



China Metal Resources Utilization Limited 中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)
(根據開曼群島法律註冊成立的有限公司)

Stock Code 股份代號 : 1636



2019

Annual Report 年報

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CORPORATE PROFILE

公司概況

China Metal Resources Utilization Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2013. The Company and its subsidiaries (the “Group”) are a fast-growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 21 February 2014 (the “Listing Date”).

We process recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wire rods, copper wires, copper plates and copper granules. Beginning in 2013, we have also sold a range of communication cables and power transmission and distribution cables using copper wire rods that we produce as the principal raw material. We are increasing our production capacity and plan to broaden our product range and pursue opportunities for further vertical integration. Beginning in 2015, we have also extended our product range to aluminium products. In light of favourable development trends in China and our advantages in raw material supply, facility location and preferential governmental policies, we believe we are well positioned to become a leading integrated recycled copper product supplier in China covering the key value-creating activities in the industry chain.

We currently own and operate several production facilities for recycled copper products. These facilities are located in Sichuan Province, Hunan Province, Hubei Province and Henan Province. We are also operating our trading business of copper, aluminium and nickel products.

This annual report, in both English and Chinese versions, is available on the Company’s website at <http://www.cmru.com.cn/>.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company with Computershare Hong Kong Investor Services Ltd. at 17M Floor Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

中國金屬資源利用有限公司(「本公司」)為一家於2013年2月22日在開曼群島註冊成立的獲豁免有限公司。本公司及其附屬公司(「本集團」)是中國西南部增長迅速的再生銅產品(亦稱為銅半製成品)製造商。本公司股份自2014年2月21日(「上市日期」)起在香港聯合交易所有限公司(「聯交所」)主板上市。

本集團主要加工回收的廢銅，其次是電解銅，從而生產多種銅產品，包括銅線材、銅線、銅排和銅米。自2013年起，我們亦銷售多種通信電纜和送配電纜，這些電纜以我們生產的銅線材作為主要原材料。我們正提高產能，計劃擴大產品類型，並尋求機會進一步垂直整合。自2015年起，我們的產品範圍擴展至鋁製品。鑒於中國的有利發展趨勢及我們在原材料供應、設施所在地及利好的政府政策等方面的優勢，相信我們已具備條件成為中國領先的綜合再生銅產品供應商，涵蓋產業鏈內的主要價值創造活動。

本集團目前擁有及營運數個再生銅產品生產設施。該等設施位於四川省、湖南省、湖北省及河南省。我們亦經營買賣銅、鋁及鎳製品業務。

本年報的中、英文本已登載於本公司網站 <http://www.cmru.com.cn/>。

股東可隨時更改收取公司通訊的語言版本的選擇(即英文本或中文本或中、英文本)。

股東可以書面通知本公司在香港的股份過戶登記分處，香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17M樓，提出更改收取公司通訊的語言版本的選擇。

CHAIRMAN'S STATEMENT

主席報告



Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Metal Resources Utilization Limited ("CMRU" or the "Company"), I hereby present the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the twelve months ended 31 December 2019.

In the past year, due to the impact of the US-China trade conflicts, the downward pressure on the Chinese economy continued to increase. Being negatively affected by the prolonged trade war with the US, copper price in the PRC was volatile in 2019. According to the Ministry of Industry and Information Technology of the People's Republic of China, there was a 5.8% decrease on 2019 average copper spot price, amounted to RMB47,739 per ton as compared the same figure for 2018. According to the data announced by the National Bureau of Statistics of the People's Republic of China, the GDP in 2019 recorded the slowest growth in 29 years, rose only by 6.1%, which was lower than the growth of last year, at a rate of 6.6%. Such growth rate, though slowing, was still within the target range set by the Chinese government at the beginning of the year. In light of the challenges arising from the economic downturn, the Chinese government launched stimulus package to revive economy.

The global economy is predicted to weaken in 2020 due to the outbreak of COVID-19 since January 2020, posing unprecedented challenges to business operations. Although the COVID-19 outbreak seems to have stabilised in the PRC as of the date of this report, the PRC's GDP is expected to drop as the pandemic has gone global and stoke uncertainties. In view of the current situation, the Chinese government has rolled out stepped up measures to further support its economy. Besides, in March 2020, the Central Politburo Standing Committee of the Communist Party of China urged that it is necessary to accelerate the construction of major projects and infrastructure that have been clearly stated in the national plan such as 5G networks and data centers. Under the influence of the outbreak of COVID-19, accelerating new infrastructure construction is expected to support the PRC's economic development effectively. The Group adopts a positive attitude towards the above-mentioned plan and expects the upcoming infrastructure projects will soon boost the demand of copper which should improve our business performance.

各位股東：

本人謹此代表中國金屬資源利用有限公司（「中國金屬資源利用」或「本公司」）董事會（「董事會」）提呈本公司連同其附屬公司（統稱為「本集團」）截至2019年12月31日止12個月的經審核綜合全年業績。

去年，由於中美貿易衝突的影響，中國經濟的下行壓力持續加碼。受與美國長期貿易戰的負面影響，中國的銅價於2019年有所震蕩。根據中華人民共和國工業和信息化部，2019年平均銅現貨價降低5.8%，與2018年同期相比達每噸人民幣47,739元。根據中華人民共和國國家統計局所公佈的數據，2019年國內生產總值錄得29年以來的最低增幅，僅增加6.1%，低於去年6.6%的增長率。儘管該增長率放緩，但仍處於中國政府年初設定的目標區間。鑒於經濟下行的挑戰，中國政府推出一籃子復甦經濟的刺激計劃。

由於2020年1月爆發COVID-19疫情以來，預計全球經濟於2020年將衰退，令業務運營面臨前所未有的挑戰。儘管截至本報告日期COVID-19疫情在中國似乎已得到控制，但隨著疫情已在全球蔓延並引發不確定性因素，預計中國的國內生產總值將下滑。鑒於當前形勢，中國政府已推出進一步支持其經濟發展的強化措施。此外，於2020年3月舉行的中共中央政治局常務委員會會議上強調，需要加快建設國家規劃已明確的重大項目及基礎設施，如5G網絡及數據中心等。受COVID-19疫情影響，預計加快新基建會有效支持中國經濟發展。本集團積極響應上述規劃並預計即將到來的基建項目將迅速提振銅的需求，這應會提高我們的業務表現。

CHAIRMAN'S STATEMENT

主席報告

Although 2019 experienced an economic slowdown, the PRC still recorded an increase in the demand for copper products across the country. During the year, as a result of the commencement of operations of subsidiary in Henan Kaifeng and the operation expansion in 2019, the Group generated a steady increase in revenue by 16.3%, amounted to approximately RMB24.0 billion; a 23.6% increase in revenue from trading of electrolytic copper; a 5.8% increase in revenue from recycled copper products; a 17.2% increase in sales of power transmission and distribution cables. Nevertheless, the outbreak of COVID-19 led to a sharp slowdown in China's economic growth, accordingly, management has taken a more conservative approach to make a substantial impairment of goodwill in the consolidated financial statements for 2019 under the cloud of uncertainty in the current economy.

In the 13th Five-Year Plan, the "Guiding Opinion on Accelerating the Development of Recycled Resources Industry" (關於加快推進再生資源產業發展的指導意見) jointly issued by the Ministry of Industry and Information Technology, Ministry of Commerce, and Ministry of Technology on 25 January 2017 marked a significant step by the Chinese government to step up the support to the resources recycling industry, with metal recycling being one of the key areas to develop. The document set out very exciting targets for recycled resources industry by 2020: scrap copper consumption to reach 150.0 million tons, recycled copper production to reach 4.4 million tons, recycled aluminium to reach 9.0 million tons. It has come to last year of the 13th Five-Year Plan in 2020. The Group will conserve our financial strength in preparation of capturing the future market opportunities to strengthen our business and increase profitability.

儘管2019年遭遇經濟下行，但中國仍錄得國內銅產品需求增加。年內，由於河南開封的附屬公司投入運營及2019年的經營擴張，本集團錄得收益穩定增長16.3%，達約人民幣240億元；其中電解銅貿易的收益增加23.6%；再生銅產品的收益增加5.8%；銷售送配電纜的收益增加17.2%。然而，COVID-19的爆發導致中國經濟增長急速放緩，因此，管理層在當前的經濟不確定性的陰影下採取更為保守的方法，在2019年的綜合財務報表上作出較大幅度的商譽減值。

於「十三•五」規劃中，工業和信息化部、商務部、科技部於2017年1月25日聯合發佈的《關於加快推進再生資源產業發展的指導意見》，標誌著中國政府向加大對再生資源行業的支持邁出了重要一步，而金屬回收利用將成為其中一個重要的發展領域。該文件為再生資源行業設定了到2020年前的主要目標：廢銅消耗量達到150,000,000噸、再生銅生產達到4,400,000噸、再生鋁達9,000,000噸。2020年是「十三•五」規劃的收官之年。本集團將保存財務實力，為把握日後市場機遇韜光養晦，鞏固業務並提高盈利能力。

CHAIRMAN'S STATEMENT 主席報告



Last but not least, on behalf of the Board and management, I would like to express my sincere gratitude to all shareholders, investors, customers, suppliers and business partners for their loyal support in the tough business environment in 2019. We believe that with the continuous support and dedication of all directors, management and employees, the Group will be able to overcome difficulties and accelerate development in 2020, and take our business operation to a new stage that create long-term shareholders value.

最後，本人謹代表董事會及管理層衷心感謝全體股東、投資者、客戶、供應商及業務夥伴在2019年艱苦的營商環境中對我們始終不渝的支持。我們相信，在全體董事、管理層及僱員的不懈支持及投入下，本集團於2020年將能夠度過難關、迅速發展，使我們的業務營運步入新階段，從而為股東創造長期價值。

Chairman, Chief Executive Officer and Executive Director
Mr. Yu Jianqiu

21 August 2020

主席、行政總裁兼執行董事
俞建秋先生

2020年8月21日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

In 2019, the PRC's GDP grew at 6.1% including 6.0% for Q4 of 2019, such growth rates, though slowing, were still within a reasonable range. The PRC still recorded an increase in the demand for copper products across the country. As a result, the Group recorded an increase in sales of copper products in 2019 as compared with 2018, which translated into an increase in turnover by 16.3% as compared with the same period last year. Such increase in sales was contributed not only by the increase in the Group's trading volume of electrolytic copper but also by the increase in production volume of its recycled copper products. Along with the increase in production and sales volume of recycled copper products, VAT refunds under the Comprehensive Utilisation of Resources Policy also recorded a corresponding increase during 2019. Furthermore, the improvement in the liquidity of our customers has resulted in an overall improvement in our trade receivable ageing and consequently the provision for bad debts ratio was adjusted downwards accordingly.

Nevertheless, the outbreak of Coronavirus Disease 2019 ("COVID-19") since January 2020 has led to a sharp slowdown in China's economic growth, accordingly, management has taken a more conservative approach in estimating the future business development of the Group's three acquired subsidiaries, as a result, a substantial impairment of goodwill was made in the financial statements. Management believes that in view of the effective control of the COVID-19 outbreak in China and the Chinese government has been introducing various measures to revivify the economy across the country. If the operations of these three acquired subsidiaries turn out to be better than what is currently expected, the Company does not envisage to make further goodwill impairment in the coming year.

FUTURE PROSPECTS/OUTLOOK

On 15 January 2020, the PRC and the United States of America signed phase one of the trade agreement, easing a trade war which has rattled the global economy for the most of 2019. However, from January 2020, the COVID-19 outbreak began in the PRC. The Chinese government has implemented various stringent measures to fight against the spread of the virus. As a result, the PRC's manufacturing and services sector plunged to record lows in February and the PRC's exports fell 17.2 percent in January and February. It is widely expected that there will be a drop in the PRC's first quarter GDP, the first contraction since the PRC began reporting quarterly data in 1992. Although the COVID-19 outbreak appears to have slowed down in the PRC and its impacts have gone global beginning in March 2020.

業務回顧

於2019年，中國國內生產總值增長率為6.1%，其中包括2019年第四季度的6.0%，儘管增速放緩，但仍處於合理範圍內。中國全國範圍內仍錄得銅產品需求增加。因此，本集團於2019年相比2018年錄得銅產品銷售增加，令營業額與去年同期相比增加16.3%。銷量增加不僅是由於本集團電解銅貿易量增加，亦由於再生銅產品產量有所增加。隨著再生銅產品的產量及銷售量增加，資源綜合利用政策下的增值稅退稅於2019年亦錄得相應增幅。此外，客戶流動資金狀況改善令貿易應收賬款賬齡得到全面改善，因此壞賬撥備比率相應調低。

然而，自2020年1月起2019年冠狀病毒病（「COVID-19」）的爆發導致中國經濟增長急速放緩，因此，管理層在估算三間本集團已收購的附屬公司的未來業務發展時已採取更為保守的方法，導致其商譽在財務報表上作出較大幅度的減值。管理層認為隨著COVID-19疫情在中國獲得有效的控制及中國政府已在全國推出多項重啟經濟措施。倘該三間已收購附屬公司的實際經營情況比現時所預期者的好，本公司預期不會於來年進一步作出商譽減值。

未來前景／展望

於2020年1月15日，中美簽署第一階段貿易協議，對2019年的大部分時間困擾全球經濟的貿易戰起到緩和作用。然而，自2020年1月起，COVID-19於中國開始爆發。中國政府已實施各種嚴格措施以對抗病毒的傳播。因此，中國製造業及服務業於2月暴跌至創紀錄的低點，且中國出口於1月及2月下降17.2%。普遍預計中國第一季度國內生產總值將下降，此乃自1992年中國開始報告季度數據以來的首次緊縮。儘管中國COVID-19疫情的速度有所放緩，但於2020年3月開始，其影響已於全球範圍內蔓延。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Furthermore, the COVID-19 outbreak has brought about additional uncertainties in the Group's operating environment in the PRC. As far as the Group's businesses are concerned, the outbreak has so far caused operational delays. The Group has put in place contingency measures to reduce the impact from this outbreak. However, the situation remains fluid at this stage.

As a result, we expect our operating environment to be challenging in the coming year. In order to further support the economic growth, the Chinese government encouraged banks to lend more to non-state-owned enterprises, launched new tax cuts and accelerated infrastructure investments. At this juncture, we are still uncertain about the extent of the fall out resulting from the COVID-19 outbreak. We will be looking to conserve our financial strength so that we will be able to cope with possible headwinds as well as being able to take advantage of future opportunities if and when they arise.

FINANCIAL REVIEW

Revenue

Our revenue represents the amounts accepted to be entitled for sales of goods and services in the ordinary course of business. Revenue recognised is net of VAT and other taxes, returns and discounts after eliminating sales within our Group.

