十二月以來，本集團持續拖欠支付債券條款及條件項下之應付利息及本金，根據債券有關條款及條件，拖欠款項可能導致交叉違約。於此事件下，作為債券持有人之信託人，德意志信託（香港）有限公司因而有權（其中包括）加快本公司之債券欠款償還及宣佈債券之未償還本金、未償還利息及所有其他應付金額到期及立即清還。本公司於二零一六年六月二十一日及二零一六年七月六日通過特別決議案後，自特別決議案日期至（及包括）計劃實施當日，優先債券持有人或可換股債券持有人不得要求償還該等債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動（不論是否根據該等債券之條款及條件）或請求或要求相關債券受託人向本公司採取任何行動。

誠如本公司日期為二零一六年六月十三日之公告所披露，於二零一六年六月十二日：(i) 12%票面息優先債券之本金390,990,000港元及應計利息90,769,000港元仍未償還；(ii) 8%票面息可換股債券之本金117,525,000港元及應計利息18,725,000港元仍未償還；及(iii)經修訂10%票面息債券之本金28,400,000港元及應計利息5,996,000港元仍未償還。

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### 管理層討論與分析

Following the passing and effectiveness of the Extraordinary Resolutions on 6 July 2016, (for details of background of the meetings of the Bondholders and the results of the Bondholders' meetings, please refer to paragraphs below headed "Background of the meetings of the Bondholders", "Meetings of the Bondholders", "Results, adjournment and dissolution of the meetings of the Bondholders" and "Results of the adjourned meeting of the convertible bondholders"), the Company is preparing the necessary documents to submit to the courts for the creditors' approval and court sanction for the Cayman Scheme and Hong Kong Scheme under the Debt Restructuring Proposal. As disclosed in the Company's announcements, completion of the Subscription is conditional upon, among other things, the approval of the Schemes by the courts under the Debt Restructuring Proposal. The application to the courts and the approval of the Schemes by the creditors at the Scheme Meetings will be the next steps towards the satisfaction of the condition precedent to completion of the Subscription.

On 11 June 2018, the Company announced that the Hong Kong Scheme hearing meeting was scheduled on 10 July 2018.

On 3 July 2018, the Company received a letter from Stock Exchange and stated that the Listing Committee was not satisfied that the Company had fully met the conditions set out in the LRC Decision Letter and decided to cancel the Company's listing status under Practice Note 17 to the Listing Rules. The Board strongly disagrees with such Decision. However, due to the uncertainty given rise by the Decision, the court convening hearings in relation to the Schemes for the Grand Court of the Cayman Islands and the Hong Kong High Court, which were originally scheduled for 3 July 2018 and 10 July 2018 respectively, have been adjourned, and the implementation of the Resumption Proposal and thus the fulfillment of all resumption conditions will be adversely affected.

繼特別決議案於二零一六年七月六日獲通過及生效後（有關債券持有人大會的背景及債券持有人大會結果的詳情，請參閱以下段落「債券持有人大會背景」、「債券持有人大會」、「債券持有人大會結果、延期及解散」及「可換股債券持有人延期大會的結果」），本公司正在準備需呈交法院之文件，以獲得債務重組建議項下開曼計劃及香港計劃之債權人批准及法院頒令。誠如本公司公告所披露，認購事項須待（其中包括）債務重組建議項下法院批准計劃後，方告完成。向法院作出申請及債權人於計劃大會批准計劃將作為邁向滿足完成認購事項先決條件之下一步。

於二零一八年六月十一日，本公司宣佈，香港計劃之聆訊已訂於二零一八年七月十日進行。

於二零一八年七月三日，本公司接獲聯交所發出之函件，指出上市委員會並不信納本公司已完全符合上市（覆核）委員會決定信件所述條件，並決定根據上市規則第17項應用指引取消本公司上市地位。董事會強烈反對該決定。然而，由於該決定所產生之不確定性，原定於二零一八年七月三日和二零一八年七月十日分別於開曼群島大法院及香港高等法院開庭之有關計劃之聆訊已休會，而復牌建議的實踐以及所有復牌條件的滿足將受到不利影響。

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## 管理層討論與分析

### Background of the meetings of the Bondholders

As disclosed in the announcement of the Company dated 7 March 2016, completion of the Subscription is conditional upon, among other things, the necessary order of the High Court of Hong Kong and consent of the other relevant parties with respect to the execution of an approved scheme of arrangement between the Company and the creditors under the Debt Restructuring Proposal having been obtained.

As an initial step of the Debt Restructuring Proposal, separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened in order to give effect to the following:

- the Convertible Bondholders to be treated as a separate and single class under the Schemes, not as part of the class of secured creditors of the Company, who are creditors under the Schemes nor as part of the same class as the Senior Bondholders;
- the Senior Bondholders to be treated as part of the same class as the existing unsecured creditors of the Company (including the 10% Bondholders), who are creditors under the Schemes;
- the cancellation of all outstanding principal on the Bonds;
- the cancellation of all outstanding interest, accrued and unpaid, on the Bonds; and
- the release and discharge of all of the Convertible Bonds Security and the Senior Bonds Security, respectively,

in return for, in the case of the Senior Bonds and the 10% Bonds, a Cash Distribution and in the case of the Convertible Bonds, either a Cash Distribution or a Shares Distribution. No Convertible Bondholders shall be entitled to receive a combination of a Cash Distribution and a Shares Distribution. For details, please refer to the Bond Announcements.

### 債券持有人大會背景

誠如本公司日期為二零一六年三月七日的公告所披露，認購事項須待（其中包括）就執行債務重組建議項下本公司與債權人之間的已批准重組安排計劃獲得香港高等法院的必要命令及其他相關方的同意後，方告完成。

作為債務重組建議的第一步，可換股債券持有人、優先債券持有人及10厘債券持有人已召開獨立大會以使以下各項生效：

- 可換股債券持有人被視作計劃項下獨立單一類別，而非為本公司有抵押債權人（為計劃項下債權人）類別的一部分，亦非為優先債券持有人同一類別的一部分；
- 優先債券持有人被視作本公司現有無抵押債權人（包括10厘債券持有人）（為計劃項下債權人）同一類別的一部分；
- 註銷債券所有未償還本金；
- 註銷債券所有應計及未付的未償還利息；及
- 分別解除及免除所有可換股債券抵押品及優先債券抵押品，

倘為優先債券及10厘債券，可換取現金分派，而倘為可換股債券，則換取現金分派或股份分派。概無可換股債券持有人有權同時收取現金分派及股份分派。更多詳情，請參閱債券公告。

#### Meetings of the Bondholders

Separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened by the Company to consider and, if thought fit, pass separate extraordinary resolutions of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders, as the case may be (the “Extraordinary Resolutions”):

- for the Convertible Bondholders and the Senior Bondholders, as the case may be, to agree, and to instruct the relevant bonds trustee and the Security Trustee, not to enforce the Security in relation to the Convertible Bonds and the Senior Bonds, as the case may be, from the date of the meeting to the date the Schemes become Effective, or if the Debt Restructuring Proposal is not approved at the Scheme Meetings, the completion of the Scheme Meetings;
- to approve the terms of the Debt Restructuring Proposal; and
- to give instructions to the relevant Bonds Trustee to vote the full principal amount of the relevant Bonds which are outstanding in favour of the Schemes at the Scheme Meetings and any adjourned or rescheduled Scheme Meeting.

#### 債券持有人大會

本公司已召開可換股債券持有人、優先債券持有人及10厘債券持有人獨立大會，以考慮及酌情通過可換股債券持有人、優先債券持有人及10厘債券持有人（視情況而定）的獨立特別決議案（「特別決議案」）：

- 就可換股債券持有人及優先債券持有人（視情況而定）而言，同意及指示相關債券受託人及抵押受託人不得於大會日期起至計劃生效日期（或倘債務重組建議於計劃大會上不獲批准，則於計劃大會結束時）止就可換股債券及優先債券（視情況而定）執行抵押；
- 批准債務重組建議的條款；及
- 指示相關債券受託人於計劃大會及任何延期或改期計劃大會以相關債券全部未償還本金額投票贊成計劃。

# Management Discussion and Analysis

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### Results, adjournment and dissolution of the meetings of the Bondholders

As at the date of the Meetings of the Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacities as trustees for the relevant Bonds, the outstanding principal amounts of the Convertible Bonds, the Senior Bonds and the 10% Bonds were HK\$87,850,000, HK\$390,990,000 and HK\$28,400,000, respectively.

The Company announced that:

- (a) as a quorum was not present at the Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, such Meeting was adjourned in accordance with the terms of the Convertible Bonds Trust Deed to 6 July 2016 at 10:30 a.m. (Hong Kong time) at the same address as the original Meeting of the Convertible Bondholders, i.e. Room 3501, 35th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The notice for the adjourned Meeting of the Convertible Bondholders will be published in accordance with the terms of the Convertible Bonds Trust Deed.

### 債券持有人大會結果、延期及解散

於債券持有人大會日期，根據作為相關債券受託人的德意志信託（香港）有限公司，可換股債券、優先債券及10厘債券未償還本金額分別為87,850,000港元、390,990,000港元及28,400,000港元。

本公司宣佈：

- (a) 由於二零一六年六月二十一日上午十時三十分（香港時間）所召開及舉行可換股債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，有關大會已根據可換股債券信託契據條款延期至二零一六年七月六日上午十時三十分（香港時間）假座原訂可換股債券持有人大會相同地點舉行，地址為香港干諾道中168至200號信德中心招商局大廈35樓3501室。延期舉行的可換股債券持有人大會通告將根據可換股債券信託契據條款刊發。

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(b) the Meeting of the Senior Bondholders convened and held at 11:00 a.m. (Hong Kong time) on 21 June 2016 was quorate at the first calling and the number of votes cast at such Meeting was as follows:

(b) 二零一六年六月二十一日上午十一時正（香港時間）所召開及舉行優先債券持有人大會於首次召開時已達法定人數，有關大會上投票表決的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	14,270	104
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	99.28%	0.72%
Votes as a percentage of all outstanding Senior Bonds (%)	選票佔全部未償還優先債券的百分比(%)	91.24%	0.67%

As at least three-quarters of the votes cast at the Meeting of the Senior Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put forward to the Senior Bondholders was passed, and will become effective subject to the Extraordinary Resolution to be considered by the Convertible Bondholders also being passed at the adjourned Meeting of the Convertible Bondholders (or any further adjournment thereof). No holder of the Senior Bonds was required to abstain from voting on the Extraordinary Resolution at the Meeting of the Senior Bondholders; and

由於優先債券持有人大會上最少四分之三的票數贊成特別決議案，因此，向優先債券持有人提呈的特別決議案已獲通過，並將於可換股債券持有人將省覽的特別決議案於延期舉行的可換股債券持有人大會（或任何進一步延期大會）一同獲通過後生效。概無優先債券持有人須於優先債券持有人大會上就特別決議案放棄投票；及

(c) as a quorum was not present at the Meeting of the 10% Bondholders convened and held at 11:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, as agreed by the Company and the 10% Bonds Trustee, such Meeting was dissolved in accordance with the 10% Bonds Trust Deed.

(c) 由於二零一六年六月二十一日上午十一時三十分（香港時間）所召開及舉行10厘債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，在本公司與10厘債券受託人協定下，有關大會根據10厘債券信託契據予以解散。

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### Results of the adjourned meeting of the convertible bondholders

As at the date of the adjourned Meeting of the Convertible Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacity as trustee for the Convertible Bonds, the outstanding principal amount of the Convertible Bonds was HK\$46,775,000.

The Company announced that the adjourned Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 6 July 2016 was quorate and the number of votes cast at such adjourned Meeting was as follows:

### 可換股債券持有人延期大會的結果

於可換股債券持有人延期大會日期，根據作為可換股債券受託人的德意志信託（香港）有限公司，可換股債券的未償還本金額為46,775,000港元。

本公司宣佈，於二零一六年七月六日上午十時三十分（香港時間）召開及舉行的可換股債券持有人延期大會已達法定人數，有關延期大會上投票表決的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	1,446	285
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	83.54%	16.46%
Votes as a percentage of all outstanding Convertible Bonds (%)	選票佔全部未償還可換股債券的百分比(%)	77.28%	15.23%

As at least three-quarters of the votes cast at the adjourned Meeting of the Convertible Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put to the Convertible Bondholders was passed and became effective. No holder of the Convertible Bonds was required to abstain from voting on the Extraordinary Resolution at the adjourned Meeting of the Convertible Bondholders.

由於可換股債券持有人延期大會上最少四分之三的票數贊成特別決議案，因此，向可換股債券持有人提呈的特別決議案已獲通過並生效。概無可換股債券持有人須於可換股債券持有人延期大會上就特別決議案放棄投票。

The Extraordinary Resolution put to the Meeting of the Senior Bondholders which was passed on 21 June 2016 has also become effective from the time the Extraordinary Resolution put to the Convertible Bondholders at the adjourned Meeting of the Convertible Bondholders was passed.

提呈優先債券持有人大會並於二零一六年六月二十一日獲通過的特別決議案亦已自於可換股債券持有人延期大會上向可換股債券持有人提呈的特別決議案獲通過時起生效。



#### **Decision of the Listing (Review) Committee, Fulfillments of the Resumption Conditions and Review Hearing of the Listing Decision**

Following the Review Hearing held on 5 December 2017, the Listing (Review) Committee informed the Company by a letter dated 12 December 2017 (the "LRC Decision Letter") that it decided to set aside the cancellation of the Company's listing status to enable the Company to proceed with implementing the Resumption Proposal. This decision is subject to compliance with the following conditions to the satisfaction of the Listing Department:

- (a) submit (i) a letter addressing to the Company from the Company's auditors explaining the impairment assessment of certain intangible assets of the Company for the years 2014 to 2016; and (ii) a written commentary from the Company incorporating the views of its auditors that there would not be any material audit qualifications on the Company's next audited consolidated financial statements and no material impairment of the Company's intangible assets would be made, should the Resumption Proposal be implemented as planned; to the Listing Department within 3 months from the date of the LRC Decision Letter (i.e. 12 March 2018);
- (b) the transactions and arrangements contemplated under the Resumption Proposal shall be supported by signed and legally binding agreements within 6 months from the date of the LRC Decision Letter (i.e. 12 June 2018) and evidence thereof be provided to the Listing Department by way of certified copies of all such agreements;

#### **上市（覆核）委員會的決定、滿足復牌 條件及上市決定之覆核聆訊**

於二零一七年十二月五日舉行覆核聆訊後，上市（覆核）委員會以日期為二零一七年十二月十二日之信件（「上市（覆核）委員會決定信件」）通知本公司，上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能繼續實踐復牌建議。此決定須先符合下列條件致使上市部滿意：

- (a) 於上市（覆核）委員會決定信件日期起三個月內（即二零一八年三月十二日）向上市部提交(i)由本公司審計師發給本公司的信函，解釋二零一四年至二零一六年期間對本公司若干無形資產之減值評估；及(ii)由本公司發出包含其審計師意見的書面評注，列出如按計劃實踐復牌建議後，本公司下一份經審核綜合財務報表將不會有任何重大審計保留意見，及本公司的無形資產將不會有重大減值；
- (b) 於上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）以簽署具法律約束力的協議證明復牌建議項下擬進行之交易及安排，並以向上市部提供所有該等協議的認證副本的方式作為相關的憑證；



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- (c) a circular to the shareholders (in substantially final form) regarding the implementation of the Resumption Proposal shall be submitted to the Listing Department and, in relation to Takeovers Code matters, the Securities and Futures Commission for clearance within 6 months from the date of the LRC Decision letter (i.e. 12 June 2018) and shall be in form and content satisfactory to the Listing Department both in relation to the implementation of the Resumption Proposal itself and that the Company would be able to comply with Rule 13.24 of the Listing Rules and meet all resumption of trading conditions previously identified by the Listing Department to the Company;
- (d) the documents necessary for the scheme of arrangement of the Company shall be formalised within 6 months from the date of the LRC Decision Letter (i.e. 12 June 2018);
- (e) the implementation of the Resumption Proposal shall be completed by 30 September 2018, should the Resumption Proposal be approved by the Company's shareholders; and
- (f) the Company shall report to the Listing Department on a 3-month basis, reporting on the progress of the implementation of the Resumption Proposal.

It is also stated in the LRC Decision Letter that should the Company fail to comply with any of the above conditions to the satisfaction of the Listing Department, the listing of the Company's shares on the Stock Exchange will be cancelled.

- (c) 於上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）把就落實執行復牌建議致股東之通函（以大致最終形式）提交上市部以及（就與收購守則相關的事項）證券及期貨事務監察委員會審批，而通函的形式及內容必須讓上市部信納復牌建議將會落實，以及讓其信納本公司將可符合上市規則第13.24條及滿足上市部較早前發給本公司的所有復牌條件；
- (d) 於上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）本公司正式具備安排計劃所需之文件；
- (e) 倘本公司股東批准復牌建議，須於二零一八年九月三十日前完成落實執行復牌建議；及
- (f) 本公司須每三個月向上市部報告復牌建議之執行進度。

上市（覆核）委員會決定信件亦提到如本公司未能遵守上述任何條件至上市部滿意，本公司股份將被取消於聯交所上市。

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On 12 March 2018, the Company submitted (i) a letter addressing to the Company from the Company's auditors explaining the Company's impairment assessment of the intangible asset for the years 2014 to 2016; (ii) a written commentary from the Company incorporating the views of its auditors on any material audit qualifications for the Company's next audited consolidated financial statements and any material impairment of the Company's intangible asset should the Resumption Proposal be implemented as planned; and (iii) a report on the progress of the implementation of the Resumption Proposal to the Listing Department pursuant to conditions (a) and (f) as imposed under the LRC Decision Letter.

On 11 March 2018, a legally binding sales and purchase agreement was entered into between the Company and a purchaser in relation to the disposal of 7% equity interest in S.E.A. Mineral Limited (the "Disposal"), which forms part of the Company's resumption plan. Details of the Disposal please refer to the Company's announcement dated 10 April 2018.

#### FULFILMENTS OF THE RESUMPTION CONDITIONS

As contained in the Company's announcement dated 11 July 2018 and pursuant to the LRC Decision Letter, details of which are set out in the Company's announcement dated 13 December 2017, the Listing (Review) Committee decided to set aside the cancellation of the Company's listing status to enable the Company to proceed with implementing the Resumption Proposal subject to certain conditions. Since then, the Company has been working closely with its professional advisers in fulfilling the conditions set out in the LRC Decision Letter. According to the timeline, the Company submitted:

根據上市（覆核）委員會決定信件所設條件(a)及(f)，本公司已於二零一八年三月十二日向上市部提交(i)由本公司審計師發給本公司的信函，解釋二零一四年至二零一六年期間對本公司無形資產之減值評估；(ii)由本公司發出包含審計師觀點的書面評注，列出如按計劃實踐復牌建議後，有關本公司下一份經審核綜合財務報表的任何重大審計保留意見，以及有關本公司無形資產的任何重大減值；及(iii)實踐復牌建議之進度報告。

作為本公司復牌計劃一部份，於二零一八年三月十一日，本公司已與一名買家訂立有關出售南洋礦業有限公司權益7%（「出售事項」）具法律效力之買賣協議。有關出售事項之詳情，請參閱本公司日期為二零一八年四月十日之公告。

#### 滿足復牌條件

誠如本公司日期為二零一八年七月十一日之公告所載及根據上市（覆核）委員會決定信件（詳情載於本公司日期為二零一七年十二月十三日之公告），上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能在若干條件下繼續實踐復牌建議。自此，本公司一直與其專業顧問緊密合作以滿足上市（覆核）委員會決定信件所載條件。根據時間表，本公司已遞交：

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- |  |   |
|--|---|
| <p>(i) a letter addressing to the Company from the Company's auditors explaining the impairment assessment of the intangible assets of the Company for the years 2014 to 2016 and a written commentary from the Company incorporating the views of its auditors that there would not be any material audit qualifications on the Company's next audited consolidated financial statements and no material impairment of the Company's intangible assets would be made, should the Resumption Proposal be implemented as planned to the Listing Department (i.e. condition (a) in the LRC Decision Letter);</p> | <p>(i) 本公司審計師發給本公司的信函（當中解釋二零一四年至二零一六年期間對本公司無形資產之減值評估；及由本公司發出包含其審計師意見的書面評註，列出如按計劃實踐復牌建議後，本公司下一份經審核綜合財務報表將不會有任何重大審計保留意見，及本公司的無形資產將不會有重大減值）予上市部（即上市（覆核）委員會決定信件中條件(a)）；</p> |
| <p>(ii) certified copies of all the signed and legally binding agreements in relation to the transactions and arrangements contemplated under the Resumption Proposal to the Listing Department (i.e. condition (b) in the LRC Decision Letter);</p>   | <p>(ii) 復牌建議項下擬進行之交易及安排的所有已簽署及具法律效力之協議核證本予上市部（即上市（覆核）委員會決定信件中條件(b)）；</p>  |
| <p>(iii) a draft circular to the regulators regarding the implementation of the Resumption Proposal and the Company's fulfilment of Rule 13.24 of the Listing Rules and all other resumption conditions imposed by the Listing Department (i.e. condition (c) in the LRC Decision Letter);</p>   | <p>(iii) 有關實踐復牌建議及本公司符合上市規則第13.24條及滿足上市部施加之所有其他復牌條件之通函初稿予監管機構（即上市（覆核）委員會決定信件中條件(c)）；</p>  |
| <p>(iv) the Scheme documents to the Hong Kong High Court and the Grand Court of the Cayman Islands for leave to convene the Schemes meetings (i.e. condition (d) in the LRC Decision Letter); and</p>  | <p>(iv) 計劃文件予香港高等法院及開曼群島大法院以獲准許召開計劃會議（即上市（覆核）委員會決定信件中條件(d)）；及</p>   |
| <p>(v) reports dated 12 March 2018 and 12 June 2018 respectively, on the progress of the implementation of the Resumption Proposal to the Listing Department (i.e. condition (f) in the LRC Decision Letter).</p>  | <p>(v) 日期分別為二零一八年三月十二日及二零一八年六月十二日有關實踐復牌建議進度之報告予上市部（即上市（覆核）委員會決定信件中條件(f)）。</p>   |

Based on the above, the Company expected to implement the Resumption Proposal by 30 September 2018 (i.e. condition (e) in the LRC Decision Letter).

基於以上各項，本公司預期於二零一八年九月三十日前實踐復牌建議。（即上市（覆核）委員會決定信件中條件(e)）。

However, in stark contrast to the above achievements thus far, the Decision on 3 July 2018 stated that the Listing Committee is not satisfied that the Company has fully met the conditions set out in the LRC Decision Letter and decided to cancel the Company's listing status under Practice Note 17 to the Listing Rules.

The Board strongly disagrees with such Decision. However, due to the uncertainty given rise by the Decision, the court convening hearings in relation to the Schemes for the Grand Court of the Cayman Islands and the Hong Kong High Court, which were originally scheduled for 3 July 2018 and 10 July 2018 respectively, have been adjourned, and the implementation of the Resumption Proposal and thus the fulfillment of all resumption conditions will be adversely affected.

#### REVIEW OF THE DECISION OF THE LISTING COMMITTEE

Under Rule 2B.06 of the Listing Rules, the Company has the right to have the Decision referred to the Listing (Review) Committee for review.

The Review hearing has been scheduled on 10 October 2018.

The Company and its financial advisor are actively preparing the written submissions for Review Hearing purpose.