此外，COVID-19疫情已為本集團於中國的經營環境帶來更多不確定因素。就本集團業務而言，疫情迄今為止已造成運營延遲。本集團已採取應急措施以降低此次疫情的影響。然而，於此階段情況仍然不穩定。

因此，我們預期來年的經營環境將充滿挑戰。為進一步支持經濟增長，中國政府鼓勵銀行加大對非國營企業的貸款，推出新稅務減免及加快基礎建設投資。於現階段，我們仍然無法確定COVID-19疫情會帶來的後果。我們將保留財務實力，使我們能夠應對可能的阻力以及充分準備去抓緊未來可能出現的機會。

財務回顧

收益

我們的收益指於日常業務過程中就銷售貨物及服務有資格收取之金額。所確認的收益(已經扣除增值稅及其他稅項、退貨及折扣)亦已對集團內部間的銷售進行對銷。

| | | 2019 2019年 (Unaudited) (未經審核) RMB'000 人民幣千元 | 2018 2018年 (Audited) (經審核) RMB'000 人民幣千元 |
|---|-------------|--|---|
| Revenue from trading of electrolytic copper (Note) | 電解銅貿易收益(附註) | 16,715,910 | 13,519,429 |
| Sales of recycled copper products | 再生銅產品銷售 | 7,183,657 | 6,790,364 |
| Sales of power transmission and distribution cables | 送配電纜銷售 | 32,022 | 27,315 |
| Sales of communication cables | 通信電纜銷售 | 28,033 | 40,935 |
| Sales of scrap materials | 廢棄材料銷售 | 48,596 | 81,807 |
| Revenue from trading of electrolytic nickel | 電解鎳貿易收益 | - | 173,627 |
| Others | 其他 | 4,435 | 9,088 |
| | | 24,012,653 | 20,642,565 |

Note: The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered the principal of the transactions as it controls the electrolytic copper before they are sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

附註：本集團自2015年起開展電解銅的貿易活動，由於本集團在向客戶銷售電解銅前控制該產品，故本集團被視為該等交易的主體責任人。貿易活動的總流入因此被確認為收益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Revenue for the year ended 31 December 2019 amounted to RMB24,012.7 million, representing an increase of 16.3% from RMB20,642.6 million for the year ended 31 December 2018. The increase in sales volume was principally from the increase in trading of electrolytic copper and sales of recycled copper products, which are mainly contributed from the commencement of operations of subsidiary in Henan Kaifeng and expansion of operations in 2019.

Revenue from trading of electrolytic copper amounted to RMB16,715.9 million for the year ended 31 December 2019, representing an increase of 23.6% from RMB13,519.4 million for the year ended 31 December 2018. It was mainly an increase of 28.9% in the sales volume of electrolytic copper from 308,242 metric tons for the year ended 31 December 2018 to 397,327 metric tons for the year ended 31 December 2019, with a decrease of 4.1% in average selling price from RMB43,860 per ton for the year ended 31 December 2018 to RMB42,071 per ton for the year ended 31 December 2019.

Revenue from recycled copper products amounted to RMB7,183.7 million for the year ended 31 December 2019, representing an increase of 5.8% from RMB6,790.4 million for the year ended 31 December 2018. It was mainly an increase of 9.3% in the sales volume of recycled copper products from 156,589 metric tons for the year ended 31 December 2018 to 171,228 metric tons for the year ended 31 December 2019, with a decrease of 3.3% in average selling price from RMB43,364 per ton for the year ended 31 December 2018 to RMB41,954 per ton for the year ended 31 December 2019.

Cost of sales

Cost of sales for the year ended 31 December 2019 totaled RMB24,270.6 million, representing an increase of 16.3% from RMB20,876.8 million for the year ended 31 December 2018.

Gross loss

Our gross loss was RMB257.9 million for the year ended 31 December 2019, as compared to the gross loss of RMB234.3 million for the year ended 31 December 2018. Our gross loss margin for the year ended 31 December 2019 was 1.1%, as compared to a gross loss margin of 1.1% for the year ended 31 December 2018.

截至2019年12月31日止年度的收益為人民幣24,012,700,000元，較截至2018年12月31日止年度的人民幣20,642,600,000元增加了16.3%。該銷量增加主要因為電解銅貿易增加及再生銅產品銷售增加，主要因位於河南開封的附屬公司開始營運及2019年業務營運擴張所致。

截至2019年12月31日止年度電解銅貿易的收益為人民幣16,715,900,000元，較截至2018年12月31日止年度的人民幣13,519,400,000元增加了23.6%，主要是電解銅的銷量由截至2018年12月31日止年度的308,242公噸增加28.9%至截至2019年12月31日止年度的397,327公噸，平均售價由截至2018年12月31日止年度的每噸人民幣43,860元減少至截至2019年12月31日止年度的每噸人民幣42,071元，降幅為4.1%。

截至2019年12月31日止年度，再生銅產品的收益為人民幣7,183,700,000元，較截至2018年12月31日止年度的人民幣6,790,400,000元增加5.8%。主要是由於再生銅產品銷量由截至2018年12月31日止年度的156,589公噸增至截至2019年12月31日止年度的171,228公噸，增幅為9.3%，平均售價由截至2018年12月31日止年度的每噸人民幣43,364元減少至截至2019年12月31日止年度的每噸人民幣41,954元，降幅為3.3%。

銷售成本

截至2019年12月31日止年度的銷售成本總額為人民幣24,270,600,000元，較截至2018年12月31日止年度的人民幣20,876,800,000元增加16.3%。

毛損

截至2019年12月31日止年度的毛損為人民幣257,900,000元，而截至2018年12月31日止年度毛損為人民幣234,300,000元。截至2019年12月31日止年度的毛損率為1.1%，而截至2018年12月31日止年度的毛損率為1.1%。

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Other income/(expenses), gain/(loss), net

Our other income and gain for the year ended 31 December 2019 were RMB350.3 million as compared to RMB491.4 million for the year ended 31 December 2018. The decrease in 2019 were primarily attributable to the impairment loss of goodwill amounted to RMB407.9 million, net of the increase in changes in fair value of contingent consideration liabilities of RMB240,395, and increases in government subsidies and grants and VAT refunds under Comprehensive Utilisation of Resources Policy.

Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2019 were RMB30.5 million, representing an increase of 28.0% from RMB23.8 million for the year ended 31 December 2018. The increase was mainly due to the expansion of operations in 2019.

Administrative expenses

Our administrative expenses for the year ended 31 December 2019 were RMB130.0 million, representing an increase of 17.1% from RMB111.1 million for the year ended 31 December 2018. The increase was primarily due to the increase in professional fees by RMB16.2 million.

Finance costs

Our finance costs for the year ended 31 December 2019 were RMB147.9 million, representing an increase of 9.5% from RMB135.1 million for the year ended 31 December 2018. The increase was primarily due to the increase in the overall balance of interest-bearing borrowings. The balance of interest-bearing borrowings as at 31 December 2019 amounted to RMB1,698.6 million, representing an increase of RMB550.7 million from RMB1,147.9 million as at 31 December 2018.

Profit/(loss) for the year

Our loss for the year ended 31 December 2019 was RMB217.3 million as compared to the profit of RMB20.1 million for the year ended 31 December 2018. The loss was mainly attributed to the impairment loss of goodwill for the year ended 31 December 2019.

其他淨收入／(開支)、收益／(虧損)

截至2019年12月31日止年度之其他收入及收益為人民幣350,300,000元，而截至2018年12月31日止年度則為人民幣491,400,000元。於2019年的減少主要是由於商譽減值虧損人民幣407,900,000元，扣減或然代價負債公平值變動增加人民幣240,395元及政府補貼及補助及資源綜合利用政策下的增值稅退稅增加所致。

銷售及分銷開支

截至2019年12月31日止年度之銷售及分銷開支為人民幣30,500,000元，較截至2018年12月31日止年度之人民幣23,800,000元增加28.0%。該增加主要由於2019年業務營運擴張所致。

行政開支

截至2019年12月31日止年度的行政開支為人民幣130,000,000元，較截至2018年12月31日止年度之人民幣111,100,000元增加17.1%。開支有所增加的主要原因在於專業費用增加人民幣16,200,000元。

財務成本

截至2019年12月31日止年度之財務成本為人民幣147,900,000元，較截至2018年12月31日止年度之人民幣135,100,000元增加9.5%。該增加主要由於總體的計息借款金額增加。於2019年12月31日，計息借款金額為人民幣1,698,600,000元，與2018年12月31日之人民幣1,147,900,000元比較增加了人民幣550,700,000元。

年內溢利／(虧損)

截至2019年12月31日止年度的年內虧損為人民幣217,300,000元，而截至2018年12月31日止年度年內溢利為人民幣20,100,000元。虧損主要是由於截至2019年12月31日止年度商譽減值虧損所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Capital structure

As at 31 December 2019, the capital structure of the Group mainly consisted of shareholders' equity, note payables, interest-bearing bank and other borrowings, finance leases payables, lease liabilities and liability component of convertible bonds. There is no material seasonality of borrowing requirements for the Group.

The following table details the interest rate profile of the Group's total interest-bearing borrowings at the end of reporting periods:

資本結構

於2019年12月31日，本集團的資本結構主要由股東權益、應付票據、計息銀行及其他借款、融資租賃應付款項、租賃負債及可換股債券的負債部分所組成。本集團並無重大季節性借款要求。

下表載列本集團計息借款總額於報告期末的利率詳情：

| | | As at 31 December 2019 於2019年12月31日 | | As at 31 December 2018 於2018年12月31日 | |
|--|------------|--|---|--|--|
| | | Weighted average effective interest rate | | Weighted average effective interest rate | |
| | | interest rate | Amount | interest rate | Amount |
| | | 加權平均實際利率 | 金額 | 加權平均實際利率 | 金額 |
| | | % | RMB'000 (Unaudited) (未經審核) 人民幣千元 | % | RMB'000 (Audited) (經審核) 人民幣千元 |
| Fixed rate borrowings: | 定息借款： | | | | |
| Note payables | 應付票據 | 13.00 | 30,457 | 12.00 | 17,524 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 7.19 | 1,025,111 | 8.69 | 548,548 |
| Finance leases payables | 融資租賃應付款項 | - | - | 27.79 | 4,940 |
| Lease liabilities | 租賃負債 | 38.81 | 6,535 | - | - |
| Liability component of convertible bonds | 可換股債券的負債部分 | 24.00 | 636,524 | 15.07 | 576,854 |
| Total fixed rate borrowings | 定息借款總額 | | 1,698,627 | | 1,147,866 |

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The following table sets forth the maturity profile of the Group's interest-bearing borrowings at the dates indicated:

下表載列本集團計息借款於所示日期的到期情況：

| | | As at 31 December 2019 於2019年12月31日 | | | | |
|--|-----------|--|--|-------------------|--|-------------|
| | | Note payables | Interest-bearing bank and other borrowings | Lease liabilities | Liability component of convertible bonds | Total |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Within one year or repayable on demand | 一年內或應要求償還 | 30,457 | 1,025,111 | 3,174 | 636,524 | 1,695,266 |
| After one year but less than two years | 一年以上但兩年以內 | - | - | 812 | - | 812 |
| After two years but less than five years | 兩年以上但五年以內 | - | - | 2,549 | - | 2,549 |
| | | 30,457 | 1,025,111 | 6,535 | 636,524 | 1,698,627 |

| | | As at 31 December 2018 於2018年12月31日 | | | | |
|--|-----------|--|--|-------------------------|--|-----------|
| | | Note payables | Interest-bearing bank and other borrowings | Finance leases payables | Liability component of convertible bonds | Total |
| | | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Within one year or repayable on demand | 一年內或應要求償還 | 17,524 | 532,408 | 714 | 576,854 | 1,127,500 |
| After one year but less than two years | 一年以上但兩年以內 | - | 16,140 | 866 | - | 17,006 |
| After two years but less than five years | 兩年以上但五年以內 | - | - | 3,360 | - | 3,360 |
| | | 17,524 | 548,548 | 4,940 | 576,854 | 1,147,866 |

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Extension of term of convertible bonds

Reference is made to the convertible bonds in the aggregate principal amount of HK\$600,000,000 issued to China Huarong International Holdings Limited ("Huarong") and Prosper Rich Investments Limited ("Prosper Rich") by the Company on 11 August 2017 (the "August 2017 CBs"). The August 2017 CBs issued on 11 August 2017 have matured on 11 August 2019 and a repayment of principal amount HK\$10,000,000 has been made to Huarong on 12 September 2019. The amendment and extension of term of convertible bonds issued to Huarong and Prosper Rich were completed on 7 May 2020. Following the completion, the maturity date of convertible bonds issued to Huarong and Prosper Rich have been extended to 11 August 2020. On 9 July 2020, the Company entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussing a possible extension of the maturity date of such convertible bond. As of the date of this annual report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020, 7 May 2020 and 9 July 2020 for further details.

Extension and Redemption of convertible bonds

Reference is made to the convertible bonds in the principal amount of HK\$80,000,000 issued to Peaceful Wealth International Limited ("Peaceful") (the "Remaining Tranche II Convertible Bonds"). Peaceful has exercised its right to extend the maturity date of the Remaining Tranche II Convertible Bonds for one year on 12 April 2018 and for another one year on 12 April 2019. On 12 April 2020, the Company redeemed the Remaining Tranche II Convertible Bonds in full through refinancing. All the redeemed Remaining Tranche II Convertible Bonds were canceled. Please refer to the announcements of the Company dated 9 April 2017, 12 April 2017, 11 August 2017, 12 April 2018, 12 April 2019 and 14 April 2020.

Issuance of new ordinary shares

Pursuant to the announcements dated 7 February 2018 and 27 September 2019 in relation to the Sale and Purchase Agreement, pursuant to which the Company agreed to purchase, and Sure Victor agreed to sell, 100 shares in the Target for an aggregate consideration of HK\$741,175,000, of which HK\$287,647,000 shall be settled in cash and HK\$453,528,000 shall be settled by way of allotment and issue of Consideration Shares pursuant to the Earn-out Arrangement.

On 9 October 2019, the Company issued 16,609,419 ordinary shares to Sure Victor pursuant to an agreement as disclosed in the announcement dated 9 October 2019. RMB1,497,000 and RMB70,390,000 had been transferred from contingent consideration liabilities to share capital and share premium respectively.