然而，與上述迄今為止已實踐事項形成鮮明對比的是，二零一八年七月三日的決定指出，上市委員會不滿意本公司已完全達到上市（覆核）委員會決定信件中所列條件，並決定根據上市規則第17項應用指引取消本公司上市地位。

董事會強烈反對該決定。然而，由於該決定產生的不確定性，原定於二零一八年七月三日和二零一八年七月十日分別於開曼群島大法院及香港高等法院開庭之有關計劃聆訊已休會，而復牌建議的實踐以及所有復牌條件的滿足將受到不利影響。

#### 覆核上市委員會之該決定

根據上市規則第2B.06條，本公司有權就該決定透過上市（覆核）委員會作覆核。

覆核聆訊訂於二零一八年十月十日進行。

本公司及其財務顧問正積極就覆核聆訊編製書面陳詞。

# Management Discussion and Analysis

## 管理層討論與分析

### FINANCIAL REVIEW

#### Turnover and sales volume

Major income of the Group were manufacturing of ferro-nickel alloys, Ni-Cr alloy steel ingot and stainless steel products and sub-contracting services. The table below sets out the turnover and sales volume of our products for the periods indicated:

#### Turnover

		2018 二零一八年 First Half 上半年		2017 二零一七年 First Half 上半年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
<b>Iron and Steel Products:</b>	<b>鐵及鋼製品：</b>				
Stainless steel products	不銹鋼產品	60,437	34	103,420	69
Ferro-nickel alloys and others	鎳鐵合金錠及其他	44,189	24	37,926	25
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	40,680	23	8,930	6
		145,306	81	150,276	100
<b>Sub-contracting services</b>	<b>鋼鐵製品加工服務</b>	33,581	19	–	–
<b>Total</b>	<b>總計</b>	<b>178,887</b>	<b>100</b>	<b>150,276</b>	<b>100</b>

#### Sales volume

		2018 二零一八年 First Half 上半年		2017 二零一七年 First Half 上半年	
		(tonnes) (公噸)	%	(tonnes) (公噸)	%
<b>Iron and Steel Products:</b>	<b>鐵及鋼製品：</b>				
Stainless steel products	不銹鋼產品	15,311	14	14,851	56
Ferro-nickel alloys and others	鎳鐵合金錠及其他	14,489	13	9,409	35
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	8,520	7	2,458	9
		38,320	34	26,718	100
<b>Sub-contracting services</b>	<b>鋼鐵製品加工服務</b>	74,391	66	–	–
<b>Total</b>	<b>總計</b>	<b>112,711</b>	<b>100</b>	<b>26,718</b>	<b>100</b>

#### 財務回顧

#### 營業額及銷量

本集團之主要收入為製造鎳鐵合金、鎳鉻合金鋼錠及不銹鋼產品及鋼鐵製品加工服務。下表載列本集團產品於所示期間之營業額及銷量：

#### 營業額

2018 二零一八年 First Half 上半年	2017 二零一七年 First Half 上半年
HK\$'000 千港元	HK\$'000 千港元

#### 銷量

2018 二零一八年 First Half 上半年	2017 二零一七年 First Half 上半年
(tonnes) (公噸)	(tonnes) (公噸)

## Management Discussion and Analysis

### 管理層討論與分析

In the first half of 2018, the turnover of the Group recorded an increase of HK\$28.6 million, or 19.0%, to HK\$178.9 million (2017: HK\$150.3 million) mainly because the Group commenced providing sub-contracting services to an external customer in the second half of 2017. The sub-contracting services recorded a turnover of HK\$33.6 million in the first half of 2018.

Sales of stainless steel base materials recorded a decrease of HK\$43.0 million, or 41.6% to HK\$60.4 million (2017: HK\$103.4 million). The sales volume was increased by 460 tonnes, or 3.1% to 15,311 tonnes (2017: 14,851 tonnes). The average selling price per tonne was decreased by HK\$3,017 or 43.3% to HK\$3,947 (2017: HK\$6,964).

Sales of Ferro-nickel alloy steel ingot and others was increased by HK\$6.3 million or 16.5% to HK\$44.2 million (2017: HK\$37.9 million). The sales volume was increased by 5,080 tonnes or 54.0% to 14,489 tonnes (2017: 9,409 tonnes). The average selling price per tonne was decreased by HK\$981 or 24.3% to HK\$3,050 (2017: HK\$4,031).

Sales of Ni-Cr alloy steel ingot was increased by HK\$31.8 million or 355.6% to HK\$40.7 million (2017: HK\$8.9 million). The sales volume was increased by 6,062 tonnes, or 246.6% to 8,520 tonnes (2017: 2,458 tonnes). The average selling price per tonne was increased by HK\$1,142, or 31.4% to HK\$4,775 (2017: HK\$3,633).

#### Cost of sales

The cost of sales during the period was decreased by HK\$38.0 million, or 26.0%, to approximately HK\$107.8 million (2017: HK\$145.8 million). The decrease in cost of sales was mainly because the stock sold during the period had relatively lower costs as compared to prior period.

於二零一八年上半年，本集團營業額增長28.6百萬港元或19.0%至178.9百萬港元（二零一七年：150.3百萬港元），其乃主要由於本集團於二零一七年下半年開始向一名外部客戶提供鋼鐵製品加工服務所致。該鋼鐵製品加工服務於二零一八年上半年錄得營業額33.6百萬港元。

不銹鋼基料銷售減少43.0百萬港元或41.6%至60.4百萬港元（二零一七年：103.4百萬港元）。銷量增加460公噸或3.1%至15,311公噸（二零一七年：14,851公噸）。平均每公噸銷售價減少3,017港元或43.3%至3,947港元（二零一七年：6,964港元）。

鎳鐵合金錠及其他銷售增加6.3百萬港元或16.5%至44.2百萬港元（二零一七年：37.9百萬港元）。銷量增加5,080公噸或54.0%至14,489公噸（二零一七年：9,409公噸）。平均每公噸售價減少981港元或24.3%至3,050港元（二零一七年：4,031港元）。

鎳鉻合金鋼錠銷售增加31.8百萬港元或355.6%至40.7百萬港元（二零一七年：8.9百萬港元）。銷量增加6,062公噸或246.6%至8,520公噸（二零一七年：2,458公噸）。平均每公噸售價增加1,142港元或31.4%至4,775港元（二零一七年：3,633港元）。

#### 銷售成本

期內銷售成本減少38.0百萬港元或26.0%至約107.8百萬港元（二零一七年：145.8百萬港元）。銷售成本減少主要由於期內已售存貨之成本比去年同期為低所致。

# Management Discussion and Analysis

## 管理層討論與分析

### Gross profit

The Group's recorded a gross profit of HK\$71.1 million (2017: HK\$4.5 million) in the first half of 2018. The gross profit margin during the period was 39.7% (2017: 3.0%).

### Other gains/(losses), net

The other gains of HK\$1.9 million (2017: losses of HK\$17.5 million) in the first half of 2018 was mainly contributed by gain on disposal of property, plant and equipment. In 2017 the other losses were mainly due to foreign exchange.

### Selling and distribution expenses

Selling and distribution expenses in the first half of 2018 were decreased by HK\$0.1 million, or 11.7%, to HK\$0.7 million (2017: HK\$0.8 million), representing 0.4% of turnover (2017: 0.5%).

### Administrative expenses

Administrative expenses in the first half of 2018 were decreased by HK\$22.4 million, or 19.3%, to HK\$93.7 million (2017: HK\$116.1 million). The decrease in administrative expenses was mainly due to implementing cost control measures in 2018 as compared with in 2017.

### Finance costs

Finance costs in the first half of 2018 were increased by HK\$58.8 million, or 37.9%, to HK\$214.0 million (2017: HK\$155.2 million). Increase in finance cost was mainly due to increase in bank and other borrowings balance and overdue interest provision during the period.

### Loss before income tax

As a result of the factors discussed above, the loss before income tax for the six months ended 30 June 2018 was HK\$235.4 million (2017: HK\$287.3 million). The Group's loss before income tax margin was 131.6% (2017: 191.2%). The earnings before interest, tax, depreciation and amortisation (EBITDA) margin was 5.7% (2017: loss before interest, tax, depreciation and amortisation (LBITDA) margin 61.2%).

### 毛利

本集團於二零一八年上半年錄得毛利71.1百萬港元(二零一七年:4.5百萬港元)。期內的毛利率為39.7%(二零一七年:3.0%)。

### 其他盈利/(虧損)淨額

二零一八年上半年之其他盈利1.9百萬港元(二零一七年:虧損17.5百萬港元)主要由於出售物業、廠房及設備所產生。於二零一七年之其他虧損主要由於外匯所致。

### 銷售及分銷開支

二零一八年上半年的銷售及分銷開支減少0.1百萬港元或11.7%至0.7百萬港元(二零一七年:0.8百萬港元)，佔營業額的0.4%(二零一七年:0.5%)。

### 行政開支

二零一八年上半年的行政開支減少22.4百萬港元或19.3%至93.7百萬港元(二零一七年:116.1百萬港元)。與二零一七年相比行政開支減少主要由於二零一八年實施成本監控措施所致。

### 融資成本

二零一八年上半年的融資成本增加58.8百萬港元或37.9%至214.0百萬港元(二零一七年:155.2百萬港元)。融資成本增加主要由於期內銀行及其他借貸結餘及逾期利息撥備增加所致。

### 除所得稅前虧損

基於以上所討論之因素，截至二零一八年六月三十日止六個月的除所得稅前虧損為235.4百萬港元(二零一七年:287.3百萬港元)。本集團除所得稅前虧損率為131.6%(二零一七年:191.2%)。除利息、稅項、折舊及攤銷前盈利(EBITDA)率為5.7%(二零一七年:除利息、稅項、折舊及攤銷前虧損(LBITDA)率61.2%)。



# Management Discussion and Analysis

## 管理層討論與分析

### Income tax expense

The applicable Hong Kong profits tax rate of the Company and its subsidiaries which operate in Hong Kong is 16.5% based on existing legislation. The entities within the Group which operate in the PRC are subject to corporate income tax at rate of 25% for the period ended 30 June 2018.

### Loss for the period and loss attributable to shareholders

As a result of the factors discussed above, the Group's loss for the period was HK\$235.4 million (2017: HK\$287.3 million) and loss attributable to owners of the Company during the period was HK\$235.3 million (2017: HK\$287.1 million).

### Key financial ratios

### 所得稅開支

根據現行法例，本公司及其於香港經營之附屬公司適用香港利得稅稅率為16.5%。截至二零一八年六月三十日止期間，本集團於中國經營之實體須按25%之稅率繳納企業所得稅。

### 期內虧損及股東應佔虧損

基於以上所討論之因素，本集團之期內虧損為235.4百萬港元（二零一七年：287.3百萬港元）及本公司擁有人應佔期內虧損為235.3百萬港元（二零一七年：287.1百萬港元）。

### 主要財務比率

			Six months ended 30 June 2018 截至 二零一八年 六月三十日 止六個月	Year ended 31 December 2017 截至 二零一七年 十二月三十一日 止年度
	Notes 附註			
Current ratio	1	流動比率	8%	9%
Inventory turnover days	2	存貨週轉日數	229 days日	254 days日
Debtor turnover days	3	應收賬款週轉日數	76 days日	92 days日
Creditor turnover days	4	應付賬款週轉日數	181 days日	191 days日
Interest cover	5	盈利對利息倍數	-0.1 times倍	-0.4 times倍
Interest-bearing gearing ratio	6	計息資本負債比率	-240%	-305%
Debt to EBITDA ratio	7	負債與EBITDA比率	244.3 times倍	-48.7 times倍
Net debt/Capital and net debt ratio	8	淨負債／資本與 淨負債比率	132%	125%



# Management Discussion and Analysis

## 管理層討論與分析

Notes:

1. Current assets/current liabilities X 100%
2. Inventories/cost of sales X 181 days or 365 days
3. Trade receivables/turnover X 181 days or 365 days
4. Trade and notes payables/cost of sales X 181 days or 365 days
5. Profit before interest and tax/net interest expense
6. Interest-bearing loans and other borrowings (including convertible bonds)/equity attributable to equity holders of the Company X 100%
7. Interest-bearing loans and other borrowings (including convertible bonds)/EBITDA
8. Net debt\*/Capital and net debt X 100%

\* Net debt included bank and other borrowings, convertible bonds (the liability component), trade and notes payables and other payables and accruals less cash and cash equivalents and pledged time deposits.

附註：

1. 流動資產／流動負債 X 100%
2. 存貨／銷售成本 X 181日或365日
3. 應收賬款／營業額 X 181日或365日
4. 應付賬款及應付票據／銷售成本 X 181日或365日
5. 除利息及稅項前溢利／利息開支淨額
6. 計息貸款及其他借貸（包括可換股債券）／本公司權益持有人應佔權益 X 100%
7. 計息貸款及其他借貸（包括可換股債券）／EBITDA
8. 負債淨額\*／資本及負債淨額 X 100%

\* 負債淨額包括銀行及其他借貸、可換股債券（負債部分）、應付賬款及應付票據及其他應付款項及應計負債扣減現金及現金等值物與已抵押定期存款。

### Property, plant and equipment

Property, plant and equipment as at 30 June 2018 mainly comprised plant and machinery. The decrease in balance by HK\$15.5 million or 3.6% to HK\$413.4 million (2017: HK\$428.9 million) was mainly attributable by the depreciation charge for the period.

### Intangible asset

The intangible asset solely represents the unamortised amount of the EOA from Yiwu secured by the Group in May 2007.

### Inventories

The inventory turnover days were decreased from 254 days in 2017 to 229 days in 2018. As at 30 June 2018, inventories balance was decreased by HK\$43.0 million, or 24.0%, to HK\$136.4 million (2017: HK\$179.4 million). Decrease in inventory balance was mainly due to management's effort to reduce the inventory level.

### 物業、廠房及設備

於二零一八年六月三十日之物業、廠房及設備主要包括廠房及機器。有關結餘減少15.5百萬港元或3.6%至413.4百萬港元（二零一七年：428.9百萬港元）主要歸因於期內折舊費用。

### 無形資產

無形資產僅指本集團於二零零七年五月獲得之Yiwu獨家採購協議之未攤銷款項。

### 存貨

存貨週轉日數由二零一七年之254日減少至二零一八年之229日。於二零一八年六月三十日，存貨結餘減少43.0百萬港元或24.0%至136.4百萬港元（二零一七年：179.4百萬港元）。存貨結餘減少主要由於管理層致力降低存貨水平。

### Trade receivables

The trade receivables balances were decreased by HK\$0.1 million, or 0.1%, to HK\$74.8 million (2017: HK\$74.9 million).

### Prepayments, deposits and other receivables

As at 30 June 2018, prepayments, deposits and other receivables balances were increased by HK\$7.6 million, or 6.7%, to HK\$119.6 million (2017: HK\$112.0 million).

### Cash and cash equivalents and pledged time deposits

The aggregate amount of cash and cash equivalents and pledged time deposits decreased by approximately HK\$16.4 million, or 81.5%, to HK\$3.7 million as at 30 June 2018 (2017: HK\$20.1 million). The decrease in cash is mainly due to decrease in short term borrowings during the period.

### Trade and notes payables

The creditor turnover days decreased from 191 days in 2017 to 181 days in 2018. As at 30 June 2018, trade and notes payables balance were decreased by HK\$26.8 million, or 20.0%, to HK\$107.6 million (2017: HK\$134.4 million). The trade payables are unsecured, interest-free and are normally settled on terms of 60 to 180 days while the bank bills are generally on terms of 90 to 180 days.

### Convertible bonds

There was no conversion or repayment of the convertible bonds during the period.

### Bank and other borrowings

As at 30 June 2018, total bank and other borrowings balance were decreased by HK\$37.9 million, or 1.5%, to HK\$2,455.9 million (2017: HK\$2,493.8 million). Decrease in the bank and other borrowings was mainly due to repayment, partially netted off by new addition during the period.

### 應收賬款

應收賬款結餘減少0.1百萬港元或0.1%至74.8百萬港元（二零一七年：74.9百萬港元）。

### 預付款項、按金及其他應收款項

於二零一八年六月三十日，預付款項、按金及其他應收款項結餘增加7.6百萬港元或6.7%至119.6百萬港元（二零一七年：112.0百萬港元）。

### 現金及現金等值物以及已抵押定期存款

於二零一八年六月三十日之現金及現金等值物以及已抵押定期存款總額減少約16.4百萬港元或81.5%至3.7百萬港元（二零一七年：20.1百萬港元）。現金減少主要由於期內短期借貸減少所致。

### 應付賬款及應付票據

應付賬款週轉日數由二零一七年之191日減少至二零一八年之181日。於二零一八年六月三十日，應付賬款及應付票據結餘減少26.8百萬港元或20.0%至107.6百萬港元（二零一七年：134.4百萬港元）。應付賬款為無抵押、免息及一般附有60至180天還款期，銀行票據的一般還款期為90至180天。

### 可換股債券

期內概無可換股債券之轉換或償還。

### 銀行貸款及其他借貸

於二零一八年六月三十日，總銀行貸款及其他借貸結餘減少37.9百萬港元或1.5%至2,455.9百萬港元（二零一七年：2,493.8百萬港元）。銀行貸款及其他借貸減少主要由於還款所致，部份被期內之新增借貸所抵銷。

# Management Discussion and Analysis

## 管理層討論與分析

### Liquidity, going concern and capital resources

During the six months ended 30 June 2018, the Group incurred a loss of approximately HK\$235.4 million and had a net operating cash inflow of approximately HK\$9.7 million. As at 30 June 2018, the Group's had a shareholders' deficit of HK\$1,042.3 million and current liabilities exceeded its current assets by HK\$4,000.5 million. The Group's borrowings to the extent of HK\$2,502.7 million were either overdue or due for immediate repayment. The cash and cash equivalents of the Group amounted to HK\$3.7 million as at 30 June 2018.

Following the Export Ban which has substantially affected the cash generating ability from operations of the Group, a series of remedial measures to mitigate the liquidity pressure were taken in 2018 to improve its financial and liquidity position of the Group, details of which are set out in the Board's consideration – Mitigation measures to going concern issue of this interim report. Please also refer to the details regarding uncertainties on the going concern of the Group as stipulated in the section headed "Going concern" in Note 2.1 to the interim condensed consolidated financial information.

The Group's working capital has been principally sourced from cash generated from operations and from long-term and short-term borrowings.

As at 30 June 2018, the Group had current liabilities of HK\$4,334.9 million, of which HK\$2,455.9 million were bank and other borrowings repayable within one year, overdue or due for immediate repayment and HK\$1,716.0 million were other payables and accruals.

### Interest rate risk

The Group's bank borrowings mainly bear floating rates. The Group has implemented certain interest rate management which includes, among the others, closely monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

### 流動資金、持續經營及資本資源

截至二零一八年六月三十日止六個月，本集團產生約235.4百萬港元虧損，並有經營現金流入淨額約9.7百萬港元。於二零一八年六月三十日，本集團有股東虧絀1,042.3百萬港元及流動負債超出其流動資產4,000.5百萬港元。本集團借貸中的2,502.7百萬港元為已逾期或須即時償還。本集團於二零一八年六月三十日的現金及現金等值物為3.7百萬港元。

發生出口禁運之後，本集團經營產生現金能力已大受影響，本集團於二零一八年採取一系列減輕流動資金壓力之補救措施，以改善本集團的財務及流動資金狀況，有關詳情載於本中期報告「董事會考慮—有關持續經營事宜的改善措施」一節。有關本集團持續經營涉及的不明朗因素詳情，另請參閱中期簡明綜合財務資料附註2.1「持續經營」一節。

本集團之營運資金主要來自經營活動之所得現金以及長期及短期借貸。

於二零一八年六月三十日，本集團之流動負債為4,334.9百萬港元，其中2,455.9百萬港元為須於一年內償還已逾期或須即時償還之銀行貸款及其他借貸，而1,716.0百萬港元乃為其他應付款項及應計款項。

### 利率風險

本集團的銀行借貸主要按浮動利率計算。本集團已實施若干利率管理措施，包括（其中包括），密切留意利率波動及為現有銀行融通進行再融資或在良好的定價機會出現時訂立新的銀行融通。

#### Foreign currency risk

The Group's purchase and sales for the period are mainly denominated in Renminbi ("RMB"). As at 30 June 2018, the bonds were denominated in Hong Kong dollar ("HK\$") while bank and other borrowings were mainly denominated in RMB, and other assets and liabilities of the Group are mainly denominated in RMB.

As at 30 June 2018, the Group did not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors considered the Group had no significant foreign currency risk. However, the Group will closely monitor the foreign currency risk and consider using necessary financial instruments for hedging purposes if they foresee the foreign currency risk is significant.

#### Material acquisitions and disposals of investments

The Group did not undertake any material acquisitions or disposals of investments during the period under review.

### CONCLUSION AND PROSPECTS

The first half of 2018 continues to be a challenging year full of uncertainties for both the PRC steel market and the Group. The over-supply situation had not fundamentally improved amid the increasingly fierce competition between similar products in the steel market although the PRC government started to implement certain solutions to mitigate the over-supply situation affecting the iron and steel market. During the period, despite the recent rebound of the PRC steel market, the steel price was persistently weak but fluctuated. In addition, Export Ban which was implemented in early 2014 by the relevant governmental authorities of Indonesia has continuously casted significant doubt on the Group's financial performance and cash flows in 2018.

#### 外匯風險

期內，本集團之買賣主要以人民幣（「人民幣」）計值。於二零一八年六月三十日，債券以港元（「港元」）計值，而銀行及其他借貸則主要以人民幣計值，以及本集團其他資產及負債主要以人民幣計值。

於二零一八年六月三十日，由於董事認為本集團並無重大外匯風險，故本集團並沒有為管理潛在外匯波動而進行任何對沖交易。然而，本集團將密切監控外匯風險，並在預見重大外匯風險時考慮利用必要的金融工具進行對沖。

#### 重大收購及出售投資

本集團於回顧期內並無進行任何重大收購或出售投資。

#### 總結與展望

對中國鋼鐵市場及本集團而言，二零一八年上半年仍是挑戰重重及充滿不確定性的一年。雖然中國政府已開始實施若干解決方案來解決對鋼鐵市場造成影響的供應過剩問題，但由於鋼鐵市場同類產品的競爭日益激烈，供應過剩問題並無實質性改善。期內，儘管中國鋼鐵市場於近期反彈，但鋼鐵價格仍持續疲軟並波動。此外，印尼相關政府機構於二零一四年初實施的出口禁運持續對本集團於二零一八年的財務表現及現金流量構成重大隱憂。

## Management Discussion and Analysis

### 管理層討論與分析

Following the confirmed orders, indicative orders and framework agreements obtained from customers since 2016, the continuous development of the high strength stainless structural special steel products by the Group and the success of launching market strategies which would generate higher margin and be less affected by macro-economic environment for household, electricity, communications, photovoltaic and animal husbandry uses, we foresee the Group will launch various new products to the higher margin market in the near future.

We also expect the economy of the PRC will continue its healthy growth and the demand for and profitability of the stainless steel products will rebound in the foreseeable future.

In the longer term, we expect the PRC will continue its modernisation and urbanisation that the demand of high quality special steel products for public infrastructure and equipment manufacturing will increase steadily. This definitely will bring enormous business opportunities for our Group.

We believe that after the technology industrialisation and modernisation of special steel products, the Group will have a stronger competitive advantage in the industry as well as the new market segments.

In view of the continuing readjustment of the business operations and the proposed financial restructuring of the Group, we are confident that the Group will have a stronger position in the industry as well as in the special steel products market.

自二零一六年從客戶獲得已確認訂單、指示訂單及框架協議以來，本集團持續開發高強結構用特種不銹鋼產品及成功推出家居、電力、通信、光伏及畜牧等高利潤率且受宏觀經濟影響較小的產業所適用的市場策略後，我們預期本集團可能會於不久後向高利潤率市場推出各種新產品。

我們亦預期中國經濟會維持健康增長，以及不銹鋼產品需求及溢利將於可見未來反彈。

長遠來看，我們預期中國將繼續進行現代化及城市化進程，公共基礎設施及設備製造對優質特鋼產品的需求將穩步增長，由此定會為本集團帶來巨大商機。

我們相信，技術工業化及特鋼製品現代化後，本集團於業內及新市場分部的競爭優勢將更為強大。

鑒於本集團持續重新調整其業務營運及建議進行財務重組，我們有信心本集團將可進一步鞏固於業內及特鋼產品市場的地位。

# Interim Condensed Consolidated Income Statement

## 中期簡明綜合收益表

For the six months ended 30 June 2018  
截至二零一八年六月三十日止六個月

Six months ended 30 June  
截至六月三十日止六個月

			2018 二零一八年 HK\$'000 千港元 (Unaudited) (未經審核)	2017 二零一七年 HK\$'000 千港元 (Unaudited) (未經審核)
	Notes 附註			
<b>Revenue</b>	<b>收益</b>	5	<b>178,887</b>	150,276
Cost of sales	銷售成本		<b>(107,837)</b>	(145,818)
Gross profit	毛利		<b>71,050</b>	4,458
Other gains/(losses), net	其他盈利／(虧損) 淨額	5	<b>1,907</b>	(17,520)
Selling and distribution costs	銷售及分銷成本		<b>(708)</b>	(802)
Administrative expenses	行政開支		<b>(93,701)</b>	(116,086)
Finance income	融資收入	7	<b>60</b>	99
Finance costs	融資成本	7	<b>(214,032)</b>	(155,237)
Other expenses	其他開支		<b>–</b>	(2,202)
<b>Loss before tax</b>	<b>除稅前虧損</b>	6	<b>(235,424)</b>	(287,290)
Income tax expense	所得稅開支	8	<b>–</b>	–
<b>Loss for the period</b>	<b>期內虧損</b>		<b>(235,424)</b>	(287,290)
<b>Attributable to:</b>	<b>屬於：</b>			
Owners of the Company	本公司擁有人		<b>(235,322)</b>	(287,095)
Non-controlling interests	非控股權益		<b>(102)</b>	(195)
			<b>(235,424)</b>	(287,290)
<b>Loss per share attributable to owners of the Company</b>	<b>本公司擁有人應佔每股虧損</b>			
– Basic (HK dollar)	– 基本 (港元)	10	<b>(0.08)</b>	(0.09)
– Diluted (HK dollar)	– 攤薄 (港元)	10	<b>(0.08)</b>	(0.09)

The notes on pages 43 to 129 form an integral part of this interim condensed consolidated financial information.

第43至129頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Comprehensive Income

## 中期簡明綜合全面收益表

For the six months ended 30 June 2018  
截至二零一八年六月三十日止六個月

Six months ended 30 June

截至六月三十日止六個月

2018

2017

二零一八年

二零一七年

HK\$'000

HK\$'000

千港元

千港元

(Unaudited)

(Unaudited)

(未經審核)

(未經審核)

<b>Loss for the period</b>	期內虧損	<b>(235,424)</b>	(287,290)
<b>Other comprehensive income/(loss)</b>	其他全面收益／（虧損）		
<i>Item that may be subsequently reclassified to profit or loss</i>	可能於其後重新分類至損益之項目		
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	<b>25,923</b>	(36,590)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	期內除稅後其他全面收益／（虧損）	<b>25,923</b>	(36,590)
<b>Total comprehensive loss for the period</b>	期內全面虧損合計	<b>(209,501)</b>	(323,880)
<b>Attributable to:</b>	屬於：		
Owners of the Company	本公司擁有人	<b>(209,406)</b>	(323,718)
Non-controlling interests	非控股權益	<b>(95)</b>	(162)
		<b>(209,501)</b>	(323,880)

The notes on pages 43 to 129 form an integral part of this interim condensed consolidated financial information.

第43至129頁附註為本中期簡明綜合財務資料的組成部分。



# Interim Condensed Consolidated Statement of Financial Position

## 中期簡明綜合財務狀況表

As At 30 June 2018  
於二零一八年六月三十日

			30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	11	413,428	428,917
Prepaid land lease payments	預付土地租賃款項		167,834	171,610
Intangible asset	無形資產	12	2,384,543	2,384,543
Other non-current assets	其他非流動資產		1,516	1,531
			2,967,321	2,986,601
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	13	136,352	179,392
Trade receivables	應收賬款	14	74,800	74,906
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	15	119,582	112,023
Pledged time deposits	已抵押定期存款	16	25	25
Cash and cash equivalents	現金及現金等值物	16	3,690	20,046
			334,449	386,392
<b>Total assets</b>	<b>總資產</b>		<b>3,301,770</b>	<b>3,372,993</b>
<b>EQUITY</b>	<b>權益</b>			
<b>Capital and reserves attributable to owners of the Company</b>	<b>本公司擁有人應佔股本及儲備</b>			
Share capital	股本	21	308,813	308,813
Reserves	儲備		(1,350,635)	(1,141,229)
			(1,041,822)	(832,416)
<b>Non-controlling interests</b>	<b>非控股權益</b>		<b>(451)</b>	<b>(356)</b>
<b>Total shareholders' deficit</b>	<b>股東虧絀總額</b>		<b>(1,042,273)</b>	<b>(832,772)</b>



# Interim Condensed Consolidated Statement of Financial Position

## 中期簡明綜合財務狀況表

As At 30 June 2018  
於二零一八年六月三十日

			30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
	Notes 附註			
<b>LIABILITIES</b>		<b>負債</b>		
<b>Non-current liabilities</b>		<b>非流動負債</b>		
Other long term payables		其他長期應付款項	7,854	7,932
Deferred tax liabilities		遞延稅項負債	1,277	1,288
			9,131	9,220
<b>Current liabilities</b>		<b>流動負債</b>		
Trade payables	17	應付賬款	104,842	133,008
Notes payables	17	應付票據	2,715	1,436
Other payables and accruals		其他應付款項及 應計負債	1,715,959	1,512,790
Bank and other borrowings	19	銀行及其他借貸	2,455,933	2,493,776
Convertible bonds	20	可換股債券	46,775	46,775
Derivative financial instruments	20	衍生金融工具	—	—
Tax payable		應付稅項	8,688	8,760
			4,334,912	4,196,545
<b>Total liabilities</b>		<b>總負債</b>	<b>4,344,043</b>	<b>4,205,765</b>
<b>Total equity and liabilities</b>		<b>權益及負債總額</b>	<b>3,301,770</b>	<b>3,372,993</b>

The notes on pages 43 to 129 form an integral part of this interim condensed consolidated financial information.

第43至129頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Changes in Equity

## 中期簡明綜合權益變動表

For the six months ended 30 June 2018  
截至二零一八年六月三十日止六個月

Attributable to equity holders of the Company

本公司權益持有人應佔

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實收溢利 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Statutory reserves 法定儲備 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Sub-total 小計 HK\$'000 千港元	Non-controlling interests 非控股權益 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>(Unaudited)</b>	<b>(未經審核)</b>											
<b>For the six months ended 30 June 2018</b>	<b>截至二零一八年六月三十日止六個月</b>											
<b>At 1 January 2018</b>	<b>於二零一八年一月一日</b>	308,813	3,237,077	47,514	115,807	89,774	37,409	439,848	(5,106,658)	(832,416)	(356)	(832,772)
Loss for the period	期內虧損	-	-	-	-	-	-	-	(235,322)	(235,322)	(102)	(235,424)
Other comprehensive income for the period	期內其他全面收益：											
Exchange differences on translation of foreign operations	境外經營等項折算匯兌差額	-	-	-	-	-	-	25,916	-	25,916	7	25,923
<b>Total comprehensive income/(loss) for the period</b>	<b>期內全面收益／(虧損)合計</b>	-	-	-	-	-	-	25,916	(235,322)	(209,406)	(95)	(209,501)
<b>At 30 June 2018</b>	<b>於二零一八年六月三十日</b>	308,813	3,237,077	47,514	115,807	89,774	37,409	465,764	(5,343,980)	(1,041,822)	(451)	(1,042,273)
<b>(Unaudited)</b>	<b>(未經審核)</b>											
<b>For the six months ended 30 June 2017</b>	<b>截至二零一七年六月三十日止六個月</b>											
<b>At 1 January 2017</b>	<b>於二零一七年一月一日</b>	308,813	3,237,077	47,514	115,807	89,774	37,387	531,451	(4,636,286)	(268,463)	6,006	(282,457)
Loss for the period	期內虧損	-	-	-	-	-	-	-	(287,095)	(287,095)	(195)	(287,290)
Other comprehensive (loss)/income for the period	期內其他全面(虧損)/收益：											
Exchange differences on translation of foreign operations	境外經營等項折算匯兌差額	-	-	-	-	-	-	(36,623)	-	(36,623)	33	(36,590)
<b>Total comprehensive loss for the period</b>	<b>期內全面虧損總額</b>	-	-	-	-	-	-	(36,623)	(287,095)	(323,718)	(162)	(323,880)
Equity-settled share-based compensation expense	以股權結算之股份補償開支	-	-	-	-	-	22	-	-	22	-	22
<b>Total transactions with owners</b>	<b>與擁有人之交易總額</b>	-	-	-	-	-	22	-	-	22	-	22
<b>At 30 June 2017</b>	<b>於二零一七年六月三十日</b>	308,813	3,237,077	47,514	115,807	89,774	37,409	494,828	(4,923,381)	(602,159)	5,844	(586,315)

The notes on pages 43 to 129 form an integral part of this interim condensed consolidated financial information.

第43至129頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Cash Flows

## 中期簡明綜合現金流量表

For the six months ended 30 June 2018  
截至二零一八年六月三十日止六個月

Six months ended 30 June  
截至六月三十日止六個月

<b>2018</b>	2017
二零一八年	二零一七年
<b>HK\$'000</b>	HK\$'000
千港元	千港元
<b>(Unaudited)</b>	(Unaudited)
(未經審核)	(未經審核)

<b>Cash flows from operating activities</b>	經營活動之現金流量		
Net cash flows generated from operating activities	經營活動產生之現金流量淨額	<b>9,737</b>	14,108
<b>Cash flows from investing activities</b>	投資活動之現金流量		
Interest received	已收利息	<b>60</b>	99
Decrease in pledged time deposits	已抵押定期存款減少	<b>-</b>	1,725
Net cash flows generated from investing activities	投資活動產生之現金流量淨額	<b>60</b>	1,824
<b>Cash flows from financing activities</b>	融資活動之現金流量		
Addition of bank and other borrowings	新增銀行及其他借貸	<b>63,236</b>	37,512
Repayment of bank and other borrowings	償還銀行及其他借貸	<b>(84,018)</b>	(28,154)
Interest paid	已付利息	<b>(6,056)</b>	(28,843)
Net cash flows used in financing activities	融資活動所用之現金流量淨額	<b>(26,838)</b>	(19,485)
<b>Net decrease in cash and cash equivalents</b>	現金及現金等值物之減少淨額	<b>(17,041)</b>	(3,553)
Cash and cash equivalents at beginning of period	期初之現金及現金等值物	<b>20,046</b>	20,143
Effect of foreign exchange rate changes, net	匯兌變動影響淨額	<b>685</b>	524
<b>Cash and cash equivalents at end of period</b>	期末之現金及現金等值物	<b>3,690</b>	17,114
<b>Analysis of balances of cash and cash equivalents</b>	現金及現金等值物結餘分析		
Cash and bank balances (Note 16)	現金及銀行結餘 (附註16)	<b>3,690</b>	17,114

The notes on pages 43 to 129 form an integral part of this interim condensed consolidated financial information.

第43至129頁附註為本中期簡明綜合財務資料的組成部分。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 1 GENERAL INFORMATION

Nickel Resources International Holdings Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 11 March 2004 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred as “the Group”) is located at No.7, Block F, Runhua Business Garden, No. 24 Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China (the “PRC”), 450012. The principal place of business of the Company is located at Room 1705, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holdings. The Group is principally engaged in the manufacturing, sub-contracting and sale of iron and steel products in the PRC and the trading of ore. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors of the Company (the “Directors”), Easyman Assets Management Limited (“Easyman”), a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong Shutong (“Mr. Dong”), an Executive Director, is the ultimate holding company of the Group.

The interim condensed consolidated financial information for the six months ended 30 June 2018 is unaudited and has been reviewed by the audit committee of the Company. This interim condensed consolidated financial information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated, and has been approved for issue by the board of directors on 30 August 2018.

### 1 一般資料

鎳資源國際控股有限公司（「本公司」），於二零零四年三月十一日根據開曼群島公司法第22章（一九六一年第三號法例，經綜合及修訂）在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司及其附屬公司（統稱「本集團」）主要營業地點位於中華人民共和國（「中國」）河南省鄭州市金水區金水路24號潤華商務花園F座7號（郵編450012）。本公司主要營業地點位於香港干諾道中168-200號信德中心西翼1705室。

本公司之主要業務為投資控股。本集團主要於中國從事鐵及鋼製品生產、加工及銷售及礦石貿易業務。本公司的股份於香港聯合交易所有限公司（「聯交所」）主板上市。

根據本公司董事（「董事」）之意見，於英屬處女群島註冊成立並由執行董事董書通先生（「董先生」）全資擁有之Easyman Assets Management Limited（「Easyman」）為本集團之最終控股公司。

截至二零一八年六月三十日止六個月之中期簡明綜合財務資料未經審核但已經由本公司審核委員會審閱。本中期簡明綜合財務資料以港元（「港元」）列報（除非另有說明），並已經由董事會在二零一八年八月三十日批准刊發。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and any public announcement made by the Company during the interim reporting period.

#### 2.1 Going concern

In preparing this interim condensed consolidated financial information for the six months ended 30 June 2018, the Directors have considered the future liquidity of the Group.

During the six months ended 30 June 2018, the Group incurred a net loss of HK\$235,424,000. As at 30 June 2018, the Group had a shareholders' deficit of HK\$1,042,273,000 and net current liabilities of HK\$4,000,463,000 and the Group's total borrowings amounted to HK\$2,505,423,000 which comprised bank and other borrowings, convertible bonds and notes payables of HK\$2,455,933,000, HK\$46,775,000 and HK\$2,715,000, respectively as at 30 June 2018. Cash and cash equivalents of the Group amounted to HK\$3,690,000 as at 30 June 2018.

### 2 編製基準

截至二零一八年六月三十日止六個月之本中期簡明綜合財務資料乃根據國際會計準則（「國際會計準則」）第34號「中期財務報告」及聯交所證券上市規則之披露規定而編製。

本中期簡明綜合財務資料並未包括年度財務報表所要求之所有資料及披露事項，故應連同本公司截至二零一七年十二月三十一日止年度根據國際財務報告準則（「國際財務報告準則」）編製的年度財務報表及本公司於中期報告期間所作出的任何公開公告一併閱讀。

#### 2.1 持續經營

董事在編製截至二零一八年六月三十日止六個月之中期簡明綜合財務資料時，已考慮本集團的未來流動資金。

截至二零一八年六月三十日止六個月，本集團產生虧損淨額235,424,000港元。於二零一八年六月三十日，本集團的股東虧絀為1,042,273,000港元、流動負債淨額為4,000,463,000港元及本集團的總借貸為2,505,423,000港元，包括銀行貸款及其他借貸、可換股債券及應付票據於二零一八年六月三十日分別為2,455,933,000港元、46,775,000港元及2,715,000港元。於二零一八年六月三十日，本集團現金及現金等值物為3,690,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

As at 30 June 2018, the Group's borrowings to the extent of HK\$2,502,708,000 were either overdue or due for immediate repayment despite the original contractual repayment dates of some of these borrowings are beyond twelve months after 30 June 2018. This is mainly because:

- (i) on 19 December 2014, the Group failed to make interest payment totaling HK\$16,108,000 under the relevant terms and conditions of its Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds (together the "Bonds"), details of which are disclosed in Notes 19 and 20. This constituted an event of default under the respective terms of the Bonds. Up to 30 June 2018, the Group failed to pay interest payment of the Bonds in aggregate of HK\$180,591,000. As a result, the outstanding principal amounts of the Bonds totaling HK\$466,165,000 (2017: HK\$466,165,000) became immediately due and payable (subject to the terms and conditions as stipulated in the Note 19(i) below), out of which the 12% Coupon Senior Bonds of HK\$390,990,000 (2017: HK\$390,990,000), are with original contractual repayment date within the 2nd half of 2018;

## 2 編製基準 (續)

### 2.1 持續經營 (續)

於二零一八年六月三十日，本集團之借貸2,502,708,000港元已逾期或須即時償還，即使當中有若干借貸之原合約償還日期為於二零一八年六月三十日之後超過十二個月。主要由於：

- (i) 於二零一四年十二月十九日，本集團未能根據其經修訂10%票面息債券、12%票面息優先債券及8%票面息可換股債券（統稱「該等債券」）之相關條款及條件支付利息合共16,108,000港元，詳情於附註19及20披露。根據該等債券之相關條款，這構成違約事件。直至二零一八年六月三十日，本集團未能支付該等債券的利息合共180,591,000港元。因此，該等債券未償還之本金額合共466,165,000港元（二零一七年：466,165,000港元）即時成為到期應付（受下文附註19(i)所規定之條款及條件規限），其中包括原合約還款日期為二零一八年下半年內的金額為390,990,000港元（二零一七年：390,990,000港元）之12%票面息優先債券；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (ii) as at 30 June 2018, a secured bank loan of HK\$99,573,000 due within one year also contains a repayment on demand clause;
- (iii) as at 30 June 2018, other loans to the extent of HK\$237,220,000 had become overdue;
- (iv) other borrowings to the extent of HK\$301,373,000 were overdue and HK\$388,563,000 were on repayable on demand terms;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (ii) 於二零一八年六月三十日，於一年內到期的有抵押銀行貸款99,573,000港元亦載有按要求償還條款；
- (iii) 於二零一八年六月三十日，237,220,000港元的其他貸款已逾期；
- (iv) 301,373,000港元的其他借款已逾期及388,563,000港元須受按要求償還條款所規限；



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (v) the Group has obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$556,859,000) in January 2016 from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. The New Facilities have been fully drawn down during the year ended 31 December 2016. The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of HK\$589,146,000 became immediately due and payable as at 30 June 2018; and

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (v) 於二零一六年一月，本集團已自中國一銀團取得一項為期三年的銀團貸款約人民幣498百萬元（相當於556,859,000港元）。(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元（「新造融資」），為期三年。截至二零一六年十二月三十一日止年度，新造融資已全部動用。銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽署銀團貸款協議後，未能履行該等銀團貸款融資項下的若干承擔及限制性契諾規定。因此，三年期銀團貸款的未償還金額589,146,000港元於二零一八年六月三十日已即時到期應付；及

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (vi) the Group has obtained an unsecured 3-year loan facility from a PRC bank for an amount of RMB360 million (equivalent to HK\$430,674,000) (the "Unsecured Loan Facility") in June 2016. As at 30 June 2018, approximately RMB355 million (equivalent to HK\$420,668,000) (2017: HK\$424,292,000) of the Unsecured Loan Facility has been drawn down. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of HK\$420,668,000 was immediately due and payable as at 30 June 2018.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (vi) 於二零一六年六月，本集團已自中國一間銀行取得一項為期三年的無抵押貸款融資人民幣360百萬元（相當於430,674,000港元）（「無抵押貸款融資」）。於二零一八年六月三十日，已動用約人民幣355百萬元（相當於420,668,000港元）（二零一七年：424,292,000港元）的無抵押貸款融資。然而，本集團於簽署貸款協議後，未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定。因此，該貸款的未償還金額420,668,000港元於二零一八年六月三十日即時成為到期應付。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

Together with the accrued interest for borrowings to the extent of HK\$1,088,562,000 as at 30 June 2018 included in other payables and accruals, the aggregate borrowings and interest that were either overdue or due for immediate repayment amounted to HK\$3,591,270,000 as at 30 June 2018.

In addition, the Company and a subsidiary are parties to various legal claims as detailed in Note 24.

The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern such that it may not be able to realise its assets and discharge its liabilities in the normal course of business.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

連同於二零一八年六月三十日已計入其他應付款項及應計款項中的應計借貸利息1,088,562,000港元，於二零一八年六月三十日，已逾期或須即時償還的借貸總額及其利息合共為3,591,270,000港元。

此外，本公司及一間附屬公司為附註24所詳述的多項法律申索的當事人。

上述狀況顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，導致本集團或無法在日常業務過程中將其資產變現及償還其負債。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 5 March 2016, the Company and a potential investor (the "Potential Investor" or "Subscriber") entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of HK\$0.1876 per share (the "Subscription Shares"), with proposed gross proceeds totalling approximately HK\$275 million (the "Subscription"), subject to certain conditions precedent which, among others, include the following:

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

鑒於該等狀況，本公司董事在評核本集團是否有充足的財務資源以持續經營時，已審慎考慮本集團未來流動資金及表現以及其可得之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一六年三月五日，本公司及一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，以按每股0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共約2.75億港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i) 配發及發行認購股份；(ii) 清洗豁免；及(iii) 特別交易（定義見下文）；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

#### (1) (continued)

- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong ("SFC") in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

## 2 編製基準 (續)

### 2.1 持續經營 (續)

#### (1) (續)

- 香港證券及期貨事務監察委員會(「證監會」)就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有(或同意收購)的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

(1) (continued)

- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the "Special Deal");
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange; and

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

(1) (續)

- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

#### (1) (continued)

- completion of a debt restructuring by the Company by way of the “Schemes” (Note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

## 2 編製基準（續）

### 2.1 持續經營（續）

#### (1) （續）

- 本公司透過「計劃」（附註）完成債務重組（「債務重組建議」）。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i) 削減及註銷債券的未償還本金額至少80%；(ii) 削減及註銷債券所有未償還應計利息；(iii) 解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv) 削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (1) (continued)

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions ("Extraordinary Resolutions") were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

Following the passing and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (1) (續)

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還債券項下任何逾期金額。

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院頒令。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

(1) (continued)

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note:

The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement of pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

- (2) In relation to the secured bank loan of HK\$99,573,000 due within one year which contains a repayment on demand clause, the Group is actively negotiating with the bank for waiver of the relevant clause and renewal of the loan.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

(1) (續)

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃(「開曼計劃」)項下的債權人根據開曼群島公司法(二零零七年修訂版)第86條訂立的該計劃以及本公司與建議安排計劃(「香港計劃」)項下的債權人根據(香港法例第622章)公司條例第670、673及674條訂立的該計劃(統稱為「計劃」)。

- (2) 就載有按要求償還條款的於一年內到期的有抵押銀行貸款99,573,000港元而言，本集團正積極就豁免相關條款及重續貸款與銀行磋商。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$589,146,000 and HK\$420,668,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements; and the renewal of these loans, for which HK\$589,146,000 and HK\$139,085,000 respectively, are contractually due for repayment within twelve months as at 30 June 2018.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (3) 就分別為589,146,000港元及420,668,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定，及重續該等貸款（當中分別589,146,000港元及139,085,000港元於二零一八年六月三十日於合約上於十二個月內到期償還）與各銀行磋商。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. The Group is currently negotiating with Beijing Wincapital to modify the structure and detailed terms of the disposal on equity interest in SEAM.

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group ("Financing Loans"), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed, details of which are disclosed in Note 19(d).

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股本權益的無約束力框架協議。總出售代價預計約為150百萬美元（約1,170百萬港元）。直至中期簡明綜合財務資料批准日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及監管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。本集團目前正與北京匯贏磋商修改出售於南洋礦業股本權益的架構及條件細節。

就此項建議出售事項而言，北京匯贏為本集團安排若干貸款融資（「融資貸款」）。倘建議出售事項得以完成，融資貸款可藉抵銷出售代價支付，詳情於附註19(d)披露。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (4) (continued)

During the year ended 31 December 2017, a loan arranged by Beijing Wincapital of RMB200,000,000 (equivalent to HK\$239,263,000) has been novated to Henan Pingyuan Holding Group Co., Ltd (“河南平原控股集團股份有限公司” or “Pingyuan”), details of which are disclosed in Notes 19(d) and 19(f).

As at 30 June 2018, the outstanding Financing Loan amounted to approximately RMB200,000,000 (equivalent to HK\$237,220,000) was overdue for repayment. Up to the date of approval of interim condensed consolidated financial information, the Group has not received any letter from the lender demanding for repayment of this loan. Management is currently negotiating with the relevant parties to formally extend the repayment of this borrowing to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for all relevant parties, the proposed disposal will be completed and the Group will be able to offset this borrowing against the disposal consideration.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (4) (續)

於截至二零一七年十二月三十一日止年度，北京匯贏安排之貸款人民幣200,000,000元（相當於239,263,000港元）已變更到河南平原控股集團股份有限公司或（「平原」），詳情於附註19(d)及19(f)披露。

於二零一八年六月三十日，未償還的融資貸款約為人民幣200,000,000元（相等於約237,220,000港元）已逾期償還。直至中期簡明綜合財務資料批准日期，本集團尚未接獲任何放貸人要求償還該貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該借貸之還款期，以促使完成建議出售事項。管理層相信所有相關訂約方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷該借貸。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

(4) (continued)

On 11 March 2018, the Group entered into a sale and purchase agreement with Mr. Sun Gang ("Mr. Sun"), who is also a substantial shareholder of Pingyuan, pursuant to which the Group agreed to sell 7% equity interest in SEAM to Mr. Sun at a consideration of RMB210,000,000 (equivalent to approximately HK\$249,081,000) conditional upon, amongst others, obtaining approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

(5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third parties of HK\$88,624,000, HK\$294,152,000, HK\$252,533,000 and HK\$53,807,000, respectively that were either overdue or due for immediate repayment as at 30 June 2018. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

(4) (續)

於二零一八年三月十一日，本集團與孫罡先生（「孫先生」）（彼亦為平原之主要股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的7%股本權益，代價為人民幣210,000,000元（相當於約249,081,000港元），須待包括取得本公司股東於股東特別大會上批准及本公司股份恢復買賣後，方可作實。

(5) 除上述(1)至(4)所述之借貸外，本集團來自本集團的若干關連方、潛在投資者、潛在投資者的關連方及其他第三方的其他借貸分別為88,624,000港元、294,152,000港元、252,533,000港元及53,807,000港元，於二零一八年六月三十日皆已逾期或到期立即償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (6) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.
- (7) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, exploring new business opportunities and implementing more stringent cost control measures with a view to improving operating cash flows. During the six months ended 30 June 2018 and up to the date of approval of this interim condensed consolidated financial information, the Group has also engaged in providing sub-contracting services to external customers and continues to receive new sales orders for its iron and steel products from independent third party customers. Management believes that the Group will be able to record a significant increase in revenue in the coming twelve months after the reporting period.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (6) 本集團亦正與多間財務機構進行磋商，尋求本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團正進行之多個項目作出投資。
- (7) 本集團正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶，探索新業務機會，以及實施更嚴謹的成本監控措施，以改善經營現金流量。於截至二零一八年六月三十日止六個月及直至中期簡明綜合財務資料批准日期，本集團亦從事提供向外埠客戶提供加工服務，並繼續從獨立第三方客戶接獲鐵及鋼製產品的新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得收益大幅增長。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (8) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 24 to the interim condensed consolidated financial information. In preparing this interim condensed consolidated financial information, the directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.