延長可換股債券之年期

茲提述本公司於2017年8月11日向中國華融國際控股有限公司(「華融」)及亨富投資有限公司(「亨富」)發行本金總額為600,000,000港元的可換股債券(「2017年8月可換股債券」)。於2017年8月11日發行的2017年8月可換股債券已於2019年8月11日到期且已於2019年9月12日向華融償還本金額10,000,000港元。修改及延長發行予華融及亨富的可換股債券之年期已於2020年5月7日完成。於完成後，發行予華融及亨富的可換股債券的到期日已延長至2020年8月11日。於2020年7月9日，本公司與華融訂立一份無法律約束力的意向書，據此，當事各方正在商議相關可換股債券到期日的可能延長。截至本年報日期，與華融就有關可能延期的磋商仍在進行中。更多詳情請參閱本公司日期為2020年4月22日、2020年4月27日、2020年5月7日及2020年7月9日的公佈。

延長及贖回可換股債券

茲提述向富康國際有限公司(「富康」)發行的本金金額為80,000,000港元的可換股債券(「餘下第II批可換股債券」)。富康已於2018年4月12日及2019年4月12日將餘下第II批可換股債券的到期日先後各延長一年。於2020年4月12日，本公司已通過再融資全額贖回餘下第II批可換股債券。所有贖回的餘下第II批可換股債券已被註銷。請參閱本公司日期為2017年4月9日、2017年4月12日、2017年8月11日、2018年4月12日、2019年4月12日及2020年4月14日的公佈。

發行新普通股

根據日期為2018年2月7日及2019年9月27日有關買賣協議的公佈，根據買賣協議，本公司同意購買，而定凱同意出售目標公司100股股份，總代價為741,175,000港元，其中287,647,000港元將以現金結算及453,528,000港元將透過根據獲利計酬安排配發及發行代價股份結算。

於2019年10月9日，本公司根據日期為2019年10月9日的公佈所披露的協議向定凱發行16,609,419股普通股。人民幣1,497,000元及人民幣70,390,000元由或然代價負債分別轉撥至股本及股份溢價。

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Liquidity and financial resources

As at 31 December 2019, the Group's cash and cash equivalents (excluding pledged deposits of RMB43.0 million) amounted to RMB64.7 million (as at 31 December 2018: RMB112.9 million).

The Group's inventories increased by RMB131.3 million to RMB563.8 million (as at 31 December 2018: RMB432.5 million). During the year ended 31 December 2019, the overall inventory turnover days of 7.5 days remains consistent compared to 7.7 days for the year ended 31 December 2018.

Trade and bills receivables increased by RMB309.7 million to RMB1,189.0 million as at 31 December 2019 (as at 31 December 2018: RMB879.3 million). Trade and bills receivables turnover days in 2019 of 15.7 days remains consistent compared to 17.4 days in 2018.

Trade and bills payables increased by RMB16.5 million to RMB559.9 million as at 31 December 2019 (as at 31 December 2018: RMB543.4 million), the payable turnover days were 8.3 days, compared to 6.6 days in 2018. Payable turnover days for the year was relatively stable as compared with last year. Furthermore, we endeavor to keep our trade and bills payables turnover days relatively low mainly because our prompt payment pattern enhances our suppliers' willingness to supply raw materials to us and therefore helps us secure raw materials.

The Group's total interest-bearing borrowings increased by RMB550.7 million to RMB1,698.6 million as at 31 December 2019 (as at 31 December 2018: RMB1,147.9 million). The overall increase was mainly due to the increase in bank loans from RMB548.5 million as at 31 December 2018 to RMB1,025.1 million as at 31 December 2019.

流動資金及財務資源

於2019年12月31日，本集團的現金及現金等值項目（不包括已抵押存款人民幣43,000,000元）為人民幣64,700,000元（於2018年12月31日：人民幣112,900,000元）。

本集團的存貨增加人民幣131,300,000元至人民幣563,800,000元（於2018年12月31日：人民幣432,500,000元）。截至2019年12月31日止年度，綜合存貨周轉天數為7.5天，與截至2018年12月31日止年度的7.7天相比保持平穩。

於2019年12月31日，貿易應收款項及應收票據增加人民幣309,700,000元至人民幣1,189,000,000元（於2018年12月31日：人民幣879,300,000元）。2019年的貿易應收款項及應收票據的周轉天數為15.7天，與2018年的17.4天相比保持平穩。

於2019年12月31日，貿易應付款項及應付票據增加人民幣16,500,000元至人民幣559,900,000元（於2018年12月31日：人民幣543,400,000元），應付款項周轉天數為8.3天，而2018年則為6.6天。年內應付款項周轉天數與去年相比相對穩定。此外，我們致力維持相對較少的貿易應付款項及應付票據周轉天數，主要由於我們習慣盡快付款，令供應商更樂意向我們供應原材料，因而有助我們取得原材料。

於2019年12月31日，本集團的計息借款總額增加人民幣550,700,000元至人民幣1,698,600,000元（於2018年12月31日：人民幣1,147,900,000元）。整體增加主要由於銀行貸款由2018年12月31日的人民幣548,500,000元增至2019年12月31日的人民幣1,025,100,000元。

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Interest-bearing bank loans and other borrowings included three entrusted loans of RMB100.0 million each (in total: RMB300.0 million) from Mianyang Science Technology City Development Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司) ("Mianyang Development Group"). Pursuant to the entrusted loan agreement signed among Tongxin, a wholly-owned subsidiary of the Company, Mianyang Development Group and the entrusted bank, the entrusted loans expired on 27 August 2016, 23 September 2016 and 18 November 2016 respectively. Mianyang Development Group, the entrusted bank and Tongxin have agreed that, the entrusted loan would not be repayable until further agreed otherwise. As at 31 December 2019 and up to the date of this report, the negotiation was still on going.

The following table sets forth certain financial ratios of our Group as of the dates indicated:

計息銀行貸款及其他借款包括來自綿陽科技城發展投資(集團)有限公司(「綿陽發展集團」)的三筆金額均為人民幣100,000,000元的委託貸款(總額:人民幣300,000,000元)。根據本公司的全資附屬公司銅鑫、綿陽發展集團及受託銀行簽署的委託貸款協議,該等委託貸款分別於2016年8月27日、2016年9月23日及2016年11月18日屆滿。綿陽發展集團、受託銀行及銅鑫協定,委託貸款將毋須償還直至進一步另行協定。於2019年12月31日及至本報告日期,磋商仍在進行中。

下表載列於所示日期本集團的若干財務比率:

| | | As at 31 December 於 12月31日 | |
|---------------------------|----------|-------------------------------|---------------|
| | | 2019 2019年 | 2018 2018年 |
| Current ratio | 流動比率 | 1.3 | 1.3 |
| Quick ratio | 速動比率 | 1.1 | 1.1 |
| Debt to equity ratio* | 債項權益比率* | 93.8% | 60.2% |
| Net debt to equity ratio# | 淨債項權益比率# | 90.3% | 54.3% |

* Total interest-bearing debts/Total equity

* 總計息債務/總權益

(Total interest-bearing debts less cash and cash equivalents)/Total equity

(總計息債務減現金及現金等值項目)/總權益

The current ratio and quick ratio as at 31 December 2019 were consistent with those as at 31 December 2018 .

於2019年12月31日,流動比率及速動比率與2018年12月31日一致。

The increase in debt to equity ratio and net debt to equity ratio as at 31 December 2019 compared with those as at 31 December 2018 was mainly because of (i) the increase in interest-bearing borrowings amounted to RMB550.7 million; (ii) repayment of convertible bonds of HK\$10.0 million on 12 September 2019; and (iii) the net loss for the year ended 31 December 2019.

於2019年12月31日,債項權益比率及淨債項權益比率相比2018年12月31日增加,主要原因為(i)計息借款增加人民幣550,700,000元;(ii)於2019年9月12日償還10,000,000港元的可換股債券;及(iii)截至2019年12月31日止年度錄得虧損淨額。

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Charge on assets

The following table sets forth the net book value of assets under pledge for certain banking facilities, bills payable facilities, loan from factorer, finance leases payables and outstanding futures contracts as at the dates indicated:

資產抵押

下表載列於所示日期已就若干銀行信貸、應付票據融資、來自保理人的貸款、融資租賃應付款項及未平倉的期貨合約作出抵押的資產賬面淨值：

| | | As at 31 December 於 12月 31 日 | |
|--|---------------------------|--|---|
| | | 2019 2019年 (Unaudited) (未經審核) RMB'000 人民幣千元 | 2018 2018年 (Audited) (經審核) RMB'000 人民幣千元 |
| Property, plant and equipment | 物業、廠房及設備 | 424,508 | 200,649 |
| Right-of-use assets (2018: Prepaid land lease payments) | 使用權資產 (2018年：預付土地租賃付款) | 91,429 | 86,840 |
| Inventories | 存貨 | 163,566 | 10,000 |
| Trade receivables | 貿易應收款項 | 332,023 | – |
| Deposits with guarantee companies | 於擔保公司的存款 | 1,575 | 4,375 |
| Deposits with banks | 於銀行的存款 | 12,900 | 12,900 |
| Deposits with lessors of finance leases | 於融資租賃公司的存款 | – | 4,800 |
| Deposits with other companies | 於其他公司的存款 | 28,507 | 29,737 |
| | | 1,054,508 | 349,301 |

Commodity risk

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials, finished goods which are influenced by global as well as regional supply and demand conditions. Fluctuations in the copper prices could adversely affect our financial performance. The Group entered copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The market value of futures contracts are based on the quoted market price as at the date of consolidated statement of financial position. The Group did not have outstanding copper futures contracts as at 31 December 2019 (as at 31 December 2018: Nil). Net loss of RMB92,000 was recognized for the year ended 31 December 2019 (2018: RMB1,729,000).

商品風險

我們生產再生銅產品所用主要原材料為廢銅。我們須承受因全球及地區供求狀況影響原材料、製成品價格波動的風險。銅價波動可能對我們的財務表現構成不利影響。本集團訂立銅期貨合約以減輕其所承受的銅價波動部分風險。期貨合約的市值是以綜合財務狀況表日期的市場報價為基準。本集團於2019年12月31日並無未平倉銅期貨合約(於2018年12月31日：無)。於截至2019年12月31日止年度確認淨虧損人民幣92,000元(2018年：人民幣1,729,000元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Foreign currency risk

The functional currency of a majority of the entities within our Group is RMB and most of the transactions are settled in RMB. However, we are exposed to currency risk primarily related to the cash and cash equivalents, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD. The balance of cash and cash equivalents as at 31 December 2019 including HK\$3.1 million and USD9,215 (in total equivalent to approximately RMB2.8 million) were held in banks in Hong Kong.

As at 31 December 2019, the Group's interest-bearing bank and other borrowings and lease liabilities were denominated in RMB but the convertible bonds were denominated in HKD, with an aggregate principal amount of HK\$670.0 million. During the year ended 31 December 2018, the Group has completed the acquisitions of certain target groups, the considerations are subject to adjustment pursuant to earn-out arrangements and will be settled partly by cash considerations in HKD and partly by allotment and issue of Consideration Shares which are denominated in HKD. The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 December 2019. During the year ended 31 December 2019, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to RMB15.3 million, part of which was resulted from translating the convertible bonds and contingent consideration liabilities from HKD to RMB.

Significant investments held

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other companies during the year ended 31 December 2019.

匯率風險

本集團內大部分實體的功能貨幣為人民幣，大部分交易亦以人民幣結算。然而，我們須承受主要涉及現金及現金等值項目、可換股債券及或然代價負債(全部均主要以港元計值)的貨幣風險。於2019年12月31日的現金及現金等值項目結餘中，3,100,000港元及9,215美元(合共相當於約人民幣2,800,000元)乃於香港銀行存有。

於2019年12月31日，本集團的計息銀行及其他借款及租賃負債均以人民幣列值，惟可換股債券以港元計值，本金總額為670,000,000港元。截至2018年12月31日止年度，本集團完成收購若干目標集團，其代價根據獲利計酬安排可予以調整，而且部份將以現金代價及部份以配發及發行代價股份結算，兩者均以港元計值。截至2019年12月31日止年度，本集團並無訂立任何金融工具對沖其外匯風險。截至2019年12月31日止年度，本公司就換算中國境外實體之財務報表產生匯兌差額人民幣15,300,000元，當中部分源於將可換股債券及或然代價負債由港元換算為人民幣。

所持有重大投資

除於附屬公司及聯營公司的投資外，本集團於截至2019年12月31日止年度並無於任何其他公司股權權益中持有任何重大投資。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Material acquisitions and disposals of subsidiaries and affiliated companies

Silver Eminent Group Limited (“Silver Eminent”)

On 15 December 2017, the Company entered into the Sale and Purchase Agreement with Yuanxin Ventures Limited (“Yuanxin”), pursuant to which the Company agreed to purchase, and Yuanxin agreed to sell, 100% of the issued share capital in Silver Eminent for an aggregate maximum consideration of HK\$317,647,000, of which HK\$158,823,500 shall be settled in cash and HK\$158,823,500 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to the earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Yuanxin, 41,796,000 shares will be issued under the Sale and Purchase Agreement. Silver Eminent owns 100% equity interests in Mianyang Zhaofeng Copper Co., Ltd. (“Zhaofeng”) The transaction has been completed in March 2018. Please refer to the announcement of the Company dated 15 December 2017 and 29 December 2017 for further details.

For the year ended 31 December 2018, Silver Eminent and its subsidiaries made a net loss of RMB10,169,000 under IFRS, as such, no consideration shares were issuable to Yuanxin in 2018 under the sale and purchase agreement.

For the year ended 31 December 2019, Silver Eminent and its subsidiaries made a net profit of RMB13,190,000 under IFRS, as such, no consideration shares are issuable to Yuanxin in 2019 under the sale and purchase agreement.

The number of consideration shares for the second year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK}\$3.8) - (C + E \times \text{HK}\$3.8) / \text{HK}\$3.8$$

- A = actual net profits of the target for the first and second years
- B = performance target for the first and second years, i.e. RMB55,000,000
- C = cash consideration, i.e. HK\$158,823,500
- D = the maximum number of consideration shares to be issued for the first and second years, i.e. 25,542,000 Shares
- E = the number of consideration shares already issued for the first year, i.e. nil Shares

重大收購及出售附屬公司及聯屬公司

銀赫集團有限公司(「銀赫」)

於2017年12月15日，本公司與淵鑫創投有限公司(「淵鑫」)訂立買賣協議，據此，本公司同意購買及淵鑫同意銷售銀赫的100%已發行股本，總最大代價為317,647,000港元，其中158,823,500港元將以現金結算及158,823,500港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予淵鑫，則根據買賣協議將發行41,796,000股股份。銀赫擁有綿陽兆豐銅業有限公司(「兆豐」)的100%股權權益。該交易於2018年3月完成。更多詳情請參閱本公司日期為2017年12月15日及2017年12月29日的公佈。

截至2018年12月31日止年度，銀赫及其附屬公司根據國際財務報告準則的淨虧損為人民幣10,169,000元，故此，根據買賣協議，2018年度並無代價股份需要發行予淵鑫。

截至2019年12月31日止年度，銀赫及其附屬公司根據國際財務報告準則的純利為人民幣13,190,000元，故此，根據買賣協議，2019年度並無代價股份需要發行予淵鑫。

根據買賣協議，第二年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 3.8 \text{ 港元}) - (C + E \times 3.8 \text{ 港元}) / 3.8 \text{ 港元}$$

- A = 目標公司第一年及第二年的實際純利
- B = 第一年及第二年的業績目標，即人民幣55,000,000元
- C = 現金代價，即158,823,500港元
- D = 第一年及第二年將予發行的代價股份最高數目，即25,542,000股股份
- E = 第一年已發行的代價股份數目，即零股股份

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管理層討論及分析

Value Link Developments Limited (“Value Link”)

On 7 February 2018, the Company entered into a sale and purchase agreement with Sure Victor, pursuant to which the Company agreed to purchase, and Sure Victor agreed to sell, 100% of the issued share capital in Value Link for an aggregate maximum consideration of HK\$741,175,000, of which HK\$287,647,000 shall be settled in cash and HK\$453,528,000 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to an earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Sure Victor, 94,485,000 shares will be issued under the Sale and Purchase Agreement. Value Link owns 100% equity interests in Hubei Rongsheng Copper Co., Ltd. (“Rongsheng”) The transaction has been completed in April 2018. Please refer to the announcement of the Company dated 7 February 2018 for further details.