The directors have reviewed the Group's cash flow projections prepared by management that covered a period of not less than twelve months from the end of the reporting period and considered that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period, and therefore it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (8) 本集團已委聘法律顧問處理中期簡明綜合財務資料附註24所詳述的所有申索及糾紛。於編製本中期簡明綜合財務資料的過程中，董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

董事已審閱由管理層編製的本集團現金流量預測，其涵蓋的期間自報告期末起計不少於十二個月。考慮到上述計劃及措施，本集團將有充足的營運資金應付自報告期末起計未來十二個月內營運所需的資金以及履行到期的財務責任。因此，按持續經營基準編製中期簡明綜合財務資料屬恰當。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

Notwithstanding the above, significant multiple uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to manage its indebtedness, and generate adequate financing and operating cash flows through:

- (1) successful completion of the issuance of the Subscription Shares after fulfilling all conditions precedent as detailed, but not limited to, above and in particular by the successful completion of the Debt Restructuring Proposal;
- (2) successful negotiation with the banks for the waiver of the repayment on demand clause, breach of the undertaking and restrictive covenant requirements, and the renewal of these loans totalling HK\$1,109,387,000 as at 30 June 2018;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

儘管如此，本公司管理層能否達成上述計劃及措施仍存有多項重大不明朗因素。本集團能否持續經營將視乎本集團能否成功管理其債項及通過以下方法產生充足的融資及經營現金流量：

- (1) 在達成所詳述之（但不限於）所有先決條件，尤其是透過成功完成債務重組建議後，成功完成發行認購股份；
- (2) 成功與各銀行磋商豁免按要求償還條款及違反承諾及限制性契諾規定以及重續於二零一八年六月三十日合共為1,109,387,000港元之該等貸款；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (3) successful negotiation with the financiers to extend the repayment date of a loan arranged by Beijing Wincapital (see Note 19(d)) of RMB200 million (equivalent to HK\$237,220,000) until completion of the proposed disposal of interest in SEAM under the above-mentioned framework agreement at the prescribed consideration and be able to collect the disposal consideration in full immediately upon completion of the transaction after properly offsetting the above-mentioned borrowings of approximately RMB200 million;
- (4) successful completion of the disposal of 7% equity interest in SEAM to Mr. Sun under the above-mentioned sale and purchase agreement at the prescribed consideration and be able to collect the disposal consideration of RMB210,000,000 (equivalent to HK\$249,081,000) in full immediately upon completion of the transaction;
- (5) successful negotiation with the related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third party lenders for extension of their relevant borrowings by maintaining relationship with them such that no action will be taken by these lenders to demand immediate repayment of the overdue borrowings under negotiation;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (3) 成功與融資方磋商延長由北京匯贏(請見附註19(d))安排之人民幣200百萬元(相當於237,220,000港元)貸款的還款日期,直至根據上述框架協議按規定代價及能夠緊隨交易完成時能夠從上述借貸中適當地抵銷合共約人民幣200百萬元後全數收取出售代價而完成建議出售南洋礦業為止;
- (4) 成功根據上述買賣協議按規定代價完成向孫先生出售於南洋礦業的7%股本權益,並能夠於交易完成後即時悉數收取出售代價人民幣210,000,000元(相當於249,081,000港元)。
- (5) 成功與本集團的關連方、潛在投資者、潛在投資者的關連方及其他第三方放貸人磋商延長其相關借貸的期限,並與彼等維持關係,致使該等放貸人不會採取行動以要求即時償還磋商中之逾期借貸;

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (6) successful negotiation with the lenders for obtaining additional new financing and other sources of funding as and when required;
- (7) successful implementation of its operation plans described above to control costs and generate adequate operating cash flows; and
- (8) successful resolution of the outstanding claims and disputes, and without significant cash outflows in the next twelve months.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in this interim condensed consolidated financial information.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (6) 成功與放貸人磋商獲取額外之新融資及其他資金來源 (如需要) ;
- (7) 成功實施上述經營計劃, 以控制成本及產生充足的經營現金流量; 及
- (8) 成功解決待決申索及糾紛且於未來十二個月內毋須導致巨額的現金流出。

倘若本集團未能達成上述計劃及措施, 其可能無法繼續按持續經營基準營運, 並須作出調整以將本集團資產的賬面值撇減至其可收回金額、就可能產生之任何進一步負債作出撥備, 以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整之影響並未反映於本中期簡明綜合財務資料內。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2017.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017, except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## 2 編製基準（續）

### 2.2 會計政策

編製中期簡明綜合財務資料要求管理層作出影響會計政策應用以及資產及負債、收入及開支的所呈報數額的判斷、估計及假設。實際結果或有別於有關估計。編製本中期簡明綜合財務資料時，由管理層對本集團在會計政策的應用及主要不確定數據的估計來源所作出的重要判斷與截至二零一七年十二月三十一日止年度的年度財務報表所採用者相同。

編製中期簡明綜合財務資料所採納之會計政策與編製截至二零一七年十二月三十一日止年度之年度財務報表所採用者一致，惟以下所載的新訂及經修訂準則除外。中期所得稅根據適用於預期盈利總額的稅率預提。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

##### (a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments, where relevant, as a result of adopting the following standards.

- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

### 2 編製基準（續）

#### 2.2 會計政策（續）

##### (a) *本集團採納之新訂及經修訂準則*

若干新準則或經修訂準則適用於本報告期間，及本集團須因採納以下準則，變更其會計政策及作出追溯式調整（倘相關）。

- 國際財務報告準則第9號金融工具；及
- 國際財務報告準則第15號客戶合約收益

採納該等準則及新會計政策的影響乃披露於下文。其他準則對本集團的會計政策並無任何影響，亦毋須作出追溯調整。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

**(a) New and amended standards adopted by the Group (continued)**

The below explains the impact of adoption of IFRS 9 Financial Instruments ("IFRS 9") and IFRS 15 Revenue from Contracts with Customers ("IFRS 15") on the Group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior period.

**(i) Accounting policies applied from 1 January 2018**

The changes in the accounting policies and the effects of the resulting changes are summarised below:

## 2 編製基準 (續)

### 2.2 會計政策 (續)

**(a) 本集團採納之新訂及經修訂準則 (續)**

下文闡釋採納國際財務報告準則第9號金融工具(「國際財務報告準則第9號」)及國際財務報告準則第15號客戶合約收益(「國際財務報告準則第15號」)對本集團的中期簡明綜合財務資料的影響，並披露已自二零一八年一月一日起應用且與過往期間所應用者不同的新會計政策。

**(i) 自二零一八年一月一日起應用的會計政策**

會計政策的變動及所引致的變動的影響概述如下：



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

**(a) New and amended standards adopted by the Group (continued)**

(i) Accounting policies applied from 1 January 2018 (continued)

(a) IFRS 9 Financial Instruments

Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

**(a) 本集團採納之新訂及經修訂準則 (續)**

(i) 自二零一八年一月一日起應用的會計政策 (續)

(a) 國際財務報告準則第9號金融工具投資及其他金融資產

分類

自二零一八年一月一日起，本集團將其金融資產歸類為以下計量類別：

- 其後按公允價值計量 (透過其他全面收益或透過損益)，及
- 以攤銷成本計量。

分類視乎實體的管理金融資產的業務模式及現金流合約條款而定。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

分類 (續)

就按公允價值計量的資產而言，收益及虧損將計入損益或其他全面收益。就於非持作買賣的股本工具的投資而言，則視乎本集團在初始確認時是否已作出不可撤回之選擇將該股權投資按公允價值計入其他全面收益（「按公允價值計入其他全面收益」）。

本集團僅於管理該等資產的業務模式改變時方會對債務投資進行重新分類。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

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 ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量

在初始確認時，本集團按公允價值加（如為並非按公允價值計入損益（「按公允價值計入損益」）的金融資產）收購金融資產時直接應佔的交易成本計量金融資產。按公允價值計入損益的金融資產的交易成本於損益內列作開支。

在確定具有嵌入式衍生工具的金融資產的現金流是否僅支付本金及利息時，需從金融資產的整體進行考慮。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement (continued)

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量 (續)

*債務工具*

債務工具的後續計量取決於本集團管理該項資產時業務模式及該項資產的現金流量特點。本集團按照以下三種計量方式對債務工具進行分類：

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

##### (a) **New and amended standards adopted by the Group (continued)**

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement (continued)

Debt instruments (continued)

(1) *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated income statement.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

##### (a) **本集團採納之新訂及經修訂準則 (續)**

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量 (續)

債務工具 (續)

(1) *攤銷成本*

為收取合約現金流而持有，且其現金流僅為支付本金及利息的資產按攤銷成本計量。該等金融資產的利息收入按實際利率法計入融資收入。終止確認產生的任何收益或虧損直接於損益確認。減值虧損於綜合收益表中作為單獨項目列示。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement (continued)

Debt instruments (continued)

(2) *Fair value through other comprehensive income*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the consolidated income statement.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量 (續)

債務工具 (續)

(2) *按公允價值計入其他全面收益*

以收取合約現金流及出售該金融資產為目的而持有，且其現金流僅支付本金和利息的資產按公允價值計入其他全面收益的金融資產。除減值損益、利息收入及匯兌收益及虧損導致的資產的賬面價值變動於損益中確認外，其他變動計入其他全面收益。當金融資產終止確認時，以前在其他全面收益確認的累計收益及虧損從權益重新分類至損益。該等金融資產的利息收入按實際利率法計算並計入融資收入。減值開支於綜合收益表中作為單獨項目列示。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

##### (a) **New and amended standards adopted by the Group (continued)**

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement (continued)

*Debt instruments (continued)*

(3) *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

##### (a) **本集團採納之新訂及經修訂準則 (續)**

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量 (續)

*債務工具 (續)*

(3) *按公允價值計入損益*

不符合按攤銷成本計量或按公允價值計入其他全面收益的資產乃按公允價值計入損益計量。其後按公允價值計入損益計量的債務投資的損益乃於其產生的期間於損益中確認。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial asset at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

計量 (續)

權益工具

本集團所有股權投資其後以公允價值計量。倘本集團管理層選擇將股權投資的公允價值收益及虧損於其他全面收益呈列，則之後不可於終止確認投資後再將公允價值收益及虧損重新分類至損益。當本集團取得收取款項之權利時，該類投資的股息繼續於損益中確認為其他收入。

按公允價值計入損益的金融資產的公允價值變動乃於綜合收益表（如適用）的其他收益／（虧損）中確認。按公允價值計入其他全面收益的股權投資的減值損失（及轉回）與其他公允價值變動未分開呈報。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(a) IFRS 9 Financial Instruments (continued)

Investments and other financial assets (continued)

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(a) 國際財務報告準則第9號金融工具 (續)

投資及其他金融資產 (續)

減值

自二零一八年一月一日起，本集團按前瞻性基準評估按攤銷成本及按公允價值計入其他全面收益列賬的債務工具的相關預期信貸虧損。所採用減值方法視乎信貸風險是否大幅增加而定。

就應收賬款而言，本集團應用國際財務報告準則第9號允許之簡易方法，當中要求自初步確認應收款項起確認預期年期虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(i) *Accounting policies applied from 1 January 2018 (continued)*

(b) IFRS 15 Revenue from Contracts with Customers

Sales of goods

Sales are recognised at a point in time when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of sub-contracting services

Revenue from providing sub-contracting services is recognised in the accounting period in which the services are rendered.

Interest income

Interest income is recognised and accrued on a time proportion basis, using the effective interest method.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(i) *自二零一八年一月一日起應用的會計政策 (續)*

(b) 國際財務報告準則第15號客戶合約收益

貨品銷售

銷售於產品的控制權已轉移 (即產品交付予客戶且客戶已接受產品時) 且概無可能影響客戶接納產品的未履行義務時的時間點確認。

應收款項於貨品交付時確認, 原因為在付款到期前只須經過一段時間, 故此乃無條件代價的時間點。

提供加工服務所得收益

提供加工服務所得收益乃於提供服務的會計期間確認。

利息收入

利息收入乃按時間比例基準使用實際利率法確認及累計。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) **New and amended standards adopted by the Group (continued)**

(i) Accounting policies applied from 1 January 2018 (continued)

(b) IFRS 15 Revenue from Contracts with Customers (continued)

Presentation of contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceed the measure of the remaining unsatisfied performance obligations. In the interim condensed consolidated balance sheet, contract liabilities mainly consist of the Group's advances from customers.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) **本集團採納之新訂及經修訂準則 (續)**

(i) 自二零一八年一月一日起應用的會計政策 (續)

(b) 國際財務報告準則第15號客戶合約收益 (續)

呈列合約資產及合約負債

於與客戶訂立合約時，本集團取得向客戶收取代價的權利及承擔向客戶轉讓貨品或服務的履約義務。該等權利及履約義務合併導致資產淨值或負債淨額，視乎餘下權利及履約義務的關係而定。倘餘下收取代價的有條件權利的計量超出已達成履約義務，則合約為一項資產並確認為合約資產。反之，倘已向客戶收取的代價（或應收代價金額）超出餘下未達成履約義務的計量，則合約為一項負債並確認為合約負債。於中期簡明綜合資產負債表內，合約負債主要包括本集團自客戶收取的墊款。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(ii) *Impact of adoption*  
IFRS 9:

Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories.

There is 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.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(ii) *採納的影響*  
國際財務報告準則第9號：  
金融工具的分類及計量  
於二零一八年一月一日（首次應用國際財務報告準則第9號當日），本集團的管理層已評估本集團所持有的金融資產的業務模式，並將金融工具分類至國際財務報告準則第9號中適當類別。

此對本集團金融負債的會計處理並無影響，原因為新規定僅影響指定為按公允價值計入損益的金融負債的會計處理，而本集團並無有關負債。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) **New and amended standards adopted by the Group (continued)**

(ii) *Impact of adoption (continued)*

IFRS 9: (continued)

Impairment of financial assets

The Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables
- other financial assets at amortised cost

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) **本集團採納之新訂及經修訂準則 (續)**

(ii) *採納的影響 (續)*

國際財務報告準則第9號：(續)

金融資產減值

本集團有兩種類型的金融資產，須遵守國際財務報告準則第9號的新預期信貸損失模式：

- 應收賬款
- 按攤銷成本計量的其他金融資產

本集團須根據國際財務報告準則第9號修訂其各類別資產的減值方法。

現金及現金等值物亦須遵守國際財務報告準則第9號的減值規定，惟所識別的減值虧損並不重大。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

- (a) ***New and amended standards adopted by the Group (continued)***
- (ii) *Impact of adoption (continued)*

IFRS 9: (continued)

Impairment of financial assets  
(continued)

(a) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

- (a) ***本集團採納之新訂及經修訂準則 (續)***
- (ii) *採納的影響 (續)*

國際財務報告準則第9號：(續)

金融資產減值  
(續)

(a) 應收賬款

本集團應用國際財務報告準則第9號所訂明的簡化方法就預期信貸虧損作出撥備，該規定允許對所有應收賬款採用全期的預期虧損。為計量預期信貸虧損，應收賬款已根據共同信貸風險特點分類。各組應收款項的未來現金流量根據過往虧損經驗估計，並作調整以反映當前狀況的影響及前瞻性資料。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(ii) *Impact of adoption (continued)*

IFRS 9: (continued)

Impairment of financial assets  
(continued)

(a) Trade receivables (continued)

The adoption of the simplified expected loss approach under IFRS 9 has not resulted in any material additional impairment loss for trade receivables as at 1 January 2018.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(ii) *採納的影響 (續)*

國際財務報告準則第9號: (續)

金融資產減值  
(續)

(a) 應收賬款 (續)

採納國際財務報告準則第9號項下簡化預期虧損法並未導致二零一八年一月一日的應收賬款出現任何重大額外減值虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

##### (a) ***New and amended standards adopted by the Group (continued)***

##### (ii) *Impact of adoption (continued)*

IFRS 9: (continued)

Impairment of financial assets  
(continued)

##### (b) *Other financial asset at amortised cost*

For other financial assets at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

##### (a) ***本集團採納之新訂及經修訂準則 (續)***

##### (ii) *採納的影響 (續)*

國際財務報告準則第9號：(續)  
金融資產減值 (續)

##### (b) *按攤銷成本計量的其他金融資產*

就按攤銷成本計量的其他金融資產而言，預期信貸虧損乃基於12個月的預期信貸虧損釐定。該預期信貸虧損為可能於報告日期後12個月內發生的金融工具的違約事件導致的年期預期信貸虧損的一部分。然而，倘信貸風險在產生後大幅升高，則撥備將根據年期預期信貸虧損進行。管理層已密切監察按攤銷成本計量的金融資產的信貸質素及可收回性，並認為預期信貸虧損並不重大。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(ii) *Impact of adoption (continued)*

IFRS 15:

The adoption of IFRS 15 did not have any material impact on the Group's interim condensed consolidated financial information.

(b) ***Impact of standards issued but not yet applied by the Group***

*IFRS 16 Leases*

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated 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.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(ii) *採納的影響 (續)*

國際財務報告準則第15號:

採納國際財務報告準則第15號不會對本集團之中期簡明綜合財務資料造成任何重大影響。

(b) ***已頒佈，但本集團尚未應用的準則的影響***

*國際財務報告準則第16號「租賃」*

國際財務報告準則第16號於二零一六年一月頒佈。由於有關準則移除了經營及融資租賃的區分，其將令近乎所有租賃均於綜合資產負債表內確認。根據是項新準則，須確認資產（使用租賃項目的權力）及支付租金的金融負債。當中僅有的例外情況為短期及低價值租賃。

出租人的會計處理方法將並無重大變動。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

#### (b) *Impact of standards issued but not yet applied by the Group (continued)*

*IFRS 16 Leases (continued)*

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$2,706,000.

The Group has not yet assessed the 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 編製基準 (續)

### 2.2 會計政策 (續)

#### (b) *已頒佈，但本集團尚未應用的準則的影響 (續)* *國際財務報告準則第16號「租賃」 (續)*

該準則將主要影響本集團經營租賃的會計處理。於報告日期，本集團有不可撤銷經營租賃承擔2,706,000港元。

本集團尚未評估如因租賃年期的定義變動及可變租賃付款的不同處理方法以及延長及終止選擇而必須作出的調整(如有)。因此，尚未可估計將於採納新訂準則時須予確認的使用權資產及租賃負債金額，以及其可能如何影響本集團的未來溢利或虧損及現金流量分類。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

**(b) Impact of standards issued but not yet applied by the Group (continued)**

*IFRS 16 Leases (continued)*

IFRS 16 is 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. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

**(b) 已頒佈，但本集團尚未應用的準則的影響 (續)**  
*國際財務報告準則第16號「租賃」(續)*

國際財務報告準則第16號於二零一九年一月一日或之後開始的財政年度強制生效。於現階段，本集團不擬於其生效日期前採納該準則。本集團擬應用簡化過渡方法及將不會重列於首次採納前年度的比較金額。

並無其他尚未生效但預期會於本報告期或未來報告期對實體及對可見未來交易造成重大影響的準則及詮釋。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk, foreign currency risk and liquidity risk. There have been no changes in the risk management policies since 31 December 2017.

### 4 OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment: the trading of ore and the manufacturing, sub-contracting and sale of iron and special steel products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment.

### 3 金融風險管理

本集團之業務活動承受多種金融風險：外匯風險、價格風險、現金流量及公允價值利率風險、信用風險、外幣風險及流動資金風險。風險管理政策自二零一七年十二月三十一日起並無變動。

### 4 經營分部資料

就管理目的而言，本集團僅有一個可呈報經營分部：礦石貿易以及生產、加工及銷售鐵及特鋼製品。管理層出於資源配置及績效考評之決策目的，將本集團的各業務單元之經營成果作為一個整體來進行管理。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 5 REVENUE AND OTHER GAINS/ (LOSSES), NET

Revenue represents the net invoiced value of goods sold, net of value-added tax.

### 5 收益及其他盈利／（虧損）淨額

收益指已扣除增值稅的已售貨品開具的發票淨值。

Six months ended 30 June

截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
（未經審核）	（未經審核）

<b>Revenue</b>	<b>收益</b>		
Sale of goods:	銷貨：		
Stainless steel base materials	不銹鋼基料	60,437	103,420
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	40,680	8,930
Ferro-nickel alloys and others	鎳鐵合金及其他	44,189	37,926
		<b>145,306</b>	150,276
Sub-contracting income	加工收入	33,581	—
		<b>178,887</b>	150,276
<b>Other gains/(losses), net</b>	<b>其他盈利／（虧損）淨額</b>		
Foreign exchange gain/(loss), net	匯兌盈利／（虧損）淨額	393	(18,690)
Gain/(loss) on disposal of property, plant and equipment	出售物業、廠房及設備之盈利／（虧損）	1,118	(158)
Write off of trade and other payables	撇銷應付賬款及其他應付款項	—	1,282
Others	其他	396	46
		<b>1,907</b>	(17,520)

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

### 6 除稅前虧損

本集團之除稅前虧損乃經扣除／(計入)下列項目後得出：

#### Six months ended 30 June

截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Staff costs (including Directors' remuneration):	員工成本 (包括董事酬金) :		
Salaries	薪金	29,667	25,887
Retirement benefit scheme contributions and other costs	退休福利計劃供款及其他成本	5,873	5,544
Equity-settled share-based compensation expense	以股權結算之股份補償開支	-	22
Total staff costs	總員工成本	35,540	31,453
Cost of inventories sold	已售存貨成本	107,837	145,818
Research expenses	研發開支	147	286
Depreciation (Note 11)	折舊 (附註11)	29,304	38,022
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	2,392	2,209
Minimum lease payments under operating leases in respect of buildings and equipment	有關樓宇及設備之經營租賃之最低租賃付款	2,402	2,597

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 7 FINANCE COSTS, NET

### 7 融資成本淨額

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
<b>Finance income</b>	<b>融資收入</b>		
Interest income on time deposits	定期存款利息收入	60	99
<b>Finance costs</b>	<b>融資成本</b>		
Interest on bank loans and other borrowings	銀行貸款及其他借貸利息	(212,137)	(152,395)
Interest on convertible bonds	可換股債券利息	(1,895)	(2,842)
Total interest expense	利息開支總額	(214,032)	(155,237)
Finance costs, net	融資成本淨額	(213,972)	(155,138)

### 8 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The applicable Hong Kong profits tax rate of the Company and its subsidiaries, which operate in Hong Kong was 16.5% (2017: 16.5%).

### 8 所得稅

本集團須按實體基準就產生或源於本集團成員公司註冊及經營所在司法權區的溢利繳納所得稅。

根據開曼群島及英屬處女群島（「英屬處女群島」）法規及規例，本集團於開曼群島及英屬處女群島毋須繳納任何所得稅。

本公司及其於香港營運之附屬公司適用香港利得稅稅率為16.5%（二零一七年：16.5%）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 8 INCOME TAX (continued)

According to the PRC Corporate Income Tax Law, the applicable income tax rate of the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2018 (2017: 25%).

### 8 所得稅（續）

根據中國企業所得稅法，本集團的中國附屬公司於截至二零一八年六月三十日止六個月之適用所得稅稅率為25%（二零一七年：25%）。

#### Six months ended 30 June 截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Income tax expense	所得稅開支	-	-
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### 9 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period ended 30 June 2018 (2017: Nil).

### 9 股息

董事不建議宣派截至二零一八年六月三十日止期間之中期股息（二零一七年：無）。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 10 LOSS PER SHARE

#### Basic

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,088,131,105 (2017: 3,088,131,105) in issue during the period.

#### Diluted

The calculation of diluted loss per share for the six months ended 30 June 2018 is based on the loss attributable to owners of the Company, adjusted to reflect the interest on, and any change in fair value of the derivative component of the convertible bonds and share options. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2018 because the impact of dilution of the convertible bonds and share options is anti-dilutive.

### 10 每股虧損

#### 基本

每股基本虧損乃根據本公司擁有人應佔期內虧損及期內已發行普通股之加權平均股數3,088,131,105股（二零一七年：3,088,131,105）計算。

#### 攤薄

截至二零一八年六月三十日止六個月之每股攤薄虧損乃根據本公司擁有人應佔虧損計算，並作出調整以反映可換股債券衍生工具部分及購股權之利息及任何公允價值變動。計算所用之普通股加權平均股數為期內已發行普通股之加權平均股數（按計算每股基本虧損所使用者），以及假設於所有潛在攤薄普通股視為行使或轉換為普通股時按無償方式發行之普通股加權平均股數。

截至二零一八年六月三十日止六個月，由於可換股債券及購股權之攤薄影響屬反攤薄，故每股攤薄虧損等於每股基本虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 11 PROPERTY, PLANT AND EQUIPMENT

### 11 物業、廠房及設備

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
As at 1 January	於一月一日	428,917	450,329
Additions	添置	16,995	12,629
Depreciation charge for the period	期內折舊費用	(29,304)	(38,022)
Foreign exchange realignment	外幣折算差額	(3,180)	13,353
As at 30 June	於六月三十日	413,428	438,289

### 12 INTANGIBLE ASSET

### 12 無形資產

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Exclusive offtake right	獨家採購權		
As at 1 January and 30 June	於一月一日及六月三十日	2,384,543	2,384,543

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 13 INVENTORIES

### 13 存貨

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Raw materials	原材料	124,568	92,773
Work in progress	在製品	181	212
Finished goods	製成品	27,266	192,538
Spare parts and consumables	備件及易耗品	33,513	19,579
		185,528	305,102
Less: provision for impairment losses	減：減值虧損撥備	(49,176)	(125,710)
		136,352	179,392

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 14 TRADE RECEIVABLES

### 14 應收賬款

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收賬款	88,753	90,489
Less: provision for impairment losses	減：減值虧損撥備	(13,953)	(15,583)
		74,800	74,906

The Group's trading terms with its customers are mainly on credit, except for new customers and customers of limonitic ores, where payment in advance is normally required. The credit period is generally one to two months. During the period, the Group generated its revenue from sales of special steel products and provision of sub-contracting services, thereby exposing the Group to concentration of credit risk in the steel industry. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate their fair values.

本集團與客戶之交易主要以信貸方式結算，惟一般要求新客戶及褐鐵礦客戶預付款項。信貸期一般為一至兩個月。期內，本集團之收益來自銷售特鋼產品及提供加工服務，因此，本集團面臨鋼鐵行業之信貸集中風險。本集團並無就該等結餘持有任何抵押品或其他信貸保證。應收賬款不計利息。應收賬款的賬面值與其公允價值相若。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 14 TRADE RECEIVABLES (continued)

An ageing analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	74,797	65,208
91 to 180 days	91至180日	—	9,695
181 to 365 days	181至365日	3	3
Over 1 year	超過一年	13,953	15,583
		<b>88,753</b>	90,489

### 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### 14 應收賬款 (續)

於報告期末，按發票日期計算之應收賬款之賬齡分析如下：

### 15 預付款項、按金及其他應收款項

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Prepayments to PT. Yiwu Mining ("Yiwu")	預付PT. Yiwu Mining (「Yiwu」)之款項	14,439	12,463
Prepayments to other suppliers	預付其他供應商之款項	33,209	23,610
Other prepayments	其他預付款項	3,327	2,155
Deposits and other receivables	按金及其他應收款項	22,778	20,663
Value-added tax recoverable	可收回增值稅	41,726	48,994
Current portion of prepaid land lease payments	預付土地租賃款項之即期部分	4,103	4,138
		<b>119,582</b>	112,023

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 16 CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

### 16 現金及現金等值物與已抵押定期存款

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	3,690	20,046
Pledged time deposits	已抵押定期存款	25	25
		3,715	20,071
Less: Pledged time deposits for issuing bank acceptance notes (Note 17(b))	減：為取得銀行承兌票據之已抵押定期存款（附註17(b)）	(12)	(12)
Pledged time deposits for senior bonds and convertible bonds (Note 19(i) and 20)	為優先債券及可換股債券之已抵押定期存款（附註19(i)及20）	(13)	(13)
Cash and cash equivalents	現金及現金等值物	3,690	20,046

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 17 TRADE AND NOTES PAYABLES

### 17 應付賬款及應付票據

			30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
	Notes 附註			
Trade payables	應付賬款	(a)	104,842	133,008
Notes payables	應付票據	(b)	2,715	1,436
			107,557	134,444

#### (a) Trade payables

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

#### (a) 應付賬款

於報告期末，按發票日期計算之應付賬款之賬齡分析如下：

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	7,772	68,773
91 to 180 days	91至180日	625	5,380
181 to 365 days	181至365日	45,215	6,165
1 to 2 years	1至2年	6,875	6,537
2 to 3 years	2至3年	3,306	2,250
Over 3 years	超過3年	41,049	43,903
		104,842	133,008

Trade payables are normally settled on terms of 60 to 180 days. The carrying amounts of trade payables approximate their fair values at the end of the reporting period.

應付賬款一般支付期為60至180日。於報告期末，應付賬款之賬面值與其公允價值相若。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 17 TRADE AND NOTES PAYABLES (continued)

#### (b) Notes payables

As at 30 June 2018, notes payable of HK\$2,715,000 (31 December 2017: HK\$1,436,000) were denominated in RMB and secured by time deposits of HK\$12,000 (31 December 2017: HK\$12,000) (Note 16). The carrying amount of notes payable approximate their fair values at the end of the reporting period.

An ageing analysis of the notes payables of the Group at 30 June 2018 is as follows:

### 17 應付賬款及應付票據 (續)

#### (b) 應付票據

於二零一八年六月三十日，應付票據2,715,000港元（二零一七年十二月三十一日：1,436,000港元）以人民幣計值，並由定期存款12,000港元（二零一七年十二月三十一日：12,000港元）（附註16）作為抵押。於報告期末，應付票據之賬面值與其公允價值相若。

於二零一八年六月三十日，本集團應付票據之賬齡分析如下：

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	1,766	1,436
91 to 180 days	91至180日	949	—
		2,715	1,436



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 18 OTHER PAYABLES AND ACCRUALS

### 18 其他應付款項及應計負債

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Advances from customers	來自客戶之墊款	20,426	34,799
Payables related to purchases of property, plant and equipment	與購入物業、廠房及設備有關之應付款項	59,873	63,171
Accrued interest expense	應計利息開支	1,088,562	893,946
Payroll payable	應付工資	65,159	63,495
Amounts due to directors	應付董事款項	76,695	63,841
Provision for claims and disputes (Note)	申索及糾紛撥備(附註)	125,273	125,155
Others	其他	279,971	268,383
		1,715,959	1,512,790

As at 30 June 2018, the carrying amounts of other payables and accruals approximate their fair values.

於二零一八年六月三十日，其他應付款項及應計負債的賬面值與其公允價值相若。

Note: Provision for claims and disputes mainly represent provision for claim from certain vessel owners under certain contracts of affreightment amounting to HK\$99,440,000 (2017: HK\$99,118,000).

附註：申索及糾紛撥備主要指就若干租船貨運合約項下若干船主申索之撥備99,440,000港元(二零一七年：99,118,000港元)。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS

### 19 銀行及其他借貸

		30 June 2018 二零一八年六月三十日 (Unaudited) (未經審核)			31 December 2017 二零一七年十二月三十一日 (Audited) (經審核)			
		Notes 附註	Contractual interest rate (%) 合同利率(%)	Original maturity 原定到期日	HK\$'000 千港元	Contractual interest rate (%) 合同利率(%)	Original maturity 原定到期日	HK\$'000 千港元
<b>Current</b>	<b>即期</b>							
Non-current bank loan	非即期銀行貸款	(a)	6.6	2019	99,573	6.6	2019	100,431
– secured	– 有抵押			二零一九年			二零一九年	
Non-current syndicated bank loan	非即期銀團貸款	(b)	5.2 – 6.6	2019	589,146	5.2 – 6.6	2019	595,837
– secured	– 有抵押			二零一九年			二零一九年	
Non-current bank loans	非即期銀行貸款	(c)	4.7 – 5.7	2019	420,668	4.7 – 5.7	2019	424,292
– unsecured	– 無抵押			二零一九年			二零一九年	
Other loans	其他貸款	(d)	11.4	2014 – 2015 二零一四年 – 二零一五年	237,220	10.0 – 11.4	2014-2015 二零一四年 – 二零一五年	239,263
Other borrowings – unsecured	其他借貸 – 無抵押							
– related parties	– 關連方	(e)	Nil – 43.2	On demand 零 – 43.2 須按要求償還	88,624	Nil – 43.2	On demand 零 – 43.2 須按要求償還	89,086
– Potential Investor	– 潛在投資者	(f)	Nil – 10.0	On demand 零 – 10.0 須按要求償還	294,152	Nil – 10.0	On demand 零 – 10.0 須按要求償還	236,870
– related parties of the Potential Investor	– 潛在投資者的 關連方	(f)	10.0 – 58.4	2015 – 2017 二零一五年 – 二零一七年	252,533	11.0 – 58.4	2015 – 2017 二零一五年 – 二零一七年	314,524
– other third parties	– 其他第三方	(g)	Nil – 36.5	2014 – 2017 二零一四年 – 二零一七年	53,807	Nil – 36.5	2014-2017 二零一四年 – 二零一七年	70,512
Other borrowings – secured	其他借貸 – 有抵押							
– other third parties	– 其他第三方	(h)	Nil	2017 – 2018 二零一七年 – 二零一八年	820	Nil – 27.6	2017-2018 二零一七年 – 二零一八年	3,571
The 12% Coupon Senior Bonds	12%票面息優先債券	(i)	12.0	2018 二零一八年	390,990	12.0	2018 二零一八年	390,990
The Modified 10% Coupon Bonds	經修訂10%票面 息債券	(j)	10.0	2015 二零一五年	28,400	10.0	2015 二零一五年	28,400
					2,455,933	2,493,776		

Notes:

**(a) Non-current secured bank loan**

As at 30 June 2018, this bank loan is secured by a number of leasehold land in Mainland China with net carrying amount of HK\$40,240,000 (2017: HK\$40,586,000). As at 30 June 2018, the outstanding amount of the 3-year secured bank loan of HK\$99,573,000 (2017: HK\$100,431,000) were due within one year and contains a repayment on demand clause in the bank loan agreement.

附註:

**(a) 非即期有抵押銀行貸款**

於二零一八年六月三十日，該筆銀行貸款以數幅位於中國大陸的租賃土地作為抵押，賬面淨值為40,240,000港元（二零一七年：40,586,000港元）。於二零一八年六月三十日，尚未償還之三年期有抵押銀行貸款99,573,000港元（二零一七年：100,431,000港元）乃於一年內到期，並於銀行貸款協議中載有須按要求償還之條文。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (b) Non-current secured syndicated bank loan

In January 2016, the Group obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$556,859,000) from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 (equivalent to HK\$300,302,000) and RMB79,737,000 (equivalent to HK\$89,141,000), respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. During the year ended 31 December 2016, the New Facilities have been fully drawn down.

The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of RMB498 million (equivalent to HK\$589,146,000) was immediately due and payable as at 30 June 2018 despite the original contractual repayment dates are within twelve months as at the reporting date.

#### (c) Non-current unsecured bank loans

In June 2016, the Group obtained an unsecured 3-year loan facility for an amount of RMB360 million (equivalent to HK\$430,560,000) from a PRC bank (the "Unsecured Loan Facility"). During the year ended 31 December 2016, approximately RMB355 million (equivalent to HK\$424,292,000) has been drawn down from the Unsecured Loan Facility mainly to replace part of the loans in relation to the proposed disposal of a 30% equity interest in SEAM to the extent of RMB300,000,000 (equivalent to HK\$358,895,000) as detailed in note (d) below.

### 19 銀行及其他借貸（續）

附註：（續）

#### (b) 非即期有抵押銀團貸款

於二零一六年一月，本集團已自中國一銀團取得一項三年期的銀團貸款約人民幣498百萬元（相當於556,859,000港元），(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款及應付票據，金額分別為人民幣268,620,000元（相當於300,302,000港元）及人民幣79,737,000元（相當於89,141,000港元）；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元（「新造融資」），為期三年。於截至二零一六年十二月三十一日止年度，新造融資已全數提取。

銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽訂銀團貸款協議後未能履行該等銀團貸款融資項下的若干承擔及限制性契約規定。因此，儘管原合約償還日期於報告日期為十二個月內，未償還的三年期銀團貸款人民幣498百萬元（相當於589,146,000港元）於二零一八年六月三十日即時成為到期應付。

#### (c) 非即期無抵押銀行貸款

於二零一六年六月，本集團已自中國一銀行取得無抵押三年期貸款融資（「無抵押貸款融資」），金額為人民幣360百萬元（相當於430,560,000港元）。於截至二零一六年十二月三十一日止年度，已自無抵押貸款融資中提取一筆貸款約人民幣355百萬元（相當於424,292,000港元），此乃主要用於取代有關建議出售南洋礦業30%股本權益的部分貸款，金額為人民幣300,000,000元（相當於358,895,000港元）（如下文附註(d)詳述）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (c) Non-current unsecured bank loans (continued)

However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of RMB355 million (equivalent to HK\$420,668,000) was immediately due and payable as at 30 June 2018, out of which loans amounting to RMB237,402,000 (equivalent to HK\$281,583,000) (2017: RMB355 million (equivalent to HK\$424,292,000)) are with original contractual repayment date beyond twelve months as at reporting date.

#### (d) Other loans

On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (equivalent to approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information.

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance ("Financing Loans") to the Group in the aggregate amounts of RMB400,000,000 (equivalent to HK\$447,176,000) up to 31 December 2016. Such borrowings can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

During the year ended 31 December 2017, a loan arranged by Beijing Wincapital (amounting to RMB200,000,000 (equivalent to HK\$239,263,000)) has been novated to Pingyuan, which is a beneficial owner of the Potential Investor, as mentioned in note (f) below.

### 19 銀行及其他借貸 (續)

附註：(續)

#### (c) 非即期無抵押銀行貸款 (續)

然而，本集團於簽訂貸款協議後未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定。因此，此筆貸款未償還金額人民幣355百萬元（相當於420,668,000港元）於二零一八年六月三十日即時成為到期應付，當中人民幣237,402,000元（相當於281,583,000港元）（二零一七年：人民幣355萬元（相當於424,292,000港元））之貸款於報告日期之原合約償還日期為十二個月以上。

#### (d) 其他貸款

於二零一三年一月二十一日，本集團與北京匯贏訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計為大約150百萬美元（相當於約1,170百萬港元）。截至中期簡明綜合財務資料批准日期，建議交易仍未完成，尚未訂立任何正式買賣協議。

就建議出售事項而言，截至二零一六年十二月三十一日，北京匯贏為本集團安排若干貸款融資（「融資貸款」），總額為人民幣400,000,000元（相當於447,176,000港元）。倘建議出售得以完成，有關借貸可藉抵銷出售代價支付。

於截至二零一七年十二月三十一日止年度，北京匯贏安排之貸款（金額為人民幣200,000,000元（相當於239,263,000港元））已轉嫁予平原（潛在投資者之實益擁有人），其於附註(f)中提述。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (d) Other loans (continued)

As at 31 December 2017, the Financing Loan comprised of a loan provided by Gongyi Jiahui Technology Promotion Service Centre LLP ("Gongyi Jiahui") in the aggregate of RMB200,000,000 (equivalent to HK\$239,263,000) for a term of three to six months from the respective drawdown dates.

As at 30 June 2018, the outstanding Financing Loan totalling RMB200,000,000 (equivalent to HK\$237,220,000) remained overdue. The Group is in the process of negotiating with the counterparties to extend the terms of these outstanding balances.

#### (e) Unsecured borrowings from related parties

As at 30 June 2018 and 31 December 2017, unsecured borrowings from related parties comprised of: (i) loans from a relative of Mr. Dong of RMB25,700,000 (equivalent to HK\$30,483,000) (2017: HK\$30,745,000), which bear interest at rates of 36% to 43% per annum; and (ii) loans from the ultimate holding company of the Company consisting of amounts of S\$5,642,000, US\$1,715,000 and HK\$12,290,000 (2017: HK\$10,779,000) (in aggregate equivalent to HK\$58,141,000) (2017: HK\$57,145,000), which bear interest at a rate of 8% per annum except for an amount of US\$1,715,000, which is interest free.

In addition, an interest-free loans of RMB1,000,000 (equivalent to HK\$1,196,000) from a relative of Mr. Dong remained outstanding as 31 December 2017. This loan has been fully repaid during the period ended 30 June 2018.

### 19 銀行及其他借貸（續）

附註：（續）

#### (d) 其他貸款（續）

於二零一七年十二月三十一日，融資貸款包括羣義市佳匯技術推廣服務中心（有限合夥）（「羣義佳匯」）提供貸款合共人民幣200,000,000元（相當於239,263,000港元），為期三至六個月（由相關提款日期起計）。

於二零一八年六月三十日，所有未償還融資貸款合共人民幣200,000,000元（相當於237,220,000港元）仍逾期。本集團正在與對手方進行磋商，以延長該等未結餘額之期限。

#### (e) 從關連方借入的無抵押借貸

於二零一八年六月三十日及二零一七年十二月三十一日，從關連方借入的無抵押借貸包括：(i)從董先生親屬借入的貸款人民幣25,700,000元（相當於30,483,000港元）（二零一七年：30,745,000港元），按年利率36厘至43厘計息；及(ii)向本公司最終控股公司借入貸款，該貸款包括5,642,000新加坡元、1,715,000美元及12,290,000港元（二零一七年：10,779,000港元）（相當於合共58,141,000港元）（二零一七年：57,145,000港元），除了1,715,000美元為免息外，其他貸款按年利率8厘計息。

此外，來自董先生親屬之免息貸款人民幣1,000,000元（相當於1,196,000港元）於二零一七年十二月三十一日仍然尚未償還。此貸款已於截至二零一八年六月三十日止期間悉數償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (f) Unsecured borrowings from the Potential Investor and related parties of the Potential Investor

As at 30 June 2018, the total borrowings obtained from the Potential Investor and certain related parties of the Potential Investor amounted to RMB460,910,000 (equivalent to HK\$546,685,000) (2017: HK\$551,394,000) which included the loan novated from Beijing Wincapital to Pingyuan of RMB200,000,000 (equivalent to HK\$237,220,000) as detailed in Note 19(d) above.

All of these borrowings were overdue as at 30 June 2018. The Group has been actively negotiating with the lenders of the above borrowings for the renewal and extension of the repayment dates for a term of 2 years.

#### (g) Unsecured borrowings from other third parties

As at 30 June 2018, unsecured borrowings from other third parties comprised of: (i) a loan from an independent third party of RMB1,000,000 (equivalent to HK\$1,186,000) (2017: HK\$1,196,000), which bear interest at 12% per annum; (ii) a loan from an independent third party of US\$2,500,000 (equivalent to HK\$19,620,000) (2017: HK\$19,542,000), which bear interest at 8% per annum; (iii) an interest-free loan of RMB4,879,000 (equivalent to HK\$5,787,000) (2017: HK\$5,837,000) provided by a customer of the Group which is repayable on demand; (iv) loans from certain independent third parties of RMB1,944,000 (equivalent to HK\$2,306,000) (2017: RMB15,726,000, equivalent to HK\$18,814,000), RMB17,000,000 (equivalent to HK\$20,164,000) (2017: HK\$20,337,000) and RMB4,000,000 (equivalent to HK\$4,744,000) (2017: HK\$4,786,000) which bear interest at rates of 21.6% per annum, 19.2% per annum and 36.5% per annum, respectively.

As at 30 June 2018, unsecured borrowings to the extent of HK\$48,020,000 (2017: HK\$64,675,000) and HK\$5,787,000 (2017: HK\$5,837,000) were overdue and repayable on demand, respectively.

### 19 銀行及其他借貸 (續)

附註：(續)

#### (f) 來自潛在投資者及潛在投資者的關連方的無抵押借貸

於二零一八年六月三十日，自潛在投資者及潛在投資者的若干關連方取得借貸合共人民幣460,910,000元（相當於546,685,000港元）（二零一七年：551,394,000港元），其中包括由北京匯贏轉嫁予平原之貸款人民幣200,000,000元（相當於237,220,000港元）（如上文附註19(d)詳述）。

所有該等借貸於二零一八年六月三十日已逾期。本集團一直積極與上述借貸之放貸人進行磋商，以重續及延長償還日期兩年。

#### (g) 來自其他第三方的無抵押借貸

於二零一八年六月三十日，自其他第三方的無抵押借貸包括(i)來自一名獨立第三方之貸款人民幣1,000,000元（相當於1,186,000港元）（二零一七年：1,196,000港元），按年利率12厘計息；(ii)來自一名獨立第三方之貸款2,500,000美元（相當於19,620,000港元）（二零一七年：19,542,000港元），按年利率8厘計息；(iii)本集團一名客戶提供之免息貸款人民幣4,879,000元（相當於5,787,000港元）（二零一七年：5,837,000港元），該款項須於要求時償還；(iv)來自若干獨立第三方之貸款人民幣1,944,000元（相當於2,306,000港元）（二零一七年：人民幣15,726,000元，相當於18,814,000港元）、人民幣17,000,000元（相當於20,164,000港元）（二零一七年：20,337,000港元）及人民幣4,000,000元（相當於4,744,000港元）（二零一七年：4,786,000港元），分別按年利率21.6厘、年利率19.2厘及年利率36.5厘計息。

於二零一八年六月三十日，無抵押借款分別為48,020,000港元（二零一七年：64,675,000港元）及5,787,000港元（二零一七年：5,837,000港元）均已逾期並須按要求償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (h) **Secured borrowings from other third parties**  
As at 31 December 2017, secured borrowing from other third parties comprise of: (i) a loan from an independent third party of RMB2,300,000 (equivalent to HK\$2,751,000), which bears interest at 27.6% per annum and secured by a motor vehicle with net carrying amount of RMB3,615,000 (equivalent to HK\$4,325,000) and (ii) a loan from an independent third party of HK\$820,000, which is interest-free and secured by personal guarantee of Mr. Dong. As at 30 June 2018, except for the loan from the independent third party of HK\$820,000 remained outstanding and overdue, these loans have been fully repaid during the period.
- (i) **The 12% Coupon Senior Bonds**  
The movements of the liability and derivative components of the 12% Coupon Senior Bonds are as follows:

	Liability component	Embedded derivatives	Total
	負債部分	嵌入式衍生工具	總計
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
At 1 January, 30 June and 31 December 2017, 1 January and 30 June 2018	於二零一七年一月一日、六月三十日及十二月三十一日及二零一八年一月一日及六月三十日		
	390,990	-	390,990

### 19 銀行及其他借貸（續）

附註：（續）

- (h) 來自其他第三方之有抵押借貸  
於二零一七年十二月三十一日，來自其他第三方之有抵押借貸包括：(i)來自獨立第三方之貸款人民幣2,300,000元（相當於2,751,000港元），其按每年27.6%計息，並以賬面淨值為人民幣3,615,000元（相當於4,325,000港元）之汽車作抵押，以及(ii)來自一名獨立第三方之貸款人民幣820,000元，其為免息並以董先生之個人擔保作抵押。於二零一八年六月三十日，除來自獨立第三方之貸款820,000港元仍然尚未償還及已逾期外，該等貸款已於期內悉數償還。
- (i) **12%票面息優先債券**  
12%票面息優先債券之負債及衍生工具部分之變動如下：

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (i) The 12% Coupon Senior Bonds (continued)

Note:

During the year ended 31 December 2014, the Company failed to make interest payment under the relevant terms and conditions of the Modified 10% Coupon Bonds (see note (j) below), 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds of HK\$1,420,000, HK\$11,698,000 and HK\$2,990,000 respectively. This constituted an event of default under the respective terms of the Bonds. As a result, the outstanding carrying amounts of the Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds became immediately due and payable. In addition, unwinding of interest was accelerated; and all the liabilities of the Bonds have been classified as current liabilities.

During the year ended 31 December 2017 and the six months ended 30 June 2018, the Company also failed to make further interest payments of the Bonds of HK\$43,561,000 and HK\$9,999,000 in accordance with the respective terms of the Bonds, respectively (six months ended 30 June 2017: HK\$23,065,000).

### 19 銀行及其他借貸（續）

附註：（續）

#### (i) 12%票面息優先債券（續）

附註：

截至二零一四年十二月三十一日止年度，本公司未能根據經修訂10%票面息債券（見下文附註(j)）、12%票面息優先債券及8%票面息可換股債券之相關條款及條件支付利息，分別為1,420,000港元、11,698,000港元及2,990,000港元。根據該等債券之相關條款，此事構成違約事件。因此，經修訂10%票面息債券、12%票面息優先債券及8%票面息可換股債券之未償還賬面值成為即時到期應付。此外，已加速利息撥回，而該等債券之所有負債已分類為流動負債。

本公司未能根據債券各自之條款於截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月支付該等債券之進一步利息，分別為43,561,000港元及9,999,000港元（截至二零一七年六月三十日止六個月：23,065,000港元）。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (i) The 12% Coupon Senior Bonds (continued)

Note: (continued)

Despite the above, DB Trustees (Hong Kong) Limited, the trustee for the holders of the Bonds, has not demanded immediate repayment of the Bonds and their related interest up to the date of approval of the consolidated financial statements. The Group has been actively negotiating with the holders of the Bonds for the execution of the Debt Restructuring Proposal to facilitate the Group meeting its obligations. At the meetings of the holders of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, extraordinary resolutions were passed and resolved that no holder of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds shall demand repayment of any amount due under the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of the 12% Senior Bonds and 8% Coupon Convertible Bonds or request the trustee to take any of the foregoing actions.

Following the passing and effectiveness of these resolutions, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

#### (j) The Modified 10% Coupon Bonds

As at 30 June 2018 and 31 December 2017, an event of default occurred under the terms of the Modified 10% Coupon Bonds, details of which have been disclosed in note (i) above.