For the year ended 31 December 2018, Value Link and its subsidiaries made a net profit of RMB41,223,450 under IFRS, as such, 16,609,419 consideration shares were issued to Sure Victor under the sale and purchase agreement.

For the year ended 31 December 2019, Value Link and its subsidiaries made a net profit of RMB20,530,000 under IFRS, as such, no additional consideration shares will be issued to Sure Victor under the sale and purchase agreement.

The number of consideration shares for the second year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK}\$4.8) - (C + E \times \text{HK}\$4.8) / \text{HK}\$4.8$$

- A = actual net profits of the target for the first and second years
- B = performance target for the first and second years, i.e. RMB105,000,000
- C = cash consideration, i.e. HK\$287,647,000
- D = the maximum number of consideration shares to be issued for the first and second years, i.e. 55,116,000 Shares
- E = the number of consideration shares already issued for the first year, i.e. 16,609,419 Shares

尚領發展有限公司(「尚領」)

於2018年2月7日，本公司與定凱訂立買賣協議，據此，本公司同意購買及定凱同意銷售尚領之100%已發行股本，總最大代價為741,175,000港元，其中287,647,000港元將以現金結算及453,528,000港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予定凱，則根據買賣協議將發行94,485,000股股份。尚領擁有湖北融晟金屬製品有限公司(「融晟」)的100%股權權益。該交易已於2018年4月完成。更多詳情請參閱本公司日期為2018年2月7日的公佈。

截至2018年12月31日止年度，尚領及其附屬公司根據國際財務報告準則的純利為人民幣41,223,450元，故此，根據買賣協議，16,609,419股代價股份已發行予定凱。

截至2019年12月31日止年度，尚領及其附屬公司根據國際財務報告準則的純利為人民幣20,530,000元，故此，根據買賣協議，概無額外代價股份將發行予定凱。

根據買賣協議，第二年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 4.8 \text{ 港元}) - (C + E \times 4.8 \text{ 港元}) / 4.8 \text{ 港元}$$

- A = 目標公司第一年及第二年的實際純利
- B = 第一年及第二年的業績目標，即人民幣105,000,000元
- C = 現金代價，即287,647,000港元
- D = 第一年及第二年將予發行的代價股份最高數目，即55,116,000股股份
- E = 第一年已發行的代價股份數目，即16,609,419股股份

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管理層討論及分析

Sky Harvest Global Limited (“Sky Harvest”)

On 19 October 2018, the Company entered into the Sale and Purchase Agreement with Advance Splendid Limited (“Advance Splendid”), pursuant to which the Company agreed to purchase, and Advance Splendid agreed to sell, 100% of the issued share capital in the Sky Harvest for an aggregate maximum consideration of HK\$509,164,969, of which HK\$180,000,000 shall be settled in cash and HK\$329,164,969 shall be settled by way of allotment and issue of Consideration Shares. The consideration is subject to adjustment pursuant to an earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Advance Splendid, 65,833,000 shares will be issued under the Sale and Purchase Agreement. Sky Harvest owns 100% equity interests in Chengxin Copper Copper Co., Ltd. (“Chengxin”) The transaction has been completed in November 2018. Please refer to the announcement of the Company dated 19 October 2018, 31 October 2018 and 16 November 2018 for further details.

For the year ended 31 December 2019, Sky Harvest and its subsidiaries made a net profit of RMB5,631,000 under IFRS, as such, no consideration shares are issuable to Advance Splendid under the sale and purchase agreement.

The number of consideration shares for the first year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK}\$5.0) - C/\text{HK}\$5.0$$

- A = actual net profits of the target for the first year
- B = performance target for the first year, i.e. RMB35,000,000
- C = cash consideration, i.e. HK\$180,000,000
- D = the maximum number of consideration shares to be issued for the first year, i.e. 15,361,000 Shares

During the year ended 31 December 2019, save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Capital expenditures

For the year ended 31 December 2019, the Group’s capital expenditures payments represent additions to property, plant and equipment (including construction in progress) and land use rights of approximately RMB17.7 million (2018: RMB68.3 million). The capital expenditures were mainly financed from internal resources.

天豐環球有限公司(「天豐」)

於2018年10月19日，本公司與錦晉創投有限公司(「錦晉」)訂立買賣協議，據此，本公司同意購買及錦晉同意銷售天豐之100%已發行股本，總最大代價為509,164,969港元，其中180,000,000港元將以現金結算及329,164,969港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予錦晉，則根據買賣協議將發行65,833,000股股份。天豐擁有晟鑫銅業有限公司(「晟鑫」)的100%股權。該交易已於2018年11月完成。有關更多詳情，請參閱本公司日期為2018年10月19日、2018年10月31日及2018年11月16日的公佈。

截至2019年12月31日止年度，天豐及其附屬公司根據國際財務報告準則的純利為人民幣5,631,000元，故此，根據買賣協議，概無代價股份將發行予錦晉。

根據買賣協議，第一年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 5.0 \text{ 港元}) - C/5.0 \text{ 港元}$$

- A = 目標公司第一年的實際純利
- B = 第一年的業績目標，即人民幣35,000,000元
- C = 現金代價，即180,000,000港元
- D = 第一年將予發行的代價股份最高數目，即15,361,000股股份

截至2019年12月31日止年度，除上文所披露者外，本集團並無有關附屬公司及聯屬公司的任何重大收購及出售事項。

資本開支

截至2019年12月31日止年度，本集團的資本開支付款指物業、廠房及設備添置(包括在建工程)以及土地使用權約人民幣17,700,000元(2018年：人民幣68,300,000元)。資本開支主要自內部渠道獲得資金。

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Capital commitments

As at 31 December 2019, the capital commitments in respect of the acquisition of property, plant and equipment and lease prepayments on lands contracted for but not provided in the consolidated financial statements amounted to RMB40.4 million (as at 31 December 2018: RMB31.4 million).

Contingent liabilities

Other than the contingent consideration liabilities of three acquisitions as mentioned above, the Group had no material contingent liabilities as at 31 December 2019.

Events after the Reporting Period

(a) Since the outbreak of COVID-19 in early of 2020, PRC has implemented a series of precautionary and control measures with have certain impacts on PRC's business and economic activities. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.

(b) On 25 October 2017, Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd. ("Fuqing Zhongjin"), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Sichuan Xijiulong Investment Co., Ltd. ("Sichuan Xijiulong"), pursuant to which Fuqing Zhongjin made a pre-IPO investment in Sichuan Jin Xunhuan E-commerce Trading Co., Ltd. ("JX E-commerce") by acquiring from Sichuan Xijiulong 25% equity interest in JX E-commerce for a cash consideration of RMB125,000,000. According to the sale and purchase agreement, Fuqing Zhongjin was granted a put option by Sichuan Xijiulong ("Put Option"), pursuant to which, if JX E-commerce fails to complete a qualified IPO within 3 years of the date of Completion ("IPO Deadline"), Fuqing Zhongjin has the discretion to require Sichuan Xijiulong to repurchase Fuqing Zhongjin's equity interest in JX E-commerce at any time after the expiration of such 3-year period at the consideration of RMB125,000,000. Sichuan Xijiulong shall execute an equity transfer agreement with Fuqing Zhongjin within 5 business days of receiving the written notice of exercising the Put Option from Fuqing Zhongjin. Please refer to the announcement of the Company dated 25 October 2017 for further details.

On 27 March 2020, Fuqing Zhongjin entered into a loan agreement with Sichuan Xijiulong, pursuant to which, Sichuan Xijiulong committed to make a short term loan of RMB125,000,000 to Fuqing Zhongjin before 20 April 2020, interest rate will be based on the benchmark rate of the People's Bank of China, the term of the loan will be 7 months from 20 April 2020 to 20 November 2020. If JX E-commerce completes a qualified IPO before the IPO Deadline, Fuqing Zhongjin will repay the principal amount and interest thereof to Sichuan Xijiulong in cash on a one-off basis. If JX E-commerce fails to complete a qualified IPO before the IPO Deadline, the principal

資本承擔

於2019年12月31日，就收購物業、廠房及設備及土地租賃預付款之已訂約但未於綜合財務報表撥備的資本承擔為人民幣40,400,000元（於2018年12月31日：人民幣31,400,000元）。

或然負債

除上述三項收購的或然代價負債外，於2019年12月31日，本集團並無任何重大或然負債。

報告期後事項

(a) 自2020年初爆發COVID-19以來，中國已實施一系列防控措施，對中國的商業及經濟活動產生一定程度影響。本集團將密切監察COVID-19疫情的發展，評估其對本集團財務狀況及經營業績的影響並作出積極反應。

(b) 於2017年10月25日，本公司的間接全資附屬公司福清中金有色金屬材料有限公司（「福清中金」）與四川省西九龍投資有限公司（「四川西九龍」）訂立股權轉讓協議，據此，福清中金透過向四川西九龍收購金循環電子商務的25%股權對四川金循環電子商務有限公司（「金循環電子商務」）作出首次公開發售前投資，現金代價為人民幣125,000,000元。根據買賣協議，福清中金獲授四川西九龍認沽期權（「認沽期權」），據此，若金循環電子商務於完成日期起計三年內（「首次公開發售期限」）未能完成合資格首次公開發售，則福清中金有酌情權可於該三年期間屆滿後任何時間內要求四川西九龍回購福清中金於金循環電子商務的股權，代價為人民幣125,000,000元。四川西九龍須於從福清中金收到行使認沽期權的書面通知後五個營業日內與福清中金訂立股權轉讓協議。有關更多詳情，請參閱本公司日期為2017年10月25日的公佈。

於2020年3月27日，福清中金與四川西九龍訂立貸款協議，據此，四川西九龍承諾於2020年4月20日前向福清中金提供短期貸款人民幣125,000,000元，利率按中國人民銀行基準利率計算，貸款期限為7個月，即2020年4月20日至2020年11月20日。如在首次公開發售期限屆滿前金循環電子商務已經完成合資格首次公開發售，則福清中金將以現金方式向四川西九龍一次性清還借款本金及相關利息。如在首次公開發售期限屆滿前金循環電子商務未能

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amount of the loan will be offset against the amount Sichuan Xijiulong is obligated to pay for repurchasing the 25% equity interest in JX E-commerce upon the exercise of the Put Option by Fuqing Zhongjin, and Fuqing Zhongjin will repay the interest to Sichuan Xijiulong in cash.

完成合資格首次公開發售，貸款本金金額將用作抵銷當福清中金行使認沽期權時四川西九龍回購金循環電子商務的25%股份所須支付的金額，同時，福清中金將以現金方式向四川西九龍清還相關利息金額。

- (c) On 13 April 2020, the Company has entered into a subscription agreement with a convertible bond holder, Peaceful. According to the subscription agreement, Peaceful subscribed for a note issued by the Company in the aggregate principal amount of HK\$92,300,000, interest-bearing at 12% per annum and with a maturity date on 13 April 2021, which was settled by the outstanding liabilities owed by the Company to Peaceful under the Remaining Tranche II Convertible bonds.
- (c) 於2020年4月13日，本公司與可換股債券持有人富康訂立認購協議。根據認購協議，富康認購本公司所發行、本金總額為92,300,000港元按年息12%計息及於2021年4月13日到期的票據。票據已透過本公司於餘下第II批可換股債券項下欠結富康的未償還負債結算。
- (d) On 22 April 2020, the Company and the holders of August 2017 CBs entered into an amendment and extension agreements to conditionally extend the maturity date of the August 2017 CBs. The amendment and extension of term of convertible bonds issued to Huarong and Prosper Rich were completed on 7 May 2020. Following the completion, the maturity date of convertible bonds issued to Huarong and Prosper Rich have been extended to 11 August 2020. The convertible bonds issued to Huarong matured on 11 August 2020. On 9 July 2020, the Company had entered into a non legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussion a possible extension of the maturity date of such convertible bond. As of the date of this report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020 and 7 May 2020 for further details.
- (d) 於2020年4月22日，本公司與2017年8月可換股債券之持有人訂立修訂及延期協議，以有條件延長2017年8月可換股債券的到期日。向華融及亨富發行的可換股債券的期限的修訂及延長已於2020年5月7日完成。完成後，向華融及亨富發行的可換股債券的到期日已延長至2020年8月11日。已向華融發行的可換股債券於2020年8月11日到期。本公司於2020年7月9日與華融訂立一份無法律約束力的意向書，據此，當事各方正在商議相關可換股債券到期日的可能延長。截至本報告日期，與華融就有關可能延期的磋商仍在進行中。更多詳情，請參閱本公司日期為2020年4月22日、2020年4月27日及2020年5月7日的公告。
- (e) On 28 April 2020, the Company has entered into a subscription agreement with a convertible bond holder, Prosper Rich. According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date of the August 2017 CBs, interest-bearing at 14% per annum and due for repayment one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the August 2017 CBs owed to a convertible bond holder, Huarong, in the principal amount of HK\$390 million upon the maturity date of 11 August 2020.
- (e) 於2020年4月28日，本公司與可換股債券持有人亨富訂立認購協議。根據認購協議，本公司將發行本金額相等於本集團於2017年8月可換股債券的經修訂到期日欠結亨富的未償還負債、按年息14%計息及於發行日期後一年應還的票據。票據認購的最終簽立須待於到期日(2020年8月11日)贖回或轉換欠結可換股債券持有人華融本金額為390,000,000港元的2017年8月可換股債券方可作實。
- (f) Pursuant to a subscription agreement dated 14 April 2020 ("Subscription Agreement"), the Company proposed to issue 325,000,000 ordinary shares of HK\$0.1 at the price of HK\$2.68 per share to an independent third party, Taisei Business Solutions Pte. Ltd., a company incorporated in Singapore. The estimated net proceeds from the issue of these shares amounted to HK\$840,515,000 (equivalent to RMB752,933,000).
- (f) 根據日期為2020年4月14日的認購協議(「認購協議」)，本公司建議按每股價格2.68港元向一名獨立第三方Taisei Business Solutions Pte.Ltd.(一間於新加坡註冊成立的公司)發行325,000,000股每股0.1港元的普通股。發行該等股份的估計所得款項淨額為840,515,000港元(相等於人民幣752,933,000元)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

On 6 May 2020, the Company and Taisei Business entered into an amendment letter, pursuant to which the long stop date of the Subscription Agreement is extended to 30 June 2020, and Taisei Business has agreed to place not less than HK\$100,000,000 to the Company in cash as a non-refundable deposit ("Deposit") in relation to the share subscription.

Pursuant to the Subscription Agreement (and as amended by the amendment letter), the long stop date of the subscription was 30 June 2020. As the long stop date has passed, the subscription has lapsed, and the subscription will not proceed.

As at the date of this report, the Company has not received the Deposit from the Subscriber. The Company is in discussion with Taisei Business, and the Board is considering potential next steps. Further announcements will be made by the Company in relation to its next steps in respect of the subscription as and when appropriate in accordance with the Listing Rules.

(g) On 1 July 2020, the Company entered into a non-legally binding framework agreement with Mianyang Fule Investment Co., Ltd. ("Fule"), a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Fule will subscribe for shares of the Company for a consideration of more than RMB298 million. The intended uses of the proceeds from Fule will include, but not be limited to, the repayment of advances in the principal amount of up to RMB298 million owed by the Group to Fule. On 20 July 2020, the Company and Fule entered into a subscription agreement, pursuant to which the Company has conditionally agreed to issue and Fule has conditionally agreed to subscribe for 618,490,456 shares of the Company at a price of HK\$0.53 per share.

(h) On 16 July 2020, the Company has entered into a non-legally binding framework agreement with Mianyang Science Technology City Development Investment (Group) Co. Ltd ("Kefa"), a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Kefa will subscribe for shares of the Company for a consideration of more than RMB300 million. The intended uses of the proceeds from Kefa will include, but not be limited to, the repayment of entrusted loans amounting to approximately RMB299 million as at 31 December 2019 owed by the Group to Kefa.

Save as disclosed above and disclosed in other section in this annual report, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2019 and up to the date of this annual report.

於2020年5月6日，本公司與Taisei Business訂立修訂函，據此，認購協議的最後終止日延長至2020年6月30日，且Taisei Business同意就股份認購以現金向本公司配售不少於100,000,000港元作為不可退還的保證金（「保證金」）。

根據認購協議（經修訂函修訂），認購的最後終止日為2020年6月30日。由於最後終止日已過，認購已失效，認購將不會進行。

於本報告日期，本公司尚未收到認購人的保證金。本公司正與Taisei Business進行討論，董事會正在考慮潛在的後續步驟。本公司將根據上市規則於適當時候就認購的後續步驟另行刊發公告。

(g) 於2020年7月1日，本公司與中國國有企業綿陽富樂投資有限公司（「富樂」）訂立無法律約束力的框架協議。根據框架協議，富樂擬（其中包括）將以人民幣298,000,000元以上的代價認購本公司股份。富樂所得款項的擬定用途將包括但不限於償還本集團結欠富樂本金額最多人民幣298,000,000元的墊款。於2020年7月20日，本公司與富樂訂立認購協議，據此，本公司有條件地同意發行而富樂有條件地同意按每股股份0.53港元的價格認購618,490,456股本公司股份。

(h) 於2020年7月16日，本公司與中國國有企業綿陽科技城發展投資（集團）有限公司（「科發」）訂立無法律約束力的框架協議。根據框架協議，科發擬（其中包括）將以人民幣300,000,000元以上的代價認購本公司股份。科發所得款項的擬定用途將包括但不限於償還本集團於2019年12月31日結欠科發約人民幣299,000,000元的委託貸款。

除上文所披露及本年報其他章節所披露者外，本公司或本集團並無於2019年12月31日後至本年報日期進行任何重大的期後事項。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR

Mr. Yu Jianqiu (俞建秋), age 55, is the founder of the Group and the Chairman, Chief Executive Officer and an executive director of the Company. Mr. Yu is primarily responsible for the overall business and strategy of the Group. He also serves as a director of our certain subsidiaries. Through his personal interests and holdings in Epoch Keen Limited ("Epoch Keen"), Mr. Yu is a major controlling shareholder of the Company. Mr. Yu has over 20 years of experience in corporate operations and management in the petrochemical, automobile and renewable energy sectors. He was the chairman and principal executive officer of Gushan Environmental Energy Limited ("Gushan"), a company whose American depositary shares were listed on the New York Stock Exchange from December 2007 to October 2012. Mr. Yu also founded a number of subsidiaries of the Gushan group between 1996 and 2008. Mr. Yu received his degree of Executive Master of Business Administration (EMBA) from Hautes Etudes Commerciales de Paris on 13 December, 2010. In 2002, he was elected as a member of the Fuzhou Committee of the 10th Chinese People's Political Consultative Committee and a member of the Santai County Committee of the 11th Chinese People's Political Consultative Committee. He was appointed as a director of the Company on 22 February 2013 and redesignated as an executive director on 16 August 2013.

執行董事

俞建秋先生，55歲，是本集團的創辦人，以及本公司主席、行政總裁兼執行董事。俞先生主要負責本集團的整體業務及策略。彼亦擔任本公司若干附屬公司的董事。俞先生透過其個人權益及於時建有限公司（「時建」）的股權而成為本公司的主要控股股東。俞先生於石油化工、汽車和可再生能源行業擁有逾20年的企業營運及管理經驗。彼曾是古杉環保能源有限公司（「古杉」）的主席兼首席行政總裁，該公司的美國預託股份由2007年12月至2012年10月於紐約證券交易所上市。俞先生於1996年至2008年間亦創辦古杉集團的若干附屬公司。俞先生於2010年12月13日獲巴黎高等商學院（Hautes Etudes Commerciales de Paris）頒授高級管理人員工商管理碩士學位。於2002年，彼獲選為第10屆中國人民政治協商會議福州市委員會成員，以及第11屆中國人民政治協商會議三台縣委員會成員。彼於2013年2月22日獲委任為本公司董事，並於2013年8月16日調任為執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR (Continued)

Mr. Kwong Wai Sun, Wilson (鄭偉信), age 54, is an executive director of the Company. He is in charge of the corporate and strategic development of the Company. Mr. Kwong is also a director of our certain subsidiaries, and a director of our associates companies: Deda Holdings Limited and Hongkong Fujian Investments Limited. Mr. Kwong was the president of Gushan. He is also an independent non-executive director of C.banner International Holdings Limited, the principal business of which is the manufacture and sale of branded fashion footwear, since 26 August 2011, China Outfitters Holdings Limited, the principal business of which is the design, manufacture, marketing and sale of apparel products and accessories in China with a focus on menswear, since 8 June 2011, Shunfeng International Clean Energy Limited, the principal business of which is the manufacture and sale of solar wafers, solar cells, solar modules and related products as well as developing and operating solar power plants, since 16 July 2014, China New Higher Education Group Limited, the principal business of which is the rendering of education services, since 20 March 2017, and Koolearn Technology Holding Limited, the principal business of which is the provision of online after-school tutoring and test preparation service in China since 15 March 2019, which are listed on the Stock Exchange since 23 September 2011, 9 December 2011, 13 July 2011, 19 April 2017 and 28 March 2019, respectively. Mr. Kwong has over 10 years of experience in corporate finance and equity capital markets in Asia, having previously worked at a number of investment banks in Hong Kong. Prior to joining Gushan in 2006, he was the managing director of investment banking and he held the position as the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited since March 2004. From 2002 to 2003, Mr. Kwong was a director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. After graduating from University of Cambridge, England with a bachelor of Arts degree in 1987, he qualified as a chartered accountant in the United Kingdom in 1990. Mr. Kwong is currently an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Kwong was appointed as an executive director of the Company on 16 August 2013.

執行董事(續)

鄭偉信先生，54歲，是本公司的執行董事。彼主管本公司企業及策略發展。鄭先生亦為本公司若干附屬公司的董事以及本公司之聯營公司：德達控股有限公司及香港福艦投資有限公司的董事。鄭先生曾為古杉的總裁。彼亦自2011年8月26日起為千百度國際控股有限公司(其主要業務是產銷品牌時尚鞋履)、2011年6月8日起為中國服飾控股有限公司(其主要業務是在中國設計、製造、營銷及銷售服裝產品及配飾，並以男士服飾為主)、2014年7月16日起為順風國際清潔能源有限公司(其主要業務是製造及銷售太陽能硅晶片、太陽能電池片、太陽能組件及相關產品，以及開發及經營太陽能發電站)、2017年3月20日起為中國新高教集團有限公司(其主要業務是提供教育服務)及2019年3月15日起為新東方在線科技控股有限公司(其主要業務是在中國提供綜合線上校外輔導及備考服務)的獨立非執行董事，該等公司分別自2011年9月23日、2011年12月9日、2011年7月13日、2017年4月19日及2019年3月28日起於聯交所上市。鄭先生於亞洲企業融資及股票資本市場擁有逾10年經驗，曾於香港多家投資銀行工作。於2006年加入古杉前，彼於2004年3月起曾出任里昂證券資本市場有限公司投資銀行董事總經理，以及出任香港及中國股權資本市場主管。2002年至2003年，鄭先生為投資銀行嘉誠亞洲有限公司的董事及股票資本市場主管。彼於1987年畢業於英國劍橋大學並獲頒授文學學士學位後，於1990年在英國成為合資格的特許會計師。鄭先生現為英格蘭及威爾士特許會計師協會以及香港會計師公會會員。鄭先生於2013年8月16日獲委任為本公司執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR *(Continued)*

Mr. Huang Weiping (黃偉萍), age 59, is an executive director of the Company. Mr. Huang co-founded Xiangbei in 2010 and is currently a director of our certain subsidiaries in China, Mr. Huang is in charge of the overall operation, production technology and engineering of the Group. Mr. Huang has more than 10 years of experience in the PRC metal material industry. Prior to the establishment of Xiangbei, Mr. Huang was a manager at Fujian Lingzhi Environmental Technology Co., Ltd. (福建凌志環保科技有限公司), the principal business of which is the design and construction of environmental projects, from 2009 to 2011, Fuzhou Kebi Chemical Materials Co., Limited (福州科比化工材料有限公司), the principal business of which is the manufacture and sale of synthetic wax, from 2006 to 2009 and Tricon Chemicals Inc., the principal business of which is the trade of chemicals and metal materials, from 2001 to 2005. He is a fellow member of the Investment Casting Institute and an executive member of China Precision Casting Branch Association of China Foundry Association (中國鑄造協會精密鑄造分會). Mr. Huang also serves as an executive member of the Chinese and Foreign Entrepreneurs' Club of Fujian Province (福建省中外企業家聯誼會) and the Association of Entrepreneurs of Private Companies of Fuzhou City (福州市私營企業家協會). Mr. Huang received his degree of Executive Master of Business Administration (EMBA) from Hautes Etudes Commerciales de Paris on 6 July 2015. Mr. Huang was appointed as an executive director of the Company on 16 August 2013.

Ms. Zhu Yufen (朱玉芬), age 57, is an executive director of the Company. Ms. Zhu has over 20 years of experience in accounting and financial management. She is primarily responsible for the financial reporting and accounting affairs of the Company. Ms. Zhu is also the vice president in charge of the finance of Jinxin, since July 2009. Prior to joining Jinxin, she was a vice general manager and the head of finance department of Mianyang Santai Vise Co., Ltd. (綿陽三台縣台鉗有限公司), the principal business of which is the manufacture and sale of vises, from 1978 to 2009. Ms. Zhu was appointed as an executive director of the Company on 16 August 2013.

執行董事 *(續)*

黃偉萍先生，59歲，是本公司的執行董事。黃先生於2010年共同創辦湘北，現為我們在中國的若干附屬公司的董事。黃先生主管本集團的整體經營、生產技術及工程。黃先生於中國金屬材料行業擁有逾10年經驗。黃先生成立湘北前，於2009年至2011年間為福建凌志環保科技有限公司（其主要業務是環境項目的設計及建造）的經理，於2006年至2009年為福州科比化工材料有限公司（其主要業務是產銷合成蠟）的經理，以及於2001年至2005年為Tricon Chemicals Inc.（其主要業務是化學品及金屬材料貿易）的經理。彼為精密鑄造協會的資深會員及中國鑄造協會精密鑄造分會的常務理事。黃先生亦是福建省中外企業家聯誼會及福州市私營企業家協會的常務理事。黃先生於2015年7月6日取得巴黎高等商學院高級管理人員工商管理碩士學位。黃先生於2013年8月16日獲委任為本公司執行董事。

朱玉芬女士，57歲，是本公司的執行董事。朱女士於會計及財務管理方面擁有逾20年經驗。彼主要負責本公司財務報告及會計事務。朱女士自2009年7月起亦為金鑫的副總經理，主管財務。加入金鑫前，彼自1978年至2009年曾為綿陽三台縣台鉗有限公司（其主要業務是產銷虎鉗）的副總經理及財務部主管。朱女士於2013年8月16日獲委任為本公司執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lee Ting Bun Denny (李廷斌), age 52, is an independent non-executive director of the Company. Mr. Lee was appointed on 16 August 2013. Prior to the appointment, he was an independent non-executive director of Gushan. From 2002 to 2007, Mr. Lee was the chief financial officer of NetEase, Inc., one of the China's leading internet and online game service providers listed on the NASDAQ Global Select Market. He currently serves as a non-executive director on the board of NetEase, Inc. Prior to joining NetEase, Inc., Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee currently also serves as independent non-executive directors of the following four companies (i) New Oriental Education & Technology Group Inc., the provider of private educational services in China, (ii) Concord Medical Services Holdings Ltd., the principal business of which is the operation of a network of radiotherapy and diagnostic imaging centers in China, (iii) NIO Inc. the principal business of which is design, jointly manufacture, and sell smart and connected premium electric vehicles, and (iv) Jianpu Technology Inc., the principal business of which is operation of open platform for discovery and recommendation of financial products in China, all of which are listed on the New York Stock Exchange. NetEase, Inc., is also listed on the Stock Exchange since 11 June 2020. Mr. Lee graduated from Hong Kong Polytechnic University and was awarded the Professional Diploma in Accounting in November 1990. He is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

獨立非執行董事

李廷斌先生，52歲，是本公司的獨立非執行董事。李先生於2013年8月16日獲委任。獲委任前，他曾為古杉的獨立非執行董事。李先生自2002年至2007年曾為網易公司的財務總監，該公司是中國數一數二的互聯網及在線遊戲服務提供者（於納斯達克全球精選市場上市）。彼現為網易公司董事會的非執行董事。加入網易公司前，李先生於畢馬威會計師事務所的香港辦事處工作逾十年。彼現時亦兼任以下四家公司的獨立非執行董事：(i) 新東方教育科技集團有限公司（中國的私人教育服務提供商）；(ii) 泰和誠醫療集團有限公司（其主要業務是在中國經營放射治療和影像診斷中心）；(iii) 蔚來汽車有限公司（其主要業務是設計、聯合製造和銷售智能和連接的優質電動車）；及(iv) 簡普科技有限公司（其主要業務是在中國經營移動開放平台發現和推薦金融產品），所有該等公司均於紐約證券交易所上市。網易公司亦自2020年6月11日起在聯交所上市。李先生於1990年11月於香港理工大學畢業，獲頒會計專業文憑。他是特許公認會計師公會資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR *(Continued)*


Mr. Pan Liansheng (潘連勝), age 56, is an independent non-executive director of the Company. Mr. Pan has been engaged in non-ferrous metal and carbon fiber composite materials research for years and possesses rich knowledge on the non-ferrous metal industry. Mr. Pan also worked for the Third Research Institute of the then Ministry of Astronautics of the PRC (中國航天工業部第三研究院), which was involved in the research of aerospace metals and carbon fibre composite materials, between 1990 and 1993, his work there concerned researches relating to non-ferrous metal and carbon fiber composite materials. From 1993 to 1994, Mr. Pan was seconded to Sanwa Machinery Trading Co., Ltd., the principal business of which was the design and manufacture of electrical machinery. From 1996 to 1998, Mr. Pan was an assistant professor at Waseda University. From 1998 to 2008, Mr. Pan worked in the research and development center of Toshiba Ceramics Co., Ltd. (東芝陶瓷株式會社), and was once chief researcher of the organization, the principal business of which is the research and production of high-end electronic ceramic and silicon semi-conductors. From 2008 to April 2013, Mr. Pan worked as the general manager at Toshiba Ceramics Co., Ltd. Currently, Mr. Pan is the Chairman of Thinkon Semiconductor Technology Jinzhou Corporation (錦州神工半導體股份有限公司), a company he established since 2013 with principal business in manufacturing of semiconductor material. Mr. Pan graduated with a bachelor's degree from Beijing University of Aeronautics and Astronautics in 1985 where he focused on researches relating to non-ferrous metal and carbon fiber reinforced composite in 1985. He further obtained his doctorate degree from Waseda University in 1998. Mr. Pan was appointed as an independent non-executive director of the Company on 16 August 2013.