### 19 銀行及其他借貸（續）

附註：（續）

#### (i) 12%票面息優先債券（續）

附註：（續）

儘管發生上述事件，截至綜合財務報表批准日期，德意志信託（香港）有限公司（為該等債券持有人之受託人）並無要求即時償還該等債券及其相關利息。本集團已積極與該等債券持有人進行磋商，執行債務重組建議，促使本集團履行其責任。於二零一六年六月二十一日及二零一六年七月六日分別舉行的12%票面息優先債券及8%票面息可換股債券持有人大會通過特別決議案，12%票面息優先債券及8%票面息可換股債券持有人不得要求償還12%票面息優先債券及8%票面息可換股債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動（不論是否根據12%票面息優先債券及8%票面息可換股債券之條款及條件）或要求受託人向本公司採取任何上述行動。

於該等決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院頒令。

本公司亦正積極與本公司其他債權人磋商簽訂債務重組建議。

#### (j) 經修訂10%票面息債券

於二零一八年六月三十日及二零一七年十二月三十一日，根據經修訂10%票面息債券之條款發生違約事件，詳情於上文附註(i)披露。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 20 CONVERTIBLE BONDS

The movements of the liability and derivative components of the 8% Coupon Convertible Bonds are as follows:

### 20 可換股債券

8%票面息可換股債券之負債及衍生工具部分之變動如下：

	Liability component of convertible bonds 可換股債券之 負債部分 HK\$'000 千港元	Derivatives 衍生工具 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January, 30 June and 31 December 2017, 1 January and 30 June 2018	於二零一七年 一月一日、 六月三十日及 十二月三十一日及 二零一八年 一月一日及 六月三十日		
	46,775	—	46,775

The Group determined the fair value of the liability component of the 8% Coupon Convertible Bonds based on the valuation performed by Greater China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option as at the date of recognition.

本集團根據漢華評值有限公司利用同類債券（並無兌換權）之相等市場利率作出之估值釐定8%票面息可換股債券負債部分於確認日期之公允價值。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 20 CONVERTIBLE BONDS (continued)

The Group also recognised a number of derivatives, the values of which comprise:

- (i) The fair value of the option of the bondholders to convert the 8% Coupon Convertible Bonds into ordinary shares of the Company at the conversion price;
- (ii) The fair value of the option of the Company to redeem the 8% Coupon Convertible Bonds; and
- (iii) The fair value of the potential option of the holders to request the Company to redeem the 8% Coupon Convertible Bonds upon the occurrence of "Relevant Event" (Note).

Note:

A "Relevant Event" occurs:

- (1) when the ordinary shares of the Company cease to be listed or admitted to trading, or the trading of which is suspended for a period of more than 90 consecutive calendars, on the Hong Kong Stock Exchange; or
- (2) when there is a change of control in the Company.

### 20 可換股債券（續）

本集團亦確認數項衍生工具，其價值包括以下各項：

- (i) 債券持有人按兌換價將8%票面息可換股債券兌換為本公司普通股的選擇權的公允價值；
- (ii) 本公司贖回8%票面息可換股債券的選擇權公允價值；及
- (iii) 持有人要求本公司於發生「有關事件」（附註）後贖回8%票面息可換股債券的潛在選擇權的公允價值。

附註：

「有關事件」於以下情況下發生：

- (1) 當本公司普通股不再於香港聯交所上市，或不再獲准於香港聯交所買賣，或其買賣暫停超過為期連續90個曆日；或
- (2) 倘本公司之控制權出現變動。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 20 CONVERTIBLE BONDS (continued)

These options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument was recognised.

The fair values of the derivatives were valued by Greater China Appraisal Limited using the scenario analysis model as at 31 December 2017. Management performed the valuation during the period and considered that there is no significant change in the values since 31 December 2017.

The 8% Coupon Convertible Bonds and the 12% Coupon Senior Bonds (as detailed in Note 19(i) above) are secured by (i) the pledge of the Group's time deposits amounting to HK\$13,000; (ii) all of the rights, interest, title and benefits of the Exclusive Offtake Agreement; and (iii) all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability, which is the sole legal and beneficial holder of the convertible bonds issued by Yiwan with principals amounting to HK\$46,500,000 and US\$3,000,000, respectively which are convertible into ordinary shares of Yiwan.

As at 30 June 2018, an event of default occurred under the terms of the 8% Coupon Convertible Bonds, details of which have been disclosed in Note 19(i). The principal amount are also due for repayment according to the original maturity date in March 2018.

#### 20 可換股債券（續）

由於僅可行使此等選擇權之其中一項，故此等選擇權為互相關連。因此，有關選擇權不可獨立入帳，並確認單一綜合衍生金融工具。

衍生工具之公允價值乃漢華評值有限公司使用場景分析模式於二零一七年十二月三十一日作出的估值。管理層於期內進行估值，認為估值自二零一七年十二月三十一日以來並無重大變動。

8%票面息可換股債券及12%票面息優先債券（詳情載於上文附註19(i)）由下列各項作抵押：(i)質押本集團定期存款13,000港元；(ii)獨家採購協議之所有權利、權益、所有權及利益；及(iii) First Elite Development Limited 於南洋礦產有限公司持有之所有股份。南洋礦產有限公司乃一間於香港註冊成立的私人有限公司，為Yiwan所發行本金分別為46,500,000港元及3,000,000美元之可換股債券（可轉換為Yiwan的普通股）之唯一合法及實益持有人。

於二零一八年六月三十日，根據8%票面息可換股債券的條款發生違約事件，詳情於附註19(i)披露。本金額根據原到期日亦於二零一八年三月到期償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 SHARE CAPITAL

		Six months ended 30 June 2018		Six months ended 30 June 2017	
		截至二零一八年六月三十日		截至二零一七年六月三十日	
		止六個月		止六個月	
		Number of ordinary shares	HK\$'000	Number of ordinary shares	HK\$'000
		普通股數	千港元	普通股數	千港元
Authorised (HK\$0.1 each):	法定 (每股0.1港元):				
At beginning and end of the period	於期初及期末	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid (HK\$0.1 each):	已發行及繳足 (每股0.1港元):				
At beginning and end of the period	於期初及期末	3,088,131,105	308,813	3,088,131,105	308,813

### 22 SHARE-BASED PAYMENT

On 2 May 2005, the Company approved a share option scheme (the "Share Option Scheme") under which the Directors may, at their discretion, grant options to the Directors and employees of the Group to subscribe for shares in the Company. The subscription price for shares under the Share Option Scheme will be determined by the Directors, which shall be calculated at the time of grant of the relevant option and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; and (iii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option.

### 22 以股份付款

於二零零五年五月二日，本公司批准一項購股權計劃（「購股權計劃」），據此，董事可酌情授予本集團董事及僱員認購本公司股份之購股權。購股權計劃項下股份之認購價將由董事釐定，於授出有關購股權當日計算，並不得少於下列各項之最高者：(i) 股份面值；(ii) 於授出有關購股權當日（必須為營業日）香港聯交所日報表所列股份之收市價；及(iii) 緊接授出有關購股權當日前五個營業日香港聯交所日報表所列股份之平均收市價。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 22 SHARE-BASED PAYMENT (continued)

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not exceed 10% of the share capital of the Company in issue and may not exceed in nominal value 30% of the issued share capital of the Company in issue for a period of 10 consecutive years. The Share Option Scheme will remain in force for the period of 10 years commencing on 2 May 2005. No option may be granted to any one person which, if exercised in full, would result in the total number of shares which were already issued and may fall to be issued to him under all the options previously granted to him pursuant to the Share Option Scheme in any 12-month period up to the date of grant, exceeding 1% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Share Option Scheme.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

During the six months ended 30 June 2018, 6,585,000 share options lapsed, with no share options being granted or exercised.

### 22 以股份付款（續）

根據購股權計劃可授出之購股權涉及之股份數目最多不得超過本公司已發行股本之10%，亦不得超過本公司已發行股本面值之30%，為期連續十年。購股權計劃於二零零五年五月二日起為期十年有效。倘於截至授出日期止任何12個月期間全面行使先前授予一名人士之購股權將導致根據購股權計劃向其授出之所有購股權項下已向或可向其發行之股份總數，超過當時根據該購股權計劃已發行及可發行之股份最高總數1%，則不得向其授出購股權。

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人士之購股權須事先取得獨立非執行董事批准。此外，如於任何12個月期間授予主要股東或獨立非執行董事或彼等任何聯繫人士之任何購股權超過本公司任何時間已發行股份之0.1%，或有關購股權之總值（根據本公司股份於購股權授出日期之價格計算）超過5百萬港元，則須事先在股東大會上取得股東批准。

截至二零一八年六月三十日止六個月期間，6,585,000份購股權已失效，且概無購股權獲授出或行使。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 23 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on input other than quoted prices included within level 1 that are observable for asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: fair values measured based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 30 June 2018 and 31 December 2017, the Group did not have any financial instruments that are carried at fair value except for the derivative financial instruments.

At 30 June 2018 and 31 December 2017, the conversion rights of the Group's 8% Coupon Convertible Bonds, together with redemption rights (considered as a single derivative), classified as derivative financial instruments of HK\$Nil was measured under level 3 of fair value hierarchy. The fair value was valued by estimating the value of the whole bond with and without the embedded derivatives.

The most significant inputs in determination of the fair value of conversion rights of the 8% Coupon Convertible Bonds are market price of the Company's ordinary shares, discount rate, and volatility rate of market price of the Company's ordinary shares.

### 23 公允價值層級

本集團按以下層級釐定及披露金融工具的公允價值：

第1級：公允價值乃按相同資產或負債於活躍市場中所報價格（未經調整）計量

第2級：公允價值乃按除第1級包括的報價外之資產或負債之可直接（即如價格）或間接（即價格衍生物）觀察的輸入值計量

第3級：公允價值乃按並非依據可觀察市場數據釐定的資產或負債的輸入值（即不可觀察輸入值）計量

於二零一八年六月三十日及二零一七年十二月三十一日，除衍生金融工具外，本集團並無任何金融工具按公允價值列賬。

於二零一八年六月三十日及二零一七年十二月三十一日，分類為衍生金融工具的本集團8%票面息可換股債券之換股權連同贖回權（被視為單一衍生工具）零港元乃以公允價值層級的3級別計量。該公允價值乃透過估計全部債券包含及不包含嵌入式衍生工具的價值進行估值。

釐定8%票面息可換股債券換股權之公允價值的最重要輸入數據乃本公司普通股的市價、貼現率，以及本公司普通股的市價波動率。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES

The Group follows the guidance of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” to determine when contingent liabilities should be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group's financial position.

The Group reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsels and advisors, and the management's intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the period and the financial position.

### 24 或然負債、申索及糾紛

本集團遵從國際會計準則第37號「撥備、或然負債及或然資產」的指引，以斷定何時應確認或然負債，過程中需要作出重大的判斷。

當有可能產生責任，惟其存在與否須透過非本集團所能控制的未來事件確定，或當不可能計算責任所涉金額，則會披露為或然負債。任何目前未確認或披露的或然負債一旦實現，均有可能對本集團的財務狀況造成重大影響。

本集團會審閱重大的待決訴訟，以評估有否撥備的需要。所考慮的因素包括訴訟的性質、法律程序及損害賠償的潛在程度、法律顧問及諮詢人的意見及見解以及管理層對回應訴訟的意向。倘估計及判斷與實際結果不相符，則有可能嚴重影響期內業績及財務狀況。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers")

In March 2014, the Company received certain legal letters (the "Letters") from the Buyers dated 20 March 2014, which purported to be statutory demands serviced to the Company pursuant to section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) ("Statutory Demand").

The Letters concern disputes between the Group and the Buyers relating to certain primary contracts for the sale and purchase of Indonesian iron ores, and contain claims for (i) an amount of US\$10,347,698 (equivalent to approximately HK\$80,242,000) which comprises the demand for return of an advance payment made by RR to the Group of US\$3,000,000 (equivalent to approximately HK\$23,264,000) and interest thereon to the extent of US\$7,347,698 (equivalent to approximately HK\$56,978,000) payable up to 20 March 2014; and (ii) an amount of RMB70,355,783 (equivalent to approximately HK\$89,488,000) which comprises the demand for return of an advance payment made by UM to the Group of RMB20,000,000 (equivalent to approximately HK\$25,438,000) and interest thereon to the extent of RMB50,355,783 (equivalent to approximately HK\$64,050,000) payable up to 20 March 2014. The Company as guarantor to the abovementioned primary contracts is therefore also a party to these litigations.

### 24 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR")及United Mineral Limited ("UM") (統稱「買家」)之訴訟

於二零一四年三月，本公司接獲買家發出日期為二零一四年三月二十日的若干法律函件（「該等函件」），其中聲稱為根據《公司（清盤及雜項條文）條例》（第32章）第178(1)(a)條向本公司呈遞之法定要求索償書（「法定要求索償書」）。

該等函件涉及本集團與買家就買賣印尼鐵礦石而簽訂的若干主要合約的糾紛，其中載有以下索償：(i)一筆為數10,347,698美元（相等於約80,242,000港元）的款項，包含RR向本集團要求退還已付墊款3,000,000美元（相等於約23,264,000港元）連同其中利息，金額最多為截至二零一四年三月二十日止應付的7,347,698美元（相等於約56,978,000港元）；及(ii)一筆為數人民幣70,355,783元（相等於約89,488,000港元）的款項，包含UM向本集團要求退還已付墊款人民幣20,000,000元（相等於約25,438,000港元）連同其中利息，金額最多為截至二零一四年三月二十日止應付的人民幣50,355,783元（相等於約64,050,000港元）。由於本公司為上述主要合約之擔保人，因此亦屬該等訴訟之一方。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

##### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 4 April 2014, the Group issued a legal letter to the legal representative of the Buyers requesting them to withdraw the Statutory Demand as the Group considers that it has bona fide defences on substantial grounds to the claims asserted from the Buyers, and the Group also considers it has very substantial counterclaims against the Buyers as a result of their non-performance of the relevant contracts.

On 7 April 2014, the Group received another legal letter from the legal representative of the Buyers informing that the Buyers will not present their winding up petition against the Company without serving a 3-day notice.

#### 24 或然負債、申索及糾紛 (續)

##### (a) 與Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

於二零一四年四月四日，本集團向買家的法律代表發出法律函件，要求他們撤回法定要求索償書，理由是本集團認為其就買家提出的索償有實質理據作出真誠抗辯，且本集團亦認為基於買家亦未有履行有關合約，可向買家提出非常重大的反索償。

於二零一四年四月七日，本集團接獲買家法律代表另一封法律函件，通知本集團買家不會在未有發出3天通知的情況下，提呈本公司清盤。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 11 April 2014, the Company received another statutory demand from the legal representative of UM to claim for certain interest charge ("Interest Charge") on certain loans provided by UM to the Group (the principal of which had been fully repaid before 31 December 2014) calculated up to 11 April 2014 (as supplemented by another legal letter dated 15 April 2014), together with the related penalty, to the extent of US\$3,839,000 (equivalent to approximately HK\$29,770,000). The Group has subsequently replied, through its legal representative, that most of the claimed Interest Charge are unenforceable at law but agreed to pay the relevant interest charge (after tax) calculated under normal contract terms in the amount of US\$345,000 (equivalent to approximately HK\$2,675,000) which had been provided for during the year ended 31 December 2013.

On 9 May 2014, the Group received another legal letter from the legal representative of UM informing that UM will not present its winding up petition against the Company without serving a 3-day notice.

In October 2014, the legal representative of UM issued a letter to the Group requesting payment for the amount of US\$345,000 and the Group fully settled the amount in November 2014.

### 24 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR") 及 United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

於二零一四年四月十一日，本公司接獲UM法律代表另一項法定要求索償書（經日期為二零一四年四月十五日另一封法律函件補充），申索有關UM向本集團提供若干貸款（本金額已於二零一四年十二月三十一日前全數償還）截至二零一四年四月十一日止之若干利息收費（「利息收費」），連同有關罰金，金額最多為3,839,000美元（相等於約29,770,000港元）。本集團隨後透過其法律代表回覆，申索的大部分利息收費在法律上為不可強制執行，但同意支付按正常合約條款計算的相關利息收費（稅後）345,000美元（相等於約2,675,000港元），有關金額已於截至二零一三年十二月三十一日止年度作出撥備。

於二零一四年五月九日，本集團接獲UM法律代表另一封法律函件，通知本集團UM不會在未有發出3天通知的情況下，提出本公司清盤。

於二零一四年十月，UM法律代表向本集團發出函件，要求支付345,000美元之金額，本集團已於二零一四年十一月悉數結付有關金額。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 18 November 2014, a subsidiary of the Group received a legal letter from RR, which purported to be statutory demand served to the subsidiary pursuant to section 254(2)(a) of the Singapore Companies Act (Cap.50), requesting for settlement of a payable of US\$1,726,000 (equivalent to approximately HK\$13,387,000) (the "Unpaid Invoices"), which has been included as current liabilities of the Group in the interim condensed consolidated financial information.

On 8 December 2014, the Group issued a legal letter to RR requesting RR to withdraw such statutory demand and confirm that RR will not commence winding up of the aforementioned subsidiary as the Group considers it has bona fide defences on substantial grounds to the claims asserted in RR's letter dated 18 November 2014 and significant cross-claims against RR and therefore the Unpaid Invoices should not be settled at this stage since the Group would be entitled to set these sums off against its very substantial counterclaims for RR and/or UM.

### 24 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited (「RR」) 及United Mineral Limited (「UM」) (統稱「買家」)之訴訟 (續)

於二零一四年十一月十八日，本集團附屬公司接獲RR之法律函件，指稱根據新加坡公司條例（第50章）第254(2)(a)條向附屬公司送達法定要求索償書，要求清償應付款項1,726,000美元（相等於約13,387,000港元）（「未付發票」），有關金額已計入本集團中期簡明綜合財務資料之流動負債。

於二零一四年十二月八日，本集團向RR發出法律函件，要求RR撤回該法定要求索償書，並確認RR將不會展開上述附屬公司之清盤，理由是本集團認為其就RR日期為二零一四年十一月十八日之函件提出的索償有實質理據作出真誠抗辯及針對RR提出重大反索償，而由於本集團將可針對RR及／或UM之非常重大反索償抵銷該等款項，故此於現階段毋須結付未付發票。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 8 September 2015, Easyman entered into a Swap of Debt Agreement with RR and CNR Group Holdings Pte Ltd ("CNRG"), a subsidiary of the Group, which gave effect to provide a charge over a total of 31,762,295 shares in the Company to RR as a security for the above litigation. These shares can be used by RR for settlement of any liabilities that may arise and become payable by the Group to RR in respect of the above litigation.

In order to resolve certain of the above claims and disputes, Yongtong Special Steel and CNRG, subsidiaries of the Group, also entered into an agreement with RR on 6 June 2016, pursuant to which, and on a "no admission of liability" basis that, Yongtong Special Steel shall deliver certain equipment to RR as a consideration for offsetting any payables due by the Group to RR to the extent of RMB30,000,000 (the "Consideration Equipment"). Upon delivery of all relevant equipment and acknowledgement receipt by RR, any liabilities that the Group may owe to RR shall be reduced by RMB30,000,000. These equipment have been delivered to and acknowledged receipt by RR before 31 December 2016.

### 24 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR") 及 United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

於二零一五年九月八日，Easyman與RR及本集團附屬公司CNR Group Holdings Pte Ltd ("CNRG")訂立一份債務互換協議，據此將本公司超過合計31,762,295股股份押記予RR作為上述訴訟的抵押品。RR可將該等股份用於清償上述訴訟可能產生且本集團因上述訴訟須付予RR的任何負債。

為解決上述若干申索及糾紛，本集團附屬公司永通特鋼及CNRG與RR於二零一六年六月六日訂立一份協議，據此及按「無須承擔責任」的基準，永通特鋼將會向RR交付若干設備，作為抵銷本集團應向RR支付的任何應付款項的代價，金額達人民幣30,000,000元（「代價設備」）。在交付所有相關設備及RR提供接收憑證後，本集團可能欠RR的任何負債將會減少人民幣30,000,000元。於二零一六年十二月三十一日之前，該等設備已交付予RR，並由RR確認接收。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

During the year ended 31 December 2017, the Company, Mr. Dong and the Buyers entered into a settlement agreement (the "Settlement Agreement") pursuant to which all these parties agreed to fully settle the above litigation matters, amongst other terms and conditions, at an aggregate consideration of US\$12,000,000 as follows:

- (i) an amount of US\$5,000,000 to be satisfied by the aforementioned Consideration Equipment of Yongtong Special Steel delivered to RR during the year ended 31 December 2016; and
- (ii) the remaining amount of US\$7,000,000 to be settled by Mr. Dong on behalf of the Company, by transferring his entire personally interest in 50% equity interests in an unlisted entity to UM or a party specified by UM.

As at 30 June 2018, the above Settlement Agreement is still under execution. Based on the terms of the Settlement Agreement, the directors consider that the Settlement Agreement will be fully executed in 2018 and no material loss to the Group will be resulted upon final settlement of the above litigation matters.

### 24 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR") 及United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

截至二零一七年十二月三十一日止年度，本公司、董先生及買家訂立和解協議（「和解協議」），據此，所有該等訂約方同意以總代價12,000,000美元（以及根據其他條款及條件）就上述訴訟事宜作出全面和解：

- (i) 5,000,000美元將以前述於截至二零一六年十二月三十一日止年度交付予RR的永通特鋼代價設備結清；及
- (ii) 餘款7,000,000美元將由董先生透過將其於一間非上市實體50%股本權益中的全部個人權益轉讓予UM或UM指定的一名人士代本公司結清。

於二零一八年六月三十日，上述和解協議仍在執行中。根據和解協議的條款，董事認為和解協議將於二零一八年全面執行，而本集團將不會因上述訴訟事宜的最終和解產生重大虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment (“COAs”)

The Group entered into certain COAs with various marine vessel owners committing certain minimum number of cargoes per calendar month for exporting iron ores from Indonesia. As a result of the unfavourable economic environment and the various changes in rules and regulations stipulated by the Indonesian government authorities since year 2012, the Group's ores export was adversely affected and therefore unable to fulfil the minimum cargoes commitments as stipulated by some of these COAs.

During the year ended 31 December 2014, the Group received various legal letters from TORM A/S (“TORM”), a marine vessel owner, to (i) claim for an outstanding freight charges payable by the Group to TORM of approximately US\$1,834,000 (equivalent to approximately HK\$14,268,000) (“Outstanding Freight Charges”); and (ii) notify the commencement of arbitration proceedings pursuant to the terms of the relevant COAs to claim for loss and damage suffered by TORM (“Other Losses”) with respect to approximately 51 unfulfilled cargoes under the terms of the relevant COAs which is estimated by TORM to be approximately US\$11,828,000 (equivalent to approximately HK\$91,721,000) up to 27 March 2014 (the amount stated in the latest claim submissions from TORM).

### 24 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議

本集團與多名船主訂立若干租船貨運合約，承諾每個曆月要求若干最低數目的貨船從印尼出口鐵礦石。鑒於不利的經濟環境，再加上印尼政府機構頒佈的規則及規例自二零一二年起有不少的變動，本集團的礦石出口受到不利影響，因而無法達到若干租船貨運合約規定的貨船最低數目承諾。

截至二零一四年十二月三十一日止年度，本集團接獲船主TORM A/S(「TORM」)的法律函件，內容為(i)申索本集團應付TORM的未支付運費約1,834,000美元(相等於約14,268,000港元)(「未支付運費」)；及(ii)通知根據有關租船貨運合約的條款展開仲裁程序，申索TORM根據有關租船貨運合約的條款就約51艘未履行的貨船蒙受的損失及損害(「其他損失」)，TORM估計截至二零一四年三月二十七日之金額約為11,828,000美元(相等於約91,721,000港元)，金額載於TORM提交的最近期申索呈請書內。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

The dispute with TORM in respect of the Outstanding Freight Charges had been settled at an amount of US\$419,000 (equivalent to HK\$3,253,000) during the year ended 31 December 2014 and the claim had been fully discharged in June 2014.

In connection with the claims on Other Losses, the Group has engaged legal advisors to commence arbitration procedures with TORM in February 2014.

During the period ended 30 June 2018, the Group has been actively negotiating with TORM on settlement of the above claims on Other Losses. In preparing this interim condensed consolidated financial information, the directors have obtain legal advice in this respect and, based on the current status of the proceedings, evidence exchanged and the latest communication with TORM, consider that most likely the Group will be able to settle the claims on Other Losses at a consideration of approximately US\$5 million (equivalent to HK\$38,782,000). A provision for claims of the same amount has been made by the Group during the year ended 31 December 2015.