Ms. Ren Ruxian (任汝嫻), age 44, is an independent non-executive director of the Company. Ms. Ren has over 19 years working experience in finance management and financial reporting, including in 2 international audit professional firms and in the internet industry, during which she acted as the acting chief financial officer of Changyou.com Limited, a NASDAQ listed company, in 2014. Ms. Ren was awarded a Master in Economics and Bachelor in Economics from the Finance School of Renmin University in 2001 and 1998, respectively. Ms. Ren is currently a member of each of The Chinese Institute of Certified Public Accountants and The Institute of Certified Management Accountants. Ms. Ren was appointed as an independent non-executive director of the Company on 30 November 2015.

獨立非執行董事 *(續)*

潘連勝先生，56歲，是本公司的獨立非執行董事。潘先生多年來一直從事有色金屬和碳纖維複合材料的研究，對有色金屬行業擁有豐富知識。潘先生亦於1990年至1993年間任職中國航天工業部第三研究院(其涉及航天金屬和碳纖維複合材料的研究)，彼於該公司的工作專注有色金屬和碳纖維複合材料的相關研究。於1993年至1994年，潘先生派赴到日本三和工機株式會社(其主要業務是設計及製造電動機械)。於1996年至1998年，潘先生為早稻田大學的助理教授。於1998年至2008年，潘先生任職東芝陶瓷株式會社的研發中心並一度為該機構首席研究員，東芝陶瓷株式會社主要業務是研究及生產高端電子陶瓷和硅半導體。於2008年至2013年4月，潘先生擔任東芝陶瓷株式會社的總經理。目前，潘先生是錦州神工半導體股份有限公司的主席，該公司為彼自2013年起成立的公司及其主要業務是製造半導體材料。潘先生於1985年在北京航空航天大學本科畢業，於該校彼於1985年專注於有色金屬和碳纖維強化複合物的相關研究。彼於1998年再取得早稻田大學的博士學位。潘先生於2013年8月16日獲委任為本公司獨立非執行董事。

任汝嫻女士，44歲，是本公司的獨立非執行董事。任女士累積逾19年豐富的財務管理及財務申報工作經驗，其中包括於2家國際專業審計師事務所，及在互聯網公司的財務管理經驗，包括在2014年出任暢遊有限公司(一所在納斯達克上市的公司)的代理首席財務官。任女士分別於2001年及1998年獲中國人民大學財政金融學院經濟學碩士和經濟學學士學位。任女士目前是中國註冊會計師協會和美國註冊管理會計師的會員。任女士於2015年11月30日獲委任為本公司之獨立非執行董事。



DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHANGE IN DIRECTORS' BIOGRAPHIES

Save as disclosed in the section headed "Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rule since the Listing Date.

董事履歷之變更

除「董事及高級管理層」一節所披露者外，自上市日期起，概無有關任何董事的任何資料出現變動而須根據上市規則第13.51(2)條第(a)至(e)及(g)段作出披露。

REPORT OF THE DIRECTORS

董事會報告



The Board is pleased to present the audited consolidated results of the Company and the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Group is a manufacturer of recycled copper products, also known as copper semis, in Southwest China. Beginning in 2013, the Group started to sell a range of communication cables and power transmission and distribution cables using copper wire and copper rods produced by the Group as the principal raw material. Beginning in 2015, the Group also entered into trading activities of electrolytic copper. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis section. The discussions forms part of this directors' report.

DIRECTORS

During the year and up to the date of this annual report, the directors of the Company were as follows:

| Executive Directors | Appointed on |
|--|--|
| Mr. Yu Jianqiu (<i>Chairman and Chief Executive Officer</i>) | 22 February 2013 and redesignated as an executive director on 16 August 2013 and reelected on 6 June 2014, 6 June 2016 and 6 June 2019 |
| Mr. Kwong Wai Sun Wilson | 16 August 2013 and reelected on 6 June 2014, 6 June 2016 and 6 June 2018 |
| Mr. Huang Weiping | 16 August 2013 and reelected on 9 June 2015, 6 June 2017 and 6 June 2019 |
| Ms. Zhu Yufen | 16 August 2013 and reelected on 9 June 2015, 6 June 2017 and 6 June 2019 |

Independent Non-executive Directors

| | |
|------------------------|---|
| Mr. Pan Liansheng | 16 August 2013 and reelected on 9 June 2015 and 6 June 2017 |
| Mr. Lee Ting Bun Denny | 16 August 2013 and reelected on 6 June 2016 and 6 June 2018 |
| Ms. Ren Ruxian | 30 November 2015 and reelected on 6 June 2016 and 6 June 2018 |

董事會欣然提呈本公司及本集團截至2019年12月31日止年度的經審核綜合業績。

主要業務

本集團是中國西南部再生銅產品(亦稱為銅半製成品)製造商。自2013年起,本集團開始銷售多種以本集團自製的銅線材為主要原材料的通信電纜和送配電纜。自2015年起,本集團亦開展電解銅的貿易活動。香港公司條例附表5規定對該等活動之進一步討論及分析,包括本集團面對之主要風險及不確定性之說明及本集團業務之可能未來發展之反映,載於管理層討論及分析一節。該等討論構成本董事會報告一部分。

董事

於本年度及截至本年報日期,本公司董事如下:

| 執行董事 | 獲委任日期 |
|------------------------|--|
| 俞建秋先生 (主席兼 行政總裁) | 2013年2月22日及於2013年8月16日調任為執行董事及於2014年6月6日、2016年6月6日及2019年6月6日重選 |
| 鄭偉信先生 | 2013年8月16日及於2014年6月6日、2016年6月6日及2018年6月6日重選 |
| 黃偉萍先生 | 2013年8月16日及於2015年6月9日、2017年6月6日及2019年6月6日重選 |
| 朱玉芬女士 | 2013年8月16日及於2015年6月9日、2017年6月6日及2019年6月6日重選 |

獨立非執行董事

| | |
|-------|------------------------------------|
| 潘連勝先生 | 2013年8月16日及於2015年6月9日及2017年6月6日重選 |
| 李廷斌先生 | 2013年8月16日及於2016年6月6日及2018年6月6日重選 |
| 任汝嫻女士 | 2015年11月30日及於2016年6月6日及2018年6月6日重選 |

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this report of the directors.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 9, 21 and 38 respectively to the financial statements and in this annual report, no director or any entity connected with a director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in the section headed "Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the Listing Date.

董事及高級管理層履歷

本集團董事及高級管理層履歷詳情載於本董事會報告「董事及高級管理層」一節。

獨立非執行董事的獨立性確認書

各獨立非執行董事已根據上市規則第3.13條確認其獨立性。根據上市規則第3.13條，本公司認為所有獨立非執行董事均為獨立人士。

董事於合約的權益

除於財務報表附註9、21及38及本年報所分別披露者外，概無董事或與該董事有關連的實體在本公司或其任何附屬公司於本年度訂立並對本集團業務有重大影響的任何交易、安排或合約中，擁有（不論直接或間接）重大權益。

董事服務合約

擬於應屆股東週年大會上獲膺選連任的董事中，概無與本公司或其任何附屬公司訂立不可在一年內終止而毋須作出賠償（法定賠償外）的服務合約。

董事及高級管理層變動

除「董事及高級管理層」一節所披露者外，自上市日期起，概無有關任何董事的任何資料出現變動而須根據上市規則第13.51(2)條第(a)至(e)及(g)段作出披露。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(1) Long position in the shares of the Company

| Name of Director 董事姓名 | Capacity/Nature of interest 身份／權益性質 | Number of shares held 所持股份數目 | Approximate percentage of shareholding ⁽¹⁾ 概約持股百分比 ⁽¹⁾ |
|-----------------------------------|---|---------------------------------|---|
| Mr. Yu Jianqiu 俞建秋先生 | Beneficial owner 實益擁有人 | 30,964,000 | 1.18% |
| | Interest in a controlled corporation ⁽²⁾ 受控制法團權益 ⁽²⁾ | 1,010,262,400 | 38.39% |
| Mr. Huang Weiping 黃偉萍先生 | Interest in controlled corporations ⁽³⁾ 受控制法團權益 ⁽³⁾ | 310,317,000 | 11.79% |
| Mr. Kwong Wai Sun Wilson 鄭偉信先生 | Beneficial owner 實益擁有人 | 3,272,600 | 0.12% |

Notes:

- (1) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 December 2019.
- (2) The shares were held by Mr. Yu Jianqiu, Chairman and an executive Director of the Company, together with Epoch Keen Limited, a company wholly-owned by Mr. Yu Jianqiu.
- (3) The shares were held by First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited. All these companies are wholly-owned by Mr. Huang Weiping.

董事及主要行政人員於本公司及其相聯法團的股份及相關股份的權益及淡倉

於2019年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券擁有(i)根據證券及期貨條例第352條規定須予備存的登記冊所載，或(ii)根據上市規則附錄10所載關於上市發行人董事進行證券交易的標準守則(「標準守則」)須通知本公司及聯交所的權益及淡倉如下：

(1) 於本公司股份的好倉

附註：

- (1) 百分比代表普通股數目除以本公司於2019年12月31日已發行股份的數目。
- (2) 該等股份由本公司主席兼執行董事俞建秋先生連同俞建秋先生全資擁有的公司時建有限公司持有。
- (3) 該等股份由肇豐環球有限公司、金博企業有限公司及洋達有限公司持有。所有該等公司均由黃偉萍先生全資擁有。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

(2) Long Position in the underlying shares of the Company

董事及主要行政人員於本公司及其相聯法團的股份及相關股份的權益及淡倉(續)

(2) 於本公司相關股份的好倉

| Name of Director 董事姓名 | Capacity/Nature of interest 身份/權益性質 | Number of shares held 所持股份數目 | Approximate percentage of shareholding ⁽¹⁾ 概約持股百分比 ⁽¹⁾ |
|-----------------------------------|---|---------------------------------|---|
| Mr. Huang Weiping 黃偉萍先生 | Beneficial owner ⁽⁴⁾ 實益擁有人 ⁽⁴⁾ | 667,000 | 0.03% |
| Ms. Zhu Yufen 朱玉芬女士 | Beneficial owner ⁽⁵⁾ 實益擁有人 ⁽⁵⁾ | 3,334,000 | 0.13% |
| Mr. Kwong Wai Sun Wilson 鄭偉信先生 | Beneficial owner ⁽⁶⁾ 實益擁有人 ⁽⁶⁾ | 5,000,000 | 0.19% |
| Mr. Pan Liansheng 潘連勝先生 | Beneficial owner ⁽⁷⁾ 實益擁有人 ⁽⁷⁾ | 1,000,000 | 0.04% |
| Mr. Lee Ting Bun Denny 李廷斌先生 | Beneficial owner ⁽⁸⁾ 實益擁有人 ⁽⁸⁾ | 1,000,000 | 0.04% |
| Ms. Ren Ruxian 任汝嫻女士 | Beneficial owner ⁽⁹⁾ 實益擁有人 ⁽⁹⁾ | 1,000,000 | 0.04% |

Notes:

(4) These equity derivatives were share options granted to Mr. Huang Weiping under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.

(5) These equity derivatives were share options granted to Ms. Zhu Yufen under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.

(6) These equity derivatives were share options granted to Mr. Kwong Wai Sun Wilson under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(7) These equity derivatives were share options granted to Mr. Pan Liansheng under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(8) These equity derivatives were share options granted to Mr. Lee Ting Bun Denny under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.

(9) These equity derivatives were share options granted to Ms. Ren Ruxian under the Share Option Scheme of the Company on 31 May 2016. Please see the section headed "Share Option Scheme" for further details.

附註：

(4) 該等股本衍生工具為根據本公司購股權計劃於2014年7月2日授予黃偉萍先生之購股權。更多詳情請參閱「購股權計劃」一節。

(5) 該等股本衍生工具為根據本公司購股權計劃於2014年7月2日授予朱玉芬女士之購股權。更多詳情請參閱「購股權計劃」一節。

(6) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予鄭偉信先生之購股權。更多詳情請參閱「購股權計劃」一節。

(7) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予潘連勝先生之購股權。更多詳情請參閱「購股權計劃」一節。

(8) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予李廷斌先生之購股權。更多詳情請參閱「購股權計劃」一節。

(9) 該等股本衍生工具為根據本公司購股權計劃，於2016年5月31日授予任汝嫻女士之購股權。更多詳情請參閱「購股權計劃」一節。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

(3) Short Position in the underlying shares of the Company

董事及主要行政人員於本公司及其相聯法團的股份及相關股份的權益及淡倉(續)

(3) 於本公司相關股份的淡倉

| Name of Director 董事姓名 | Capacity/Nature of interest 身份／權益性質 | Number of shares held 所持股份數目 | Approximate percentage of shareholding ⁽¹⁾ 概約持股百分比 ⁽¹⁾ |
|--------------------------|---|---------------------------------|---|
| Mr. Yu Jianqiu 俞建秋先生 | Interest in a controlled corporation ⁽¹⁰⁾ 受控制法團權益 ⁽¹⁰⁾ | 133,779,264 | 5.08% |

Note:

(10) China Huarong International Holdings Limited ("Huarong") and Prosper Rich Investments Limited ("Prosper Rich") have entered into the call option agreement on 31 July 2017 whereby Prosper Rich has a right to request for the acquisition of the Convertible Bonds in the principal amount of HK\$200,000,000 from Huarong for an amount equal to the principal amount of such Convertible Bonds plus a premium, provided, however, Huarong has a right to decline such request from Prosper Rich. In the event that Huarong turns down the call option request by Prosper Rich under the call option, pursuant to the backup call option agreement entered into between Epoch Keen Limited and Prosper Rich on 31 July 2017, Epoch Keen Limited has agreed to, amongst other things, grant Prosper Rich a call option over such number of Shares Prosper Rich would have been entitled to under the call option had Huarong consented to Prosper Rich's exercise of option, at a price per Shares equivalent to HK\$2.990 per share on the date of exercising the Call Option and in such case, pay Prosper Rich a fee. At the option of Epoch Keen Limited, Epoch Keen Limited may cash settle its obligations under the backup call option. Prosper Rich also can require the lending of certain Shares from Epoch Keen Limited upon occurrence of certain events. As of 31 December 2019, the call option agreement between Huarong and Prosper Rich has been automatically terminated in accordance with its terms. By a deed of termination dated 22 April 2020 entered into between Epoch Keen Limited and Prosper Rich, the backup call option agreement dated 31 July 2017 had been terminated.

Save as disclosed above, as at 31 December 2019, so far as is known to any director or the chief executive of the Company, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

(10) 中國華融國際控股有限公司「華融」與亨富投資有限公司「亨富」已於2017年7月31日訂立認購期權協議，據此，亨富有權要求以相等於有關可換股債券本金額加溢價的金額，向華融收購本金額200,000,000港元的可換股債券，惟華融有權拒絕亨富之要求。倘華融拒絕亨富根據認購期權的認購期權要求，根據時建有限公司與亨富於2017年7月31日訂立的補充認購期權協議，時建有限公司已同意(其中包括)，授予亨富就其在華融同意亨富行使認購期權時而根據認購期權有權可獲得的相關股份數目之認購期權，每股價格等於認購期權行使日期之每股2.990港元及於該情況下，支付亨富一筆費用。按時建有限公司選擇，時建有限公司可以現金結算其於補充認購期權項下債務。亨富亦可於發生若干事件時要求時建有限公司出借若干股份。截至2019年12月31日，華融與亨富之間的認購期權協議已根據其條款自動終止。根據時建有限公司與亨富所訂立日期為2020年4月22日的終止契據，日期為2017年7月31日的補充認購期權協議已予終止。

除上文所披露者外，於2019年12月31日，就本公司任何董事或主要行政人員所知，本公司董事或主要行政人員概無於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中擁有(i)根據證券及期貨條例第352條規定須予備存的登記冊所載，或(ii)根據標準守則所載之規定須知會本公司及聯交所的任何權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2019.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, the following persons (not being a director or chief executive of the Company) had 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

(1) Long position in the underlying shares of the Company

| Name 姓名／名稱 | Note 附註 | Capacity in which interests are held 藉以持有權益的身份 | Number of shares held 持有股數 | Percentage of shareholding ⁽¹⁾ 持股百分比 ⁽¹⁾ |
|--|------------|---|----------------------------------|--|
| Mianyang Science Technology City Development Investment (Group) Co., Ltd. 綿陽科技城發展投資(集團)有限公司 | 3 | Persons having a security interests in shares 對股份有抵押權益之人士 | 310,317,000 | 11.79% |
| China Huarong Asset Management Co., Ltd 中國華融資產管理股份有限公司 | 4 | Interest in controlled corporation 受控制法團權益 | 502,660,559 | 19.10% |

Notes:

(3) On 15 August 2014, Silver Harvest Holdings Limited, Ocean Through Limited, First Harvest Global Limited and Gold Wide Enterprises Limited, shareholders of the Company, has each entered into share charges in respect of their respective shareholding of 103,205,200, 39,401,600, 167,952,400 and 102,963,000 shares of the Company in favour of Mianyang Development Group as the secured party. On 31 December 2015, share charges were released for Silver Harvest Holdings Limited in respect of 103,205,200 shares of the Company.

附註：

(3) 於2014年8月15日，豐銀控股有限公司、洋達有限公司、肇豐環球有限公司及金博企業有限公司(均為本公司股東)各自就彼等於本公司之103,205,200股、39,401,600股、167,952,400股及102,963,000股股份之股權，以承押一方的綿陽發展集團作為受益人訂立股份押記。於2015年12月31日，豐銀控股有限公司就本公司之103,205,200股股份訂立的股份押記已獲解除。

董事購買股份或債券的權利

除於本年報其他部分披露者外，於截至2019年12月31日止年度，概無授予任何董事或彼等各自之配偶或未滿18歲的子女通過購入本公司股份或債券的方式而獲益的權利或由彼等行使任何該等權利，亦無由本公司或其任何附屬公司作出安排以令董事或彼等各自之配偶或未滿18歲的子女於任何其他法人團體獲得該等權利。

主要股東於本公司股份及相關股份的權益及淡倉

於2019年12月31日，按本公司根據證券及期貨條例第336條須予存置的登記冊所記錄，以下人士(並非本公司董事或主要行政人員)於本公司股份或相關股份中擁有5%或以上的權益或淡倉：

(1) 於本公司相關股份的好倉

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

(1) Long position in the underlying shares of the Company (Continued)

Notes:

- (4) Pursuant to Huarong CB 2017, assuming full conversion of the convertible bonds at an initial conversion price of HK\$2.99 per share, the convertible bonds will be convertible into approximately 133,779,264 new shares (subject to adjustment).

On 8 August 2017, Epoch Keen Limited entered into a share charge with Huarong pursuant to which Epoch Keen Limited charged 278,000,000 shares in favour of Huarong as security for the payment and discharge of obligations owing from the Company to the Investor pursuant to, amongst others, the Investor Subscription Agreement and the convertible bonds.

According to the disclosure forms filed by China Huarong Asset Management Co., Ltd. on 21 December 2018, the following interest in shares of the Company were held as follows:

主要股東於本公司股份及相關股份的權益及淡倉(續)

(1) 於本公司相關股份的好倉(續)

附註：

- (4) 根據2017華融可換股債券，假設可換股債券按初步兌換價每股2.99港元悉數轉換，可換股債券將可轉換為約133,779,264股新股份(可予調整)。

於2017年8月8日，時建有限公司與華融訂立股份押記，據此，時建有限公司以華融為受益人抵押278,000,000股股份，作為支付及解除本公司根據(其中包括)投資者認購協議及可換股債券應向投資者履行之責任之擔保。

根據中國華融資產管理股份有限公司於2018年12月21日遞交的披露權益表，持有本公司股份權益如下：

| Name of controlled corporation | Name of controlling shareholder | % control | Direct interest | Number of shares |
|---|---|-----------|-----------------|---------------------------|
| 受控法團的名稱 | 控權股東的姓名／名稱 | 百分率 % | 直接權益 (是／否) | 股份數目 |
| Huarong Real Estate Co., Ltd. | China Huarong Asset Management Co., Ltd. | 100 | N | Long position 502,660,559 |
| 華融置業有限責任公司 | 中國華融資產管理股份有限公司 | | 否 | 好倉 |
| Huarong Zhiyuan Investment & Management Co., Ltd. | China Huarong Asset Management Co., Ltd. | 100 | N | Long position 502,660,559 |
| 華融致遠投資管理有限責任公司 | 中國華融資產管理股份有限公司 | | 否 | 好倉 |
| Huarong | Huarong Real Estate Co., Ltd. | 88.1 | Y | Long position 502,660,559 |
| 華融 | 華融置業有限責任公司 | | 是 | 好倉 |
| Huarong | Huarong Zhiyuan Investment & Management Co., Ltd. | 11.9 | Y | Long position 502,660,559 |
| 華融 | 華融致遠投資管理有限責任公司 | | 是 | 好倉 |

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

(2) Short position in the underlying shares of the Company

主要股東於本公司股份及相關股份的權益及淡倉(續)

(2) 於本公司相關股份的淡倉

| Name 姓名/名稱 | Note 附註 | Capacity in which interests are held 藉以持有權益的身份 | Number of shares held 持有股數 | Approximate percentage of shareholdings ⁽¹⁾ 概約持股百分比 ⁽¹⁾ |
|---|------------|---|-------------------------------|--|
| China Huarong Asset Management Co., Ltd 中國華融資產管理股份有限公司 | 5 | Interest in controlled corporation 受控制法團權益 | 66,889,632 | 2.54% |

Note:

- (5) Huarong and Prosper Rich Investments Limited have entered into the Call Option on 31 July 2017 whereby Prosper Rich Investments Limited has a right to request for the acquisition of the convertible bonds in the principal amount of HK\$200,000,000 from the Huarong for an amount equal to the principal amount of such convertible bonds plus a premium, provided, however, Huarong has a right to decline such request from Prosper Rich.

According to the disclosure forms filed by China Huarong Asset Management Co., Ltd. on 21 December 2018, the following interest in shares of the Company were held as follows:

附註：

- (5) 華融與亨富投資有限公司已於2017年7月31日訂立認購期權，據此，亨富投資有限公司有權要求以相等於有關可換股債券本金額加溢價的金額，向華融收購本金額200,000,000港元的可換股債券，惟華融有權拒絕亨富之要求。

根據中國華融資產管理股份有限公司於2018年12月21日遞交的披露權益表，持有本公司股份權益如下：

| Name of controlled corporation 受控法團的名稱 | Name of controlling shareholder 控股股東的姓名/名稱 | % control 百分率 % | Direct interest 直接權益 (是/否) | Number of shares 股份數目 | |
|---|---|--------------------|----------------------------------|--------------------------|------------|
| Huarong Real Estate Co., Ltd. 華融置業有限責任公司 | China Huarong Asset Management Co., Ltd. 中國華融資產管理股份有限公司 | 100 | N 否 | Short position 淡倉 | 66,889,632 |
| Huarong Zhiyuan Investment & Management Co., Ltd. 華融致遠投資管理有限責任公司 | China Huarong Asset Management Co., Ltd. 中國華融資產管理股份有限公司 | 100 | N 否 | Short position 淡倉 | 66,889,632 |
| Huarong 華融 | Huarong Real Estate Co., Ltd. 華融置業有限責任公司 | 88.1 | Y 是 | Short position 淡倉 | 66,889,632 |
| Huarong 華融 | Huarong Zhiyuan Investment & Management Co., Ltd. 華融致遠投資管理有限責任公司 | 11.9 | Y 是 | Short position 淡倉 | 66,889,632 |

Other than as disclosed above, as at 31 December 2019, the directors had not been notified by any person (not being the directors or chief executive of the Company) who had 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

除上文所披露者外，於2019年12月31日，概無任何人士(並非本公司董事或主要行政人員)知會董事其於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊所記錄5%或以上的權益或淡倉。



DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2019, none of the directors or their respective associates had any business or interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

HUMAN RESOURCES

As at 31 December 2019, the Group had a total of 847 employees (2018: 864). The Group's staff costs for the year ended 31 December 2019 were approximately RMB52.7 million (2018: RMB55.2 million). The Group offers its staff competitive remuneration packages. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated professionals. The Group is also committed to social responsibility as seen in its employment of disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles of Association"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

董事於競爭業務的權益

於2019年12月31日，概無董事及彼等各自的聯繫人擁有與本集團業務構成或可能構成直接或間接競爭之業務或於有關業務中擁有任何權益。

人力資源

於2019年12月31日，本集團僱員合共847名(2018年：864名)。截至2019年12月31日止年度，本集團的員工成本約為人民幣52,700,000元(2018年：人民幣55,200,000元)。本集團向其員工提供具競爭力的酬金待遇。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的專業人員組成的各職能部門作出的貢獻，故此本集團重視員工的個人培訓及發展，以及團隊建設。本集團亦致力於承擔社會責任，可見於其聘用殘疾人士，並向他們提供適當的工作環境和保障。

股息

董事會不建議派發截至2019年12月31日止年度之末期股息(2018年：無)。

優先購股權

本公司組織章程細則(「組織章程細則」)或開曼群島法例項下並無有關優先購股權的規定，致使本公司須按比例基準向現有股東發售新股份。

REPORT OF THE DIRECTORS

董事會報告

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 88 and 89 respectively of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

Movements of the share capital of the Company are set out in note 31 to the financial statements.

BANK LOANS

Interest-bearing bank and other borrowings of the Group as at 31 December 2019 are set out in note 28 to the financial statements.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The directors' emoluments are determined by the Board with reference to their duties, responsibilities and performance and the results of the Group. Details of the directors' emoluments and the five highest paid individuals are set out in notes 9 and 10 to the financial statements respectively.

EMOLUMENT POLICY

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

業績及分配

本集團截至2019年12月31日止年度的業績分別載於本年報第88及第89頁的綜合損益表以及綜合全面收益表。

物業、廠房及設備

本集團物業、廠房及設備的詳情載於財務報表附註13。

股本

本公司的股本變動載於財務報表附註31。

銀行貸款

本集團於2019年12月31日的計息銀行及其他借款載於財務報表附註28。

董事酬金及五名最高薪酬人士

董事薪酬乃由董事會經參考彼等的職責、責任及表現以及本集團的業績而釐定。董事及五名最高薪酬人士的薪酬詳情分別載於財務報表附註9及10。

薪酬政策

本集團成立薪酬委員會以制定有關本集團董事及高級管理層之薪酬政策及架構，該等薪酬政策及架構已參考本集團的經營業績、董事及高級管理層的個人表現及可資比較市場常規。

PENSION SCHEMES

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "PRC Schemes") organized by the local authorities whereby the subsidiaries are required to make contributions to the PRC Schemes based on a percentage of the eligible employees' salaries. Contributions to the PRC Schemes vest immediately. Under the PRC Scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

The Group enrolled all employees in Hong Kong in the Mandatory Provident Fund Scheme ("MPF") (together with the PRC Schemes, the "Retirement Benefit Schemes"), which is a defined contribution retirement benefit scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF. The Group contributes 5% of the relevant payroll costs to the MPF subject to a cap of monthly relevant income of HK\$30,000, and which contribution is matched by the employees. The assets of the MPF are held separately from those of the Group, in funds under the control of trustees. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF and subject to certain conditions being met, all benefits derived from the mandatory contributions must be preserved until the employee either reaches the normal retirement age of 65 or meets certain specified conditions whichever is earlier.

The Group's contributions to Retirement Benefit Schemes charged to the consolidated income statement for the year ended 31 December 2019 were RMB6,119,000 (2018: RMB4,003,000).

MANAGEMENT CONTRACTS

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

退休金計劃

根據中國相關勞動規則及法規，本集團於中國的附屬公司參與由各地方機關組織的界定供款退休福利計劃（「中國計劃」），據此，附屬公司須按合資格僱員薪金的某百分比向中國計劃作出供款。中國計劃的供款會即時歸屬。根據中國計劃，相關計劃管理機構須為現有及退休僱員支付退休福利，而本集團除每年供款外，毋須承擔其他責任。

本集團已為香港的全體僱員參加了強制性公積金計劃（「強積金」）（連同中國計劃，統稱為「退休福利計劃」），此為界定供款退休福利計劃。供款乃按僱員基本薪金的百分比計算，並於根據強積金之規則須予支付時於綜合收益表扣除。本集團向強積金所作的供款為有關工資成本之5%（受每月相關收入上限30,000港元所限），而僱員的供款比率亦相同。強積金的資產與本集團的資產分開持有，以基金形式由信託人控管。僱主的供款投入強積金後，即全數歸僱員所有，除滿足若干條件的情況外，強制性供款涉及的利益須保留至僱員年屆六十五歲退休時或達成若干特定條件（以較早者為準）才予以發還。

本集團於截至2019年12月31日止年度計入綜合收益表的退休福利計劃供款為人民幣6,119,000元（2018年：人民幣4,003,000元）。

管理合約

於本年度，本公司並無就本公司全部或任何主要部分業務訂立或現存任何管理及行政合約。

REPORT OF THE DIRECTORS

董事會報告

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2019 are set out in note 44 to the financial statements and the consolidated statement of changes in equity respectively.