### 24 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議 (續)

與TORM爭議相關的未支付運費已於截至二零一四年十二月三十一日止年度清償419,000美元(相等於3,253,000港元),而有關申索已於二零一四年六月全面解除。

至於其他損失的申索,本集團於二零一四年二月委聘法律顧問與TORM展開仲裁程序。

截至二零一八年六月三十日止期間,本集團一直積極與TORM磋商就上述有關其他損失的申索達成和解。董事在編製本中期簡明綜合財務資料時,已就此獲取法律意見,並基於法律程序目前的進展、所交換的證據及與TORM的最新通訊,認為本集團極有可能將能夠以代價約5百萬美元(相等於38,782,000港元)就其他損失的申索達成和解,本集團於截至二零一五年十二月三十一日止年度已計提相同金額的申索撥備。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 24 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

As at 30 June 2018 and up to the date of approval of the interim condensed consolidated financial information, based on the best knowledge and information of the directors, there are no other major claims in relation to any COAs that the Group has entered into saved as disclosed in this interim condensed consolidated financial information.

Should the resolution of these legal claims and disputes turn out to be unfavourable to the Group, the Group may need to record additional losses in respect of these claims and disputes in future reporting periods.

### 24 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議 (續)

於二零一八年六月三十日及截至中期簡明綜合財務資料批准日期，據董事所深知及盡悉，除中期簡明綜合財務資料所披露者外，本集團再無涉及其訂立任何有關租船貨運合約之其他重大申索。

如上述法律申索及爭議的最終結果不利於本集團，本集團可能需在未來報告期間就該等申索及爭議錄得額外的損失。

### 25 COMMITMENTS

#### Capital commitments

### 25 承擔

#### 資本承擔

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Contracted, but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及 設備	48,700	49,292

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 25 COMMITMENTS (continued)

#### Operating lease commitments – as lessee

The Group leases certain of its office and residential properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

### 25 承擔（續）

#### 經營租賃承擔－作為承租人

本集團根據經營租賃安排租用若干辦公室及住宅物業。經商定之物業租賃年期介乎兩至三年。

於二零一八年六月三十日，本集團於下列各段期間到期根據不可撤銷經營租賃之未來最低租金付款總額如下：

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within one year	一年內	2,155	2,802
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	551	180
		2,706	2,982

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related parties during the six months ended 30 June 2018:

#### (i) Transactions with related parties

Name of related parties 關連方名稱	Nature of transactions 交易性質
Easyman (note a)	Interest expense (note b)
Easyman (附註a)	利息費用(附註b)
Ms. Sun Qiaodian ("Ms. Sun") (note c)	Interest expense (note c)
孫巧點女士(「孫女士」)(附註c)	利息費用(附註c)

### 26 關連方交易

除於中期簡明綜合財務資料其他地方詳述之交易外，本集團於截至二零一八年六月三十日止六個月與關連方進行下列重大交易：

#### (i) 與關連方的交易

Six months ended 30 June 截至六月三十日止六個月	
2018 二零一八年 HK\$'000 千港元 (Unaudited) (未經審核)	2017 二零一七年 HK\$'000 千港元 (Unaudited) (未經審核)

Easyman (note a)	Interest expense (note b)	1,849	1,535
Easyman (附註a)	利息費用(附註b)		
Ms. Sun Qiaodian ("Ms. Sun") (note c)	Interest expense (note c)	6,731	6,216
孫巧點女士(「孫女士」)(附註c)	利息費用(附註c)		

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 RELATED PARTY TRANSACTIONS (continued)

#### (ii) Outstanding balances with related parties

### 26 關連方交易（續）

#### (ii) 與關連方的未結餘額

		30 June 2018 二零一八年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Prepayments to Yiwan (note d)	預付Yiwan之款項 (附註d)	14,439	12,463
Loan to Full Harvest Development Limited (note e)	貸款予豐盛發展 有限公司(附註e)	56,975	56,975
Amounts due to Easyman (note b)	結欠Easyman款項 (附註b)	58,988	57,564
Amounts due to Ms. Sun (note c)	結欠孫女士款項 (附註c)	30,483	30,745
Amounts due to a director, Mr. Dong Chengzhe (note f)	結欠董事董鉞喆先生 款項(附註f)	2,019	2,132
Amounts due to Mr. Dong (note f)	結欠董先生款項 (附註f)	74,676	61,709

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 RELATED PARTY TRANSACTIONS (continued)

#### (ii) Outstanding balances with related parties (continued)

Notes:

- (a) Easyman is a company wholly owned by Mr. Dong. The Directors consider that Mr. Dong through Easyman, as a lender of Yiwan, has an indirect economic interest in Yiwan.
- (b) Details of the terms of amounts due to Easyman are disclosed in Note 19(e).
- (c) Ms. Sun Qiaodian is the spouse of Mr. Dong. Amounts due to Ms. Sun are unsecured and repayable by 30 June 2018. Interest is calculated at mutually agreed terms. The balance is overdue as at 30 June 2018.
- (d) Prepayments are made to Yiwan for purchase of iron ores. The amount is unsecured and interest free and will be settled by offsetting the relevant purchases.
- (e) The shareholder's loan to Full Harvest Development Limited, an associate, is unsecured and interest-free.
- (f) Amounts due to Directors are unsecured, interest-free and repayable on demand.

### 26 關連方交易（續）

#### (ii) 與關連方的未結餘額（續）

附註：

- (a) Easyman乃一間由董先生全資擁有之公司。董事認為董先生通過Easyman作為Yiwan之放款人而於Yiwan擁有間接經濟利益。
- (b) 結欠Easyman款項條款之詳情披露於附註19(e)。
- (c) 孫巧點女士為董先生之配偶。結欠孫女士款項為無抵押及須於二零一八年六月三十日前償還。利息是按相互同意條款計算。該結餘於二零一八年六月三十日逾期。
- (d) 預付Yiwan之款項乃為購買鐵礦石而作出。該金額為無抵押及免息，並將透過抵銷相關購貨而清償。
- (e) 對聯營公司豐盛發展有限公司提供的股東貸款為無抵押及免息。
- (f) 結欠董事款項為無抵押、免息及於要求時償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 RELATED PARTY TRANSACTIONS (continued)

#### (iii) Compensation of key management personnel of the Group:

### 26 關連方交易（續）

#### (iii) 本集團主要管理人員之報酬：

#### Six months ended 30 June

截至六月三十日止六個月

2018 2017

二零一八年 二零一七年

HK\$'000 HK\$'000

千港元 千港元

(Unaudited) (Unaudited)

(未經審核) (未經審核)

Fees	袍金	500	500
Salary, allowances and benefits	薪金、津貼及福利	3,313	3,432
Employee share option benefits	僱員購股權福利	—	4
Pension scheme contributions	退休金計劃供款	17	17
		<b>3,830</b>	<b>3,953</b>

## Corporate Governance and Other Information

### 企業管治及其他資料

#### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for the following deviations:

##### (1) Code Provision A.2.1

The Executive Director, Mr. Dong Shutong, served as the Chairman and Chief Executive Officer of the Company. The Chairman is responsible for overseeing the Company's operations in respect of compliance with both internal rules and statutory requirements, and promoting the corporate governance of the Company. The Company did not appoint another individual to act as the Chief Executive Officer for the six months ended 30 June 2018. This constitutes a deviation from code provision A.2.1. The Board believes that it is in the best interests of the Company and the shareholders as a whole since Mr. Dong Shutong is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board. Important decision-making and the day-to-day management of the Company are carried out by all of the Executive Directors. Although the roles of the Chairman and the Chief Executive Officer of the Company are not segregated, the functions of the chief executive were carried out by all of the Executive Directors collectively.

The Board considered that the Group's prevailing structures and systems met the code provisions in the CG Code. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

#### 遵守企業管治守則

董事了解本集團管理層施行良好企業管治的重要性。截至二零一八年六月三十日止六個月，本公司已遵守上市規則附錄14所載企業管治守則（「企業管治守則」）的守則條文，惟以下偏離除外：

##### (1) 守則條文第A.2.1條

執行董事董書通先生乃本公司主席兼首席執行官。主席負責監督本公司營運遵守內部規則以及法定要求，並推廣本公司企業管治。本公司於截至二零一八年六月三十日止六個月並無委任另一人士擔任首席執行官，此舉偏離守則條文第A.2.1條。董事會相信，因為董書通先生對本集團業務認識深厚及具備所需領導才能領導董事會進行討論，故符合本公司及股東之整體最佳利益。本公司之重要決策及日常管理由全體執行董事執行。儘管本公司之主席及首席執行官並無分開，但首席執行官之職能由全體執行董事共同執行。

董事會認為本集團之現行架構及體系符合企業管治守則之守則條文。現行常規將定期進行檢討及更新，以遵循企業管治之最新常規。

#### (2) Code Provision A.4.1

Under code provision A.4.1, Non-executive Directors should be appointed for a specific term. Except for Mr. Fahmi Idris, Independent Non-executive Director, who was appointed for a term of three years, Mr. Yang Tianjun, Non-executive Director and the remaining Independent Non-executive Directors including Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung were not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, according to the articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting and the Directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in this respect is in line with that provided in the CG Code.

#### (2) 守則條文第A.4.1條

根據守則條文第A.4.1條，非執行董事之委任應有特定任期。除獨立非執行董事法米先生任期為三年外，非執行董事楊天鈞先生及其餘獨立非執行董事包括白葆華先生、黃昌淮先生及黃之強先生均無特定任期。此事偏離守則條文第A.4.1條。然而，根據本公司之章程細則，於每次股東週年大會，三分之一之當時董事須輪流退任，而須輪流退任之董事須為最近重選或委任後任期最長之董事。因此，本公司認為已採取足夠措施確保本公司之企業管治常規在此方面與企業管治守則所規定者一致。



#### BOARD'S CONSIDERATION – MITIGATION MEASURES TO GOING CONCERN ISSUE

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 5 March 2016, the Company and a potential investor (the "Potential Investor" or "Subscriber") entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of approximately HK\$0.1876 per share (the "Subscription Shares"), with proposed gross proceeds totalling HK\$275 million (the "Subscription"), subject to certain conditions precedent which, among others, include the following:

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");
- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong ("SFC") in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

#### 董事會考慮－有關持續經營事宜的改善措施

董事在評估本集團有否充足的財務資源持續經營時，已審慎考慮本集團未來流動資金及表現以及其可行之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一六年三月五日，本公司與一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，按每股股份約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共為275百萬港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（倘適用）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易（定義見下文）；
- 香港證券及期貨事務監察委員會（「證監會」）就認購方及其一致行動人士的任何責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the "Special Deal");
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange; and
- completion of a debt restructuring by the Company by way of the "Schemes" (Note) (the "Debt Restructuring Proposal"). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.
- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及
- 本公司透過「計劃」（附註）（「債務重組建議」）完成債務重組。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i)削減及註銷債券的未償還本金額至少80%；(ii)削減及註銷債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

#### Supplemental Subscription Agreements

On 21 May 2018 and 10 June 2018, the Subscriber, the Company and Mr. Dong Shutong entered into the Supplemental Subscription Agreements, pursuant to which the Subscriber, the Company and Mr. Dong Shutong, being the chairman and executive Director of the Company, agreed to supplement and/or amend certain terms and conditions of the Subscription Agreement as follows:

#### 補充認購協議

於二零一八年五月二十一日及二零一八年六月十日，認購方、本公司及董書通先生訂立補充認購協議。據此，認購方、本公司及本公司主席兼執行董事董書通先生同意補充及／或修訂認購協議之若干條款及條件如下：

### **Long Stop Date**

Pursuant to the Supplemental Subscription Agreements, the Company and the Subscriber agreed to further extend the Long Stop Date from 30 June 2018 to 30 September 2018 or such other date as may be agreed by the Company and the Subscriber in writing from time to time.

### **Conditions Precedent**

Pursuant to the Supplemental Subscription Agreements:

- (a) The conditions precedent to Completion as contemplated under the Subscription Agreement (as set out in the section headed “Conditions Precedent” in the Company’s announcement dated 7 March 2016), which require (i) approvals by the Shareholders, or Independent Shareholders when appropriate, at the EGM; (ii) grant of the Whitewash Waiver by the Executive to the Subscriber; and (iii) consent to the Special Deal by the Executive, are expanded to include all the necessary Shareholders’ or Independent Shareholders’ approval(s) and waiver(s)/consent(s) by the Executive in relation to not only the Subscription but all the transactions and arrangements contemplated under the Resumption Proposal.
- (b) Subject to all the other conditions precedent to Completion having been satisfied or waived (if applicable) before the Long Stop Date, the Subscriber agreed to waive the following conditions:
  - (i) a written confirmation having been given by the Stock Exchange and the SFC (if applicable) confirming that they have no further comments on the announcement in relation to the resumption of trading in the Shares on the Stock Exchange and/or the Resumption Proposal; and

### **最後完成日期**

根據補充認購協議，本公司與認購方同意將最後完成日期由二零一八年六月三十日進一步延長至二零一八年九月三十日或本公司與認購方可能不時書面協定之有關其他日期。

### **先決條件**

根據補充認購協議：

- (a) 認購協議項下擬定完成之先決條件（載於本公司日期為二零一六年三月七日之公告內「先決條件」一節），其規定(i)股東或獨立股東（倘適用）於股東特別大會上批准；(ii) 執行人員向認購方授出清洗豁免；及(iii)執行人員就特別交易授出之同意擴大至包括所有必要股東或獨立股東批准及執行人員不僅就認購事項授出豁免／同意，亦就復牌建議項下擬進行之一切交易及安排授出豁免／同意。
- (b) 倘完成之所有其他先決條件於最後完成日期前獲達成或豁免（如適用），認購方同意豁免以下條件：
  - (i) 聯交所及證監會（如適用）發出書面確認，確認彼等對有關股份於聯交所恢復買賣及／或復牌建議之公告再無進一步意見；及

- (ii) the approval of resumption of trading in the Shares having been obtained from the Stock Exchange (subject to other Resumption Conditions having been satisfied and such Resumption Conditions not having adverse effect on the transactions contemplated under the Subscription Agreement or the right of the Subscriber thereunder), and such approval not having been revoked.

**Settlement of consideration**

The Subscriber will pay no more than HK\$150 million (as set out in the section headed “Use of proceeds and future business plan” in the Company’s announcement dated 7 March 2016) directly to the designated trust account of, or such other account as directed by, the scheme administrator pursuant to the Debt Restructuring under the Resumption Proposal on the Completion Date, subject to all the Conditions Precedent having been satisfied or waived (as the case may be).

**Post-completion obligation of the Company**

The Company must fulfil the following conditions (“Post-completion Obligation”) within 2 months from the Completion Date or on or before 5 October 2018, whichever is later (“Post-completion Long Stop Date”):

- (a) all the Resumption Conditions and the conditions set out in the LRC Decision Letter (including any other resumption conditions as imposed or amended by the Stock Exchange from time to time) having been satisfied in full; and
- (b) the approval from the Stock Exchange to the resumption of trading in the Shares having been obtained and such approval not having been revoked.

- (ii) 已取得聯交所批准股份恢復買賣（須已達成其他復牌條件，且有關復牌條件並無對認購協議項下擬進行之交易或認購方於認購協議項下之權利造成不利影響），且有關批准並無被撤回。

**償付代價**

認購方將於完成日期根據復牌建議項下之債務重組直接向計劃管理人之指定信託戶口（或計劃管理人指示之有關其他戶口）支付不多於150百萬港元（誠如本公司日期為二零一六年三月七日之公告中「所得款項用途及未來業務計劃」一節所載），惟須待所有先決條件獲達成或豁免（視乎情況而定）後，方可作實。

**本公司之完成後責任**

本公司必須於完成日期起計兩個月內或於二零一八年十月五日或之前（以較遲者為準）（「完成後之最後完成日期」）達成以下條件（「完成後責任」）：

- (a) 所有復牌條件及載於上市（覆核）委員會決定信件之條件（包括聯交所不時施加或修訂之任何其他復牌條件）已獲全面達成；及
- (b) 已取得聯交所批准股份恢復買賣，而有關批准並無被撤回。

In the event the Company fails to fulfil the Post-completion Obligation on or before the Post-completion Long Stop Date or such later date as the parties to the Supplemental Subscription Agreements may agree, the Company shall, subject to the applicable rules and regulations, use its best endeavours to facilitate the Subscriber to receive in cash an amount equivalent to the sum of (i) the actual consideration paid by it under the Subscription, and (ii) 10% of such actual consideration paid (being the finance costs and administrative expenses incurred in connection with the Subscription) (together, the “Agreed Amount”) on or before the expiration of the 18th months from the Post-completion Long Stop Date (the “Due Date”).

Such endeavours shall not involve any transfer of Shares from the Subscriber to the Company, Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

#### **Guarantee**

The Company’s Post-completion Obligation and its obligation to facilitate the Subscriber’s receipt of the Agreed Amount on or before the Due Date are unconditionally and irrevocably guaranteed by Mr. Dong Shutong. In the event the Subscriber fails to receive the Agreed Amount in full on or before the Due Date, Mr. Dong Shutong, being the guarantor, shall be obligated to pay to the Subscriber the shortfall of the Agreed Amount together with interest thereon calculated at the rate of 0.05% per calendar day and accruing from the Due Date up to (and including) the date on which the Agreed Amount is paid in full. Such guarantee shall not involve any transfer of Shares from the Subscriber to Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

倘本公司未能於完成後之最後完成日期或之前或補充認購協議之訂約各方可能協定之有關較後日期履行完成後責任，則本公司須在適用規則及法規之規限下盡其最大努力促使認購方於完成後之最後完成日期起計第18個月屆滿時（「到期日」）或之前以現金收取相等於以下各項總和之金額：(i)其於認購事項項下已付之實際代價；及(ii)有關已付之實際代價之10%（為認購事項產生之融資成本及行政開支）（統稱「協定金額」）。

有關努力須不涉及認購方向本公司、董書通先生及／或任何其他人士（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）轉讓任何股份。

#### **擔保**

本公司之完成後責任及其促使認購方於到期日或之前收取協定金額之責任由董書通先生無條件及不可撤銷地擔保。倘認購方未能於到期日或之前悉數收取協定金額，董書通先生（作為擔保人）將有責任向認購方支付協定金額之差額連同按每個曆日0.05%之利率計算自到期日起直至（及包括）協定金額獲悉數償付當日累計之利息。有關擔保須不涉及認購方向董書通先生及／或任何其他人士（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）轉讓任何股份。

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Save as disclosed above, other terms and conditions of the Subscription Agreement remain unchanged.

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions ("Extraordinary Resolutions") were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

Following the passing and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note:

The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement of pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

除上文所披露者外，認購協議之其他條款及條件均維持不變。

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

已分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議（其中包括）批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還任何逾期的債券款項。

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備呈交法院之必要文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院批准。

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃（「開曼計劃」）項下的債權人根據開曼群島公司法（2007年修訂版）第86條訂立的該計劃以及本公司與建議安排計劃（「香港計劃」）項下的債權人根據（香港法例第622章）公司條例第670、673及674條訂立的該計劃（統稱為「計劃」）。



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- (2) In relation to the secured bank loan of HK\$99,573,000 due within one year which contains a repayment on demand clause, the Group is actively negotiating with the bank for waiver of the relevant clause and renewal of the loan.
- (2) 就載有按要求償還條款的於一年內到期的有抵押銀行貸款99,573,000港元而言，本集團正積極就豁免相關條款及重續貸款與銀行磋商。
- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$589,146,000 and HK\$420,668,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements; and the renewal of these loans, for which HK\$589,146,000 and HK\$139,085,000 respectively, are contractually due for repayment within twelve months as at 30 June 2018.
- (3) 就分別為589,146,000港元及420,668,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契約規定；及重續該等貸款（當中分別589,146,000港元及139,085,000港元於二零一八年六月三十日於合約上於十二個月內到期償還）與各銀行磋商。
- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of this report. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. The Group is currently negotiating with Beijing Wincapital to modify the structure and detailed terms of the disposal on the equity interest in SEAM.
- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%權益的無約束力框架協議。總出售代價預計約為150百萬美元（約1,170百萬港元）。截至本報告日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。本集團現時正在就修改出售南洋礦業股本權益的架構及詳細條款與北京匯贏磋商。
- In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group ("Financing Loans"), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed.
- 就此項建議出售事項而言，北京匯贏為本集團安排若干貸款融資（「融資貸款」）。倘建議之出售事項得以完成，融資貸款可藉抵銷出售代價償付。

As at 30 June 2018, the outstanding Financing Loan amounted to approximately RMB200,000,000 (equivalent to HK\$237,220,000) was overdue for repayment. Up to the date of this interim report, the Group has not received any letter from the lender demanding for repayment of this loan. Management is currently negotiating with the relevant parties to formally extend the repayment of this borrowing to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for all relevant parties, the proposed disposal will be completed and the Group will be able to offset this borrowing against the disposal consideration.

On 11 March 2018, the Group entered into a sale and purchase agreement with Mr. Sun Gang ("Mr. Sun"), who is also a substantial shareholder of Henan Pingyuan Holding Group Co., Ltd ("河南平原控股集團股份有限公司" or "Pingyuan"), pursuant to which the Group agreed to sell 7% equity interest in SEAM to Mr. Sun at a consideration of RMB210,000,000 (equivalent to approximately HK\$249,081,000) conditional upon, amongst others, obtaining approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

- (5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third parties of HK\$88,624,000, HK\$294,152,000, HK\$252,533,000 and HK\$53,807,000, respectively that were either overdue or due for immediate repayment as at 30 June 2018. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.

於二零一八年六月三十日，未償還的融資貸款約人民幣200,000,000元（相等於237,220,000港元）已逾期償還。直至本中期報告日期，本集團尚未接獲該放貸人要求償還該貸款之任何函件。管理層現正與相關訂約方進行磋商，以正式延長該借貸之還款期，以促使完成建議出售事項。管理層相信所有相關訂約方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷該借貸。

於二零一八年三月十一日，本集團與孫罡先生（「孫先生」）（彼亦為河南平原控股集團股份有限公司或「平原」）之主要股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的7%股本權益，代價為人民幣210,000,000元（相當於約249,081,000港元），惟須待（其中包括）本公司股東於股東特別大會上批准及本公司股份恢復買賣後，方可作實。

- (5) 除上述第(1)至(4)項所述之借貸外，本集團來自本集團的若干關連方、潛在投資者、潛在投資者的關連方及其他第三方的其他借貸分別為88,624,000港元、294,152,000港元、252,533,000港元及53,807,000港元，於二零一八年六月三十日已逾期或須即時償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。



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- (6) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.
- (6) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團正進行之多個項目作出投資。
- (7) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, exploring new business opportunities and implementing more stringent cost control measures with a view to improving operating cash flows. During the six months ended 30 June 2018 and up to the date of this report, the Group has also engaged in providing sub-contracting services to external customers and continues to receive new sales orders of its iron and steel products from independent third party customers. Management believes that the Group will be able to record a significant increase in revenue in the coming twelve months after the reporting period.
- (7) 本集團正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶、拓展新商機以及實施更嚴謹的成本監控措施，以改善經營現金流量。截至二零一八年六月三十日止六個月及直至本報告日期，本集團亦一直有從事向外部客戶提供鋼鐵製品加工服務，並繼續從獨立第三方客戶接獲鐵及鋼製品的新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得收益大幅增長。
- (8) The Group has engaged legal advisors to handle all claims and disputes. The Directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.
- (8) 本集團已委聘法律顧問處理所有申索及糾紛。董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

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- (9) Following the Review Hearing held on 5 December 2017, the Listing (Review) Committee informed the Company by a letter dated 12 December 2017 (the "LRC Decision Letter") that it decided to set aside the cancellation of the Company's listing status to enable the Company to proceed with implementing the Resumption Proposal. This decision is subject to compliance with the following conditions to the satisfaction of the Listing Department:
- (a) submit (i) a letter addressing to the Company from the Company's auditors explaining the impairment assessment of certain intangible assets of the Company for the years 2014 to 2016; and (ii) a written commentary from the Company incorporating the views of its auditors that there would not be any material audit qualifications on the Company's next audited consolidated financial statements and no material impairment of the Company's intangible assets would be made, should the Resumption Proposal be implemented as planned; to the Listing Department within 3 months from the date of the LRC Decision Letter (i.e. 12 March 2018);
- (b) the transactions and arrangements contemplated under the Resumption Proposal shall be supported by signed and legally binding agreements within 6 months from the date of the LRC Decision Letter (i.e. 12 June 2018) and evidence thereof be provided to the Listing Department by way of certified copies of all such agreements;
- (9) 於二零一七年十二月五日覆核聆訊後，上市（覆核）委員會以日期為二零一七年十二月十二日之信件（「上市（覆核）委員會決定信件」）通知本公司，上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能繼續實踐復牌建議。此決定須先符合下列條件至使上市部滿意：
- (a) 於上市（覆核）委員會決定信件日期起三個月內（即二零一八年三月十二日）向上市部提交(i)由本公司審計師發給本公司的信函，解釋二零一四年至二零一六年期間對本公司無形資產之減值評估；及(ii)由本公司發出包含審計師意見的書面評注，列出如按計劃實踐復牌建議後，本公司下一份經審核綜合財務報表將不會有重大審計保留意見，及本公司的無形資產將不會有重大減值；
- (b) 於上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）以簽署具法律約束力的協議證明復牌建議所載之交易及安排，並以向上市部提供所有該等協議的核證本的方式作為相關的憑證；

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- (c) a circular to the shareholders (in substantially final form) regarding the implementation of the Resumption Proposal shall be submitted to the Listing Department and, in relation to Takeovers Code matters, the Securities and Futures Commission for clearance within 6 months from the date of the LRC Decision letter (i.e. 12 June 2018) and shall be in form and content satisfactory to the Listing Department both in relation to the implementation of the Resumption Proposal itself and that the Company would be able to comply with Rule 13.24 of the Listing Rules and meet all resumption of trading conditions previously identified by the Listing Department to the Company;
- (d) the documents necessary for the scheme of arrangement of the Company shall be formalised within 6 months from the date of the LRC Decision Letter (i.e. 12 June 2018);
- (e) the implementation of the Resumption Proposal shall be completed by 30 September 2018, should the Resumption Proposal be approved by the Company's shareholders; and
- (f) the Company shall report to the Listing Department on a 3-month basis, reporting on the progress of the implementation of the Resumption Proposal.

It is also stated in the LRC Decision Letter that should the Company fail to comply with any of the above conditions to the satisfaction of the Listing Department, the listing of the Company's shares on the Stock Exchange will be cancelled.

- (c) 於上市(覆核)委員會決定信件日期起六個月內(即二零一八年六月十二日)把就落實執行復牌建議致股東之通函(以大致最終形式)提交上市部以及(就與收購守則相關的事項)證券及期貨事務監察委員會審批,而通函的形式及內容必須讓上市部信納復牌建議將會落實,以及讓其信納本公司將可符合上市規則第13.24條及滿足上市部較早前發給本公司的所有復牌條件;
- (d) 於上市(覆核)委員會決定信件日期起六個月內(即二零一八年六月十二日)正式具備安排計劃所需之文件;
- (e) 倘本公司股東批准復牌建議,須於二零一八年九月三十日前完成落實執行復牌建議;及
- (f) 本公司須每三個月向上市部報告復牌建議之執行進度。

上市(覆核)委員會決定信件亦提到如本公司未能遵守上述任何條件至上市部滿意,本公司股份將被取消於聯交所上市。

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On 12 March 2018, the Company submitted (i) a letter addressing to the Company from the Company's auditors explaining the Company's impairment assessment of the intangible asset for the years 2014 to 2016; (ii) a written commentary from the Company incorporating the views of its auditors on any material audit qualifications for the Company's next audited consolidated financial statements and any material impairment of the Company's intangible asset should the Resumption Proposal be implemented as planned; and (iii) a report on the progress of the implementation of the Resumption Proposal to the Listing Department pursuant to conditions (a) and (f) as imposed under the LRC Decision Letter.

On 11 March 2018, a legally binding sales and purchase agreement was entered into between the Company and a purchaser in relation to the disposal of 7% equity interest in S.E.A. Mineral Limited (the "Disposal"), which forms part of the Company's resumption plan. Details of the Disposal please refer to the Company's announcement dated 10 April 2018.

根據上市(覆核)委員會決定信件所設條件(a)及(f)，本公司已於二零一八年三月十二日向上市部提交(i)由本公司審計師發給本公司的信函，解釋二零一四年至二零一六年期間對本公司無形資產之減值撥備評估；(ii)由本公司發出包含審計師觀點的書面評注，列出如按計劃實踐復牌建議後，有關本公司下一份經審核綜合財務報表的任何重大審計保留意見，以及有關本公司無形資產的任何重大減值；及(iii)實踐復牌建議之進度報告。

作為本公司復牌計劃一部份，於二零一八年三月十一日，本公司已與一名買家訂立有關出售南洋礦業有限公司7%股本權益（「出售事項」）具法律效力之買賣協議。有關出售事項之詳情請參閱本公司日期為二零一八年四月十日之公告。

#### FULFILMENTS OF THE RESUMPTION CONDITIONS

As contained in the Company's announcement dated 11 July 2018 and pursuant to the LRC Decision Letter, details of which are set out in the Company's announcement dated 13 December 2017, the Listing (Review) Committee decided to set aside the cancellation of the Company's listing status to enable the Company to proceed with implementing the Resumption Proposal subject to certain conditions. Since then, the Company has been working closely with its professional advisers in fulfilling the conditions set out in the LRC Decision Letter. According to the timeline, the Company submitted:

- (i) a letter addressing to the Company from the Company's auditors explaining the impairment assessment of the intangible assets of the Company for the years 2014 to 2016 and a written commentary from the Company incorporating the views of its auditors that there would not be any material audit qualifications on the Company's next audited consolidated financial statements and no material impairment of the Company's intangible assets would be made, should the Resumption Proposal be implemented as planned to the Listing Department (i.e. condition (a) in the LRC Decision Letter);
- (ii) certified copies of all the signed and legally binding agreements in relation to the transactions and arrangements contemplated under the Resumption Proposal to the Listing Department (i.e. condition (b) in the LRC Decision Letter);
- (iii) a draft circular to the regulators regarding the implementation of the Resumption Proposal and the Company's fulfilment of Rule 13.24 of the Listing Rules and all other resumption conditions imposed by the Listing Department (i.e. condition (c) in the LRC Decision Letter);

#### 復牌條件滿足狀況

誠如本公司日期為二零一八年七月十一日之公告所載及根據上市（覆核）委員會決定信件（詳情載於本公司日期為二零一七年十二月十三日之公告），上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能在若干條件下繼續實踐復牌建議。自此，本公司一直與其專業顧問緊密合作以滿足上市（覆核）委員會決定信件所載條件。根據時間表，本公司已遞交：

- (i) 本公司審計師發給本公司的信函（當中解釋二零一四年至二零一六年期間對本公司無形資產之減值評估；及由本公司發出包含其審計師意見的書面評註，列出如按計劃實踐復牌建議後，本公司下一份經審核綜合財務報表將不會有任何重大審計保留意見，及本公司的無形資產將不會有重大減值）予上市部（即上市（覆核）委員會決定信件中條件(a)）；
- (ii) 復牌建議項下擬進行之交易及安排的所有已簽署及具法律效力之協議核證本予上市部（即上市（覆核）委員會決定信件中條件(b)）；
- (iii) 有關實踐復牌建議及本公司符合上市規則第13.24條及滿足上市部施加之所有其他復牌條件之通函初稿予監管機構（即上市（覆核）委員會決定信件中條件(c)）；

- (iv) the Scheme documents to the Hong Kong High Court and the Grand Court of the Cayman Islands for leave to convene the Schemes meetings (i.e. condition (d) in the LRC Decision Letter); and
- (v) reports dated 12 March 2018 and 12 June 2018 respectively, on the progress of the implementation of the Resumption Proposal to the Listing Department (i.e. condition (f) in the LRC Decision Letter).
- (iv) 計劃文件予香港高等法院及開曼群島大法院以獲准許召開計劃會議（即上市（覆核）委員會決定信件中條件(d)）；及
- (v) 日期分別為二零一八年三月十二日及二零一八年六月十二日有關實踐復牌建議進度之報告予上市部（即上市（覆核）委員會決定信件中條件(f)）。

Based on the above, the Company expected to implement the Resumption Proposal by 30 September 2018 (i.e. condition (e) in the LRC Decision Letter).

However, in stark contrast to the above achievements thus far, the Decision on 3 July 2018 stated that the Listing Committee is not satisfied that the Company has fully met the conditions set out in the LRC Decision Letter and decided to cancel the Company's listing status under Practice Note 17 to the Listing Rules.

The Board strongly disagrees with such Decision. However, due to the uncertainty given rise by the Decision, the court convening hearings in relation to the Schemes for the Grand Court of the Cayman Islands and the Hong Kong High Court, which were originally scheduled for 3 July 2018 and 10 July 2018 respectively, have been adjourned, and the implementation of the Resumption Proposal and thus the fulfillment of all resumption conditions will be adversely affected.

基於以上各項，本公司預期於二零一八年九月三十日前實踐復牌建議。（即上市（覆核）委員會決定信件中條件(e)）。

然而，與上述迄今為止已實踐事項形成鮮明對比的是，二零一八年七月三日的決定指出，上市委員會不滿意本公司已完全達到上市（覆核）委員會決定信件中所列條件，並決定根據上市規則第17項應用指引取消本公司上市地位。

董事會強烈反對該決定。然而，由於該決定產生的不確定性，原定於二零一八年七月三日和二零一八年七月十日分別於開曼群島大法院及香港高等法院開庭之有關計劃聆訊已休會，而復牌建議的實踐以及所有復牌條件的滿足將受到不利影響。

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The Company is also in the process of pre-vetting the draft comprehensive announcement in respect of remaining transactions and arrangements contemplated under the Resumption Proposal, which include, among others, the disposal of certain interest in the Company's subsidiaries and the proposed open offer. Further announcement(s) will be made by the Company to inform the shareholders and potential investor of the Company in respect of the progress of the implementation of the Resumption Proposal as and when appropriate.

#### REVIEW OF THE DECISION OF THE LISTING COMMITTEE

Under Rule 2B.06 of the Listing Rules, the Company has the right to have the Decision referred to the Listing (Review) Committee for review.

The Review hearing has been scheduled on 10 October 2018.

The Company and its financial advisor are actively preparing the written submission for Review Hearing purpose.

有關復牌建議項下擬進行之餘下交易及安排，本公司亦正在預審全面公告草案，其中包括（其中包括）出售本公司附屬公司若干權益及建議公開發售。本公司會適時發出進一步公告以通知本公司股東及潛在投資者有關實踐復牌建議之進度。

#### 覆核上市委員會之該決定

根據上市規則第2B.06條，本公司有權將該決定轉介予上市（覆核）委員會作覆核。

覆核聆訊已訂於二零一八年十月十日舉行。

本公司及其財務顧問正在就覆核聆訊積極編製書面呈交。

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 5 March 2007, SEAM, an indirect wholly owned subsidiary of the Company, entered into the EOA with Yiwang, a limited company incorporated in Indonesia and substantially owned by Mr. Soen Bin Kuan, who at 30 June 2018 and the date of this report holds more than 5% of the issued share capital of the Company. Pursuant to the EOA, Yiwang agreed to exclusively sell and SEAM agreed to buy the iron ores produced by Yiwang at a fixed price of US\$16 per dry tonne, for a minimum 40 million dry tonnes of iron ores throughout a period of approximately 14 years expiring on 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. Pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the export approval to Yiwang, the export price of iron ore was changed to US\$23.5 commencing from 1 July 2012. By virtue of the convertible bonds issued by Yiwang to S.E.A. Mining Limited and S.E.A. Mining Resources Limited which are indirectly substantially owned by Mr. Dong Shutong, Executive Director and Chairman of the Board, Mr. Dong has an indirect interest in the EOA.

### 董事於交易、安排或合約之權益

於二零零七年三月五日，本公司間接全資附屬公司南洋礦業與Yiwang（於印尼註冊成立之有限公司，主要由李民權先生擁有，其於二零一八年六月三十日及本報告日期持有本公司已發行股本超過5%）訂立獨家採購協議。根據獨家採購協議，Yiwang同意獨家出售而南洋礦業同意購買Yiwang生產之鐵礦石，協定之固定價格為每乾公噸16美元，於二零二一年一月二十四日屆滿之整個約14年期間須購買最少40百萬乾公噸鐵礦石。其後，獨家採購權期限經附加協議延長至二零三六年一月二十四日。根據煤礦務部長於二零一二年六月二十五日向授與Yiwang出口批准的商務部長發出的推薦函件，鐵礦石的出口價自二零一二年七月一日起更改為23.5美元。由於Yiwang發行的可換股債券予南洋礦產有限公司及南洋礦產資源有限公司，而執行董事兼董事會主席董書通先生為這兩家公司之間接大股東，故此董先生於獨家採購協議擁有間接權益。



### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) **Long positions in the shares of the Company as at 30 June 2018:**

Name of Directors	Capacity in which interest are held	Number of shares	Approximate percentage to the issued voting shares of the Company
董事姓名	持有權益之身份	股份數目	佔本公司已發行之具投票權股份之概約百分比
Dong Shutong 董書通	Held by controlled corporations (note) 由受控法團持有 (附註)	1,465,898,410	47.47%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.05%

Note: As at 30 June 2018, 1,441,042,410 shares and 24,856,000 shares were held by Easyman and Sino Regent Worldwide Limited (Sino Regent), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficially interested in such Shares by virtue of the SFO.

### 董事於股份、相關股份及債權證之權益及淡倉

於二零一八年六月三十日，董事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份（就根據股權衍生工具持有的持倉而言）及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉（包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉）；或(b)根據證券及期貨條例第352條規定須列入該條例所述登記冊之權益及淡倉；或(c)根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

(i) **於二零一八年六月三十日於本公司股份之好倉：**

Approximate percentage to the issued voting shares of the Company  
佔本公司已發行之具投票權股份之概約百分比

附註：於二零一八年六月三十日，Easyman及Sino Regent Worldwide Limited（「Sino Regent」）分別持有1,441,042,410股及24,856,000股股份。由於Easyman及Sino Regent各自的全部已發行股本均由董先生所持有，根據證券及期貨條例，董先生被視為於該等股份中擁有實益權益。

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(ii) **Long positions in the underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2018:**

(ii) 於二零一八年六月三十日於本公司相關股份（就根據股權衍生工具持有的持倉而言）之好倉：

Name of Directors	Capacity in which interest are held	Number of share options (note)	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
董事姓名	持有權益之身份	購股權數目 (附註)	
Dong Shutong 董書通	Held by spouse 由配偶持有	1,500,000	0.05%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.05%
Song Wenzhou 宋文州	Beneficial owner 實益擁有人	1,500,000	0.05%
Yang Fei 楊飛	Beneficial owner 實益擁有人	1,500,000	0.05%

Note: The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme, shares are issuable to the option holder(s) who exercise(s) the rights.

附註：該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

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### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (IN RESPECT OF POSITIONS HELD PURSUANT TO EQUITY DERIVATIVES) OF THE COMPANY

As at 30 June 2018, shareholders (other than the interest disclosed above in respect of the Director who is also a substantial shareholder of the Company) who had interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2018:

主要股東於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）中之權益及淡倉

於二零一八年六月三十日，股東（不包括上文披露同時為本公司主要股東之董事所涉權益）於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）中，擁有根據證券及期貨條例第XV部第2及第3分部之規定已向本公司披露、或記錄於本公司根據證券及期貨條例第336條規定須存置之登記冊內之權益及淡倉如下：

於二零一八年六月三十日於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）之好倉：

Name of Shareholders	Capacity in which interest are held	Number of shares/ underlying shares (in respect of positions held pursuant to equity derivatives) 股份／相關股份 (就根據股權 衍生工具持有的 持倉而言)數目	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的 具投票權股份之 概約百分比
股東名稱	持有權益之身份		
Easyman Easyman	Beneficial owner 實益擁有人	1,441,042,410	46.66%
Soen Bin Kuan 李民權	Beneficial owner 實益擁有人	182,734,104	5.92%
Sun Qiaodian (note 1) 孫巧點（附註1）	Beneficial owner 實益擁有人	1,500,000 (note 2) （附註2）	0.06%
	Held by spouse 由配偶持有	1,465,898,410	47.47%

## Corporate Governance and Other Information

### 企業管治及其他資料

#### Notes:

1. Ms. Sun Qiaodian is the spouse of Mr. Dong Shutong, whose interest was disclosed in previous section.
2. The share option are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme, shares are issuable to the option holder(s) who exercise(s) the rights.

Save as disclosed above, so far as was known to the Directors, there was no other person who, as at 30 June 2018, had an interest or short position in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued voting shares of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 2 May 2005, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The Share Option Scheme remained in force for a period of 10 years from adoption of such scheme and expired on 2 May 2015.

#### 附註：

1. 孫巧點女士乃董書通先生之配偶，董先生的權益於前一節中披露。
2. 該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

除上文所披露者外，就董事迄今所知，於二零一八年六月三十日，概無其他人士於本公司之股份、相關股份（就根據股權衍生工具持有的持倉而言）及債權證中，擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉，或直接或間接於本公司已發行的具投票權股份中擁有5%或以上的實益權益，或直接或間接擁有附有任何情況下於本集團的任何成員公司的股東大會上投票權利的任何類別股本面值10%或以上權益。

### 購股權計劃

根據於二零零五年五月二日通過之普通決議案，本公司採納一項購股權計劃（「購股權計劃」），以使本公司能招聘及留聘優秀僱員及將有價值之資源引入本集團，並使本公司能以多種方式獎勵、獎賞、提供薪酬、補償及／或提供福利予為本集團作出貢獻或能為本集團帶來利益之有關人士。該購股權計劃自採納之日起計十年內有效，並於二零一五年五月二日屆滿。

## Corporate Governance and Other Information

### 企業管治及其他資料

The options granted under the Share Option Scheme have an exercise period of 10 years from the date of acceptance of the options, which is in compliance with the terms of the Share Option Scheme, subject to a vesting schedule of 5 years whereby only 20% of the options is exercisable 12 months after the date of acceptance of the options and an additional 20% of the options shall be exercisable by the grantee in each subsequent year until the last day of the 5-year period after the date of acceptance of the options when 100% of the options become exercisable. Details of movements in the Company's share options during the period are as follows:

根據購股權計劃之條款，根據購股權計劃授出之購股權之行使期由接納購股權當日起計為期十年，惟受五年歸屬時間表所限，據此，僅20%之購股權可於接納購股權當日12個月後行使，而承授人可於每接續之一年行使額外20%購股權，直至購股權獲接納日期後五年期之最後一日方可行使全部購股權。期內本公司購股權之變動詳情如下：

		No. of share options 購股權數目						
		Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2018	Exercise price of share options (note 1)	Price of Company's shares at exercise date of options (note 2)
		於二零一八年 一月一日 尚未行使	於期內授出	於期內行使	於期內失效	於二零一八年 六月三十日 尚未行使	購股權之 行使價 (附註1) HK\$ 港元	本公司股份 於購股權 行使日的價格 (附註2) HK\$ 港元
Directors	董事							
Mr. Dong Chengzhe	董誠喆先生	1,500,000	-	-	-	1,500,000	0.63	N/A不適用
Mr. Song Wenzhou	宋文州先生	1,500,000	-	-	-	1,500,000	0.63	N/A不適用
Mr. Yang Fei	楊飛先生	1,500,000	-	-	-	1,500,000	0.63	N/A不適用
Sub-total for number of share options to Directors	授予董事之購股權 數目小計	4,500,000	-	-	-	4,500,000	-	-
Other employees	其他僱員	6,585,000	-	-	(6,585,000)	-	2.45	N/A不適用
		22,300,000	-	-	-	22,300,000	0.63	N/A不適用
Sub-total for number of share options to other employees	授予其他僱員之 購股權數目小計	28,885,000	-	-	(6,585,000)	22,300,000		
Total	總計	33,385,000	-	-	(6,585,000)	26,800,000		

Notes:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The price of the shares of the Company as at the date of exercise of the share options is the Stock Exchange's closing price on the trading date immediately prior to the date on which the share options were exercised.

附註：

1. 購股權之行使價可能因供股或紅股發行或本公司股本之其他類似變動而調整。
2. 本公司股份於購股權行使日期之價格為緊接購股權行使日期前之交易日之聯交所收市價。

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" above, at no time during the period ended 30 June 2018 was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

### 董事收購股份或債權證之權利

除上述「購股權計劃」一節中所披露者外，於截至二零一八年六月三十日止期間任何時間，本公司、其控股公司或其任何附屬公司及同系附屬公司並無訂立任何安排，使董事可藉收購本公司或任何其他法團公司之股份或債權證而獲利。

### 董事於競爭業務之權益

期內，概無董事直接或間接於與本集團業務競爭或可能競爭之業務中擁有任何權益。

## Corporate Governance and Other Information

### 企業管治及其他資料

#### AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 May 2005 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and internal control procedures of the Group.

The audit committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua and Mr. Huang Changhuai – Independent Non-executive Directors of the Company and Mr. Wong Chi Keung is the Chairman of the audit committee. Mr. Huang Changhuai has ceased to be a member of the audit committee with effect from 27 August 2018. Mr. Yang Tianjun, a non-executive Director, has been appointed as a member of the audit committee with effect from 27 August 2018.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements for the six months ended 30 June 2018.

#### REMUNERATION COMMITTEE

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 10 April 2006 in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing rules ("CG Code").

The remuneration committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhuai – Independent Non-executive Directors of the Company and Mr. Dong Shutong – Executive Director of the Company. Mr. Huang Changhuai is the chairman of the remuneration committee. Mr. Huang Changhuai has ceased to be the chairman of the remuneration committee with effect from 27 August 2018. Mr. Bai Baohua, has been appointed as chairman of the remuneration committee with effect from 27 August 2018.

#### 審核委員會

本公司遵照上市規則第3.21條，根據於二零零五年五月二日通過之董事決議案成立審核委員會。審核委員會主要負責審議本集團之財務匯報過程及內部監控程序。

審核委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生組成，黃之強先生為審核委員會主席。黃昌淮先生已不再為審核委員會成員，由二零一八年八月二十七日起生效。非執行董事楊天鈞先生已獲委任為審核委員會成員，由二零一八年八月二十七日起生效。

審核委員會已與管理層審閱本集團所採納之會計準則及慣例，並討論核數、內部監控及財務匯報事項，包括審閱截至二零一八年六月三十日止六個月之財務報表。

#### 薪酬委員會

本公司遵照上市規則附錄14所載企業管治守則（「企業管治守則」），根據於二零零六年四月十日通過之董事決議案成立薪酬委員會。

薪酬委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生以及本公司執行董事董書通先生組成。黃昌淮先生為薪酬委員會之主席。黃昌淮先生已不再為薪酬委員會主席，由二零一八年八月二十七日起生效。白葆華先生已獲委任為薪酬委員會主席，由二零一八年八月二十七日起生效。



#### NOMINATION COMMITTEE

The Company established a nomination committee pursuant to a resolution of the Directors passed on 30 December 2011 in compliance with the CG Code.

The nomination committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhuai – Independent Non-executive Directors of the Company and Mr. Dong Shutong – Executive Director of the Company. Mr. Dong Shutong is the chairman of the nomination committee. Mr. Huang Changhuai has ceased to be a member of the nomination committee with effect from 27 August 2018.

#### EMPLOYEES REMUNERATION POLICY

As at 30 June 2018, the Group had approximately 910 employees, of whom 30 were management personnel. The remuneration policy of the Group to reward its employees and executive Directors is based on their performance, qualifications, competence displayed, market comparable and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, discretionary bonus, other fringe benefits and the Group's contribution to retirement benefits schemes. The remuneration of executive Directors and senior management are determined by the remuneration committee of the Company which will review them regularly.

The remuneration of an employee consists of basic salary and performance-based bonus. During the period, the staff costs of the Group amounted to HK\$35.5 million (2017: HK\$31.5 million).

#### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

#### 提名委員會

本公司遵照企業管治守則，根據於二零一一年十二月三十日通過之董事決議案成立提名委員會。

提名委員會由本公司獨立非執行董事黃之強先生、白葆華先生、黃昌淮先生及本公司執行董事董書通先生組成。董書通先生為提名委員會主席。黃昌淮先生已不再為提名委員會成員，由二零一八年八月二十七日起生效。

#### 僱員薪酬政策

於二零一八年六月三十日，本集團約有910名僱員，其中30名為管理層人員。本集團回報僱員及執行董事的薪酬政策乃根據其表現、資歷、所示才能、市場水平及本集團表現而釐定。薪酬待遇一般包括薪金、房屋津貼、酌情花紅、其他額外福利以及本集團對退休福利計劃的供款。執行董事及高級管理層的薪酬由本公司的薪酬委員會釐定及定期檢討。

僱員薪酬包括基本薪金及表現花紅。期內，本集團之員工成本為35.5百萬港元（二零一七年：31.5百萬港元）。

#### 購買、贖回或出售本公司之上市證券

本公司及其任何附屬公司於截至二零一八年六月三十日止六個月概無購買、贖回或出售本公司任何上市證券。



## Corporate Governance and Other Information

### 企業管治及其他資料

#### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code for securities transactions by Directors. Having made specific enquiries, the Company has confirmed that all Directors have complied with the requirements set out in the Model Code.

#### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2018 and up to the latest practicable date prior to the printing of this interim report.

#### 證券交易的標準守則

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易之標準守則（「標準守則」），作為董事進行證券交易之守則。經作出具體查詢後，本公司確認全體董事均已遵循標準守則所載之規定。

#### 充足之公眾持股量

本公司於截至二零一八年六月三十日止六個月及直至本中期報告印刷前的最後可行日期保持充足之公眾持股量。