As at 31 December 2019, the Company's distributable reserves available for distribution amounted to RMB822,040,000, calculated in accordance with the provisions of the Companies Law (2012 Revision) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases

- the largest supplier: 7% of cost of sales
- five largest suppliers combined: 26% of cost of sales

Sales

- the largest customer: 17% of revenue
- five largest customers combined: 51% of revenue

The scrap copper that we process comes from a variety of sources, including used household appliances, electrical equipment and transportation equipment, used cables and wires and scrap materials from certain industrial manufacturing processes. We purchase our scrap copper mainly from domestic suppliers located near our production facilities and elsewhere in other provinces of the PRC. We conduct rigorous quality control tests at different stages of our production processes, including rigorous quality tests of our raw materials. Before entering into a business relationship with a new supplier, we conducted due diligence on the supplier's background and reputation in the market to assess its suitability. In addition, we physically inspect each delivery of raw materials to ensure its compliance with contract specifications, including purity and copper content.

Maintaining strong relationships with our customers is important to us and we believe that our customers' willingness to work with us reflects, among others, our record of producing high quality products that meet industry standards and customer requirements.

None of the Directors of the Company or any of their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and five largest suppliers.

儲備及可供分派儲備

本公司及本集團截至2019年12月31日止年度的儲備變動詳情分別載於財務報表附註44及綜合權益變動表。

於2019年12月31日，根據開曼群島公司法(2012年修訂版)的規定計算，本公司可供分派儲備為人民幣822,040,000元。

主要客戶及供應商

本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額

- 最大供應商：佔銷售成本7%
- 五大供應商合計：佔銷售成本26%

銷售額

- 最大客戶：佔營業額17%
- 五大客戶合計：佔營業額51%

我們加工的廢銅是來自多個來源，包括舊家電、電氣設備及運輸設備、舊電纜電線，以及某些工業製造流程產生的廢料。我們主要向位於名下生產設施附近及位於中國其他省份的國內供應商採購廢銅。我們在生產流程的不同階段採取嚴格的質量控制檢測，對包括對我們原材料的嚴格品質測試。與一家新供應商建立業務關係前，我們對供應商背景和於市場內的聲譽進行審慎調查，以評估其合適性。此外，我們亦對原材料的每次交貨進行實質檢查，以確保符合合同規格，包括純度和銅含量。

與客戶維持穩固的關係對我們至關重要，我們認為，客戶願意與我們合作反映出(其中包括)我們有著生產符合行業標準和客戶要求的高品質產品的記錄。

本公司董事或彼等的任何聯繫人或任何股東(就董事所深知擁有本公司已發行股本5%以上的股東)概無於本集團五大客戶及五大供應商中擁有任何權益。

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions during the year ended 31 December 2019 were as follows:

Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited ("MJXFSL"), a company wholly owned by Sichuan Jin Xunhuan E-commerce trading Co. Ltd. ("JX E-commerce") RMB12,357,000

On 1 May 2018, the Company and MJXFSL entered into Delivery Services Agreement, pursuant to which MJXFSL agreed to provide to the Group delivery services for a period of 20 months commencing from 1 May 2018. On 30 December 2019, the Company and MJXFSL entered into a new Delivery Service Agreement, pursuant to which MJXFSL agreed to provide to the Group delivery services for a period of 2 years from 1 January 2020 to 31 December 2021.

As at the date of the Delivery Services Agreement and the new Delivery Services Agreement, MJXFSL was indirectly controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, daughters of Mr. Yu Jianqiu, the chairman and executive director of the Company. MJXFSL was therefore a connected person of the Company. Accordingly, the entering into of the Delivery Services Agreement and the transactions contemplated under the Delivery Services Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the purpose of complying with Chapter 14A of the Listing Rules, the Company has estimated that the aggregate fees payable by the Company to MJXFSL for the delivery services during the term of the Delivery Services Agreement and the new Delivery Services Agreement shall not exceed RMB48.5 million (the "Annual Cap") (RMB20 million for the period from 1 May 2018 to 31 December 2018 and RMB28.5 million for the period from 1 January 2019 to 31 December 2019). RMB 25 million for the period from 1 January 2020 to 31 December 2020 and RMB 35 million for the period from 1 January 2020 to 31 December 2021.

Given the terms of the Delivery Service Agreement and the new Delivery Services Agreement were negotiated on an arm's length basis and gone through public tendering, the Directors (including the independent non-executive Directors) are of the view that the terms of the Delivery Services Agreement, including the Annual Cap, are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

持續關連交易

截至2019年12月31日止年度的持續關連交易如下：

四川金循環電子商務有限公司 (「金循電子商務」) 全資擁有的公司綿陽金循環金融倉儲有限公司 (「MJXFSL」) 收取的運送成本 人民幣 12,357,000 元

於2018年5月1日，本公司與MJXFSL訂立運送服務協議，據此，MJXFSL同意自2018年5月1日起計20個月期間向本集團提供運送服務。於2019年12月30日，本公司與MJXFSL訂立新運送服務協議，據此，MJXFSL同意向本集團提供運送服務，自2020年1月1日至2021年12月31日為期2年。

於運送服務協議及新運送服務協議日期，MJXFSL由本公司主席兼執行董事俞建秋先生的女兒俞燕燕女士及俞佳佳女士間接控制。故MJXFSL為本公司的關連人士。因此，根據上市規則第14A章，訂立運送服務協議及其項下擬進行的交易構成本公司的持續關連交易。

為遵守上市規則第14A章，本公司估計本公司應付MJXFSL於運送服務協議及新運送服務協議期間提供運送服務的總費用不得超過人民幣48,500,000元 (「年度上限」) (2018年5月1日至2018年12月31日期間人民幣20,000,000元及2019年1月1日至2019年12月31日期間人民幣28,500,000元、2020年1月1日至2020年12月31日期間人民幣25,000,000元及2020年1月1日至2021年12月31日期間人民幣35,000,000元)。

鑑於運送服務協議及新運送服務協議的條款經公平磋商釐定並透過公開招標，董事 (包括獨立非執行董事) 認為，運送服務協議的條款 (包括年度上限) 乃按一般商業條款、在本公司日常及一般業務過程中進行及屬公平合理，並符合本公司及股東的整體利益。

REPORT OF THE DIRECTORS

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

The Company's external auditor was engaged to report on the Group's continuing connected transaction. For the purpose of Rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board confirming that nothing has come to their attention to cause them to believe that the continuing connected transaction:

- (i) has not been approved by the Board;
- (ii) was not entered into, in all material respects, in accordance with the Delivery Services Agreement; and
- (iii) has exceeded the Annual Cap.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Except the above and disclosed elsewhere in the annual report, there were no continuing connected transactions during the year ended 31 December 2019.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Company. The Share Option Scheme was conditionally approved by a written resolution of the then shareholders of the Company on 28 January 2014 and has come into effect upon the Company's listing on 21 February 2014.

Purpose

The purpose of the Share Option Scheme is to provide incentive and/or reward to Eligible Persons for their contribution to, and continuing efforts to promote the interests of, our Company.

Who may join

The Board may, at its absolute discretion, offer options ("Options") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any director or employee of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group ("Eligible Persons").

持續關連交易 (續)

本公司外聘核數師已獲委聘就本集團之持續關連交易提交報告。根據上市規則第14A.56條，本公司核數師已向董事會發出函件，確認並無得悉任何資料，令其相信持續關連交易有以下情況：

- (i) 未獲董事會批准；
- (ii) 未有在各重大方面根據運送服務協議訂立；及
- (iii) 已超逾年度上限。

本公司已將核數師函件之副本提交聯交所。

除上文及年報其他地方所披露者外，截至2019年12月31日止年度，並無持續關連交易。

購股權計劃

本公司設有購股權計劃（「購股權計劃」），旨在對合資格人士提供獎勵及／或獎賞，以肯定彼等對本公司的貢獻，以及鼓勵彼等繼續致力提升本公司的利益。於2014年1月28日，購股權計劃由本公司當時的股東經書面決議案有條件批准，並自本公司於2014年2月21日上市後生效。

目的

購股權計劃旨在對合資格人士提供獎勵及／或獎賞，以肯定彼等對本公司的貢獻，以及鼓勵彼等繼續致力提升本公司的利益。

可參與人士

董事會可按其絕對酌情向本集團任何董事或僱員及董事會全權認為已或將會對本集團有貢獻的任何其他人士（包括顧問或諮詢人）（「合資格人士」）授予可根據購股權計劃所載條款認購有關數目股份的購股權（「購股權」）。

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the shares in issue as at the Listing Date (i.e. 209,832,160 shares) (the "Scheme Mandate Limit"). Our Company may at any time as the Board may think fit seek approval from our shareholders to refresh the Scheme Mandate Limit, save that the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of the shares in issue as at the date of approval by shareholders in general meeting where the Scheme Mandate Limit is refreshed.

Our Company may seek separate approval from our shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of our Company's issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

The Scheme Mandate Limit was refreshed by a resolution passed at the annual general meeting held on 9 June 2015. The number of further options that can be granted by the Company was refreshed to 210,514,560 share options.

The total number of shares available for issue under the Share Option Scheme of the Company was 207,772,622 shares, which was approximately 7.90% of the issued share capital as at 31 December 2019.

No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our Company's issued share capital from time to time.

購股權計劃(續)

購股權計劃之更多詳情

根據購股權計劃及本集團任何其他計劃將予授出之購股權獲悉數行使後而可能發行之股份數目上限合共不得超過上市日期已發行股份之10%(即209,832,160股)(「計劃授權上限」)。本公司可隨時於董事會認為合適時尋求股東批准更新計劃授權上限，惟根據購股權計劃及本公司任何其他計劃將予授出之購股權獲悉數行使後而可能發行之股份數目上限不得超過股東於股東大會批准更新計劃授權上限當日已發行股份之10%。

本公司可於股東大會尋求股東獨立批准授出超過計劃授權上限之購股權，前提是超過計劃授權上限之購股權僅授予取得有關批准前本公司指定之合資格人士。因行使根據購股權計劃所授出但尚未行使的全部尚未行使的購股權及根據任何其他計劃所授出但尚未行使的任何其他購股權而可能發行之股份數目上限不得超過本公司不時已發行股本之30%。倘此將導致超過有關限額，則不得根據本公司購股權計劃及任何其他購股權計劃授出任何購股權。

計劃授權上限透過於2015年6月9日舉行的股東週年大會上通過的決議案更新。本公司可進一步授出的購股權數目已更新為210,514,560份購股權。

於2019年12月31日根據本公司購股權計劃可供發行之股份總數為207,772,622股，佔已發行股本約7.90%。

於截至最近授出日期之任何十二個月期間內，概無向任何人士授出購股權，致使因行使已授予或將授予該人士之購股權而發行及將予發行之股份總數超過本公司不時之已發行股本1%。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the shares on the Stock Exchange or an integral multiple thereof).

Subject to the terms of the Scheme, the Board may in its absolute discretion when offering the grant of an Option specify such conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit when making an offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its Subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme.

An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. To the extent that an offer is not accepted within the time stated in the offer for that purpose, it shall be deemed to have been irrevocably declined and shall immediately lapse.

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall be at least the highest of:

- (a) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;
- (b) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and
- (c) the nominal value of a share.

購股權計劃(續)

購股權計劃之更多詳情(續)

根據購股權計劃之條款，董事會有權於採納購股權計劃日期後十年內隨時向任何董事會酌情選擇之合資格人士作出授出購股權要約，可按認購價認購董事會可能(根據購股權計劃之條款)釐定之有關數目之股份(惟有關數目須為股份於聯交所買賣之每手買賣單位或其完整倍數)。

根據計劃之條款，董事會可全權酌情於作出授出購股權要約時在購股權計劃所載以外列入其認為於向合資格人士作出授出要約時屬合適之有關計劃條件、限制或規限(包括但不限於合資格人士及/或本公司及/或其附屬公司須達致之任何表現標準及於行使購股權前之任何最少持有期限(如有))，惟有關條件須與購股權計劃任何其他條款或條件一致。

當本公司於要約日期後30日或之前收到由承授人正式簽署的購股權要約函件副本(包括購股權要約的接納書)，連同為數1.00港元作為獲授購股權代價以本公司為收款人之匯款，購股權應被視作已授出及獲合資格人士接納並已生效。倘要約於要約所述時間內未獲接納，即有關要約被視為不可撤回地拒絕並即時失效。

任何特定購股權之認購價應由董事會於授出相關購股權時全權酌情決定(並應於載有授出購股權要約之函件中列明)，惟認購價不得低於下列最高者：

- (a) 股份於要約日期(必須為營業日)在聯交所每日報價表上所載之收市價；
- (b) 股份於緊接要約日期前五個營業日在聯交所每日報價表上所載之平均收市價；及
- (c) 股份面值。

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

An Option shall be exercised in whole or in part within the option period which is the period to be determined and notified by the Board to the grantee during which period the Option may be exercised and in any event shall not exceed ten years commencing from the date on which the offer in relation to such Option is accepted.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Share Option Scheme (i.e. 28 January 2014), after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Movements of the Share Option Scheme during the year ended 31 December 2019 are as follows:

購股權計劃(續)

購股權計劃之更多詳情(續)

購股權可於購股權期內行使全部或部分，行使期由董事會決定並通知承授人，期內，購股權可予行使，且在任何情況下，由接納有關購股權要約當日起計不得超過十年。

購股權計劃由採納購股權計劃日期(即2014年1月28日)起計十年內有效，之後不會進一步授出或提呈授出購股權，惟購股權計劃之條文仍維持十足效力及生效，致使在十年期屆滿前或根據購股權計劃條文可能規定之其他方式授出的任何存續購股權可予行使。

截至2019年12月31日止年度，購股權計劃之變動如下：

| Category | Date of grant | Number of shares options held at 1 January 2019 | | | Lapsed/ cancelled during 2019 | Number of shares options held at 31 December 2019 | | Exercise period of share options | Exercise price of share options | Price of share of the Company | |
|----------|---------------|---|-----------------------|--------------------|-------------------------------|---|------------------------------------|----------------------------------|---------------------------------|---------------------------------------|--|
| | | Granted during 2019 | Exercised during 2019 | 於2019年1月1日持有之購股權數目 | | 於2019年12月31日持有之購股權數目 | at the grant date of share options | | | at the exercise date of share options | |
| 類別 | 授出日期 | 於2019年授出 | 於2019年行使 | 於2019年失效/註銷 | 於2019年12月31日持有之購股權數目 | 購股權行使期 | 購股權行使價 HK\$ 港元 | 購股權授出日期 HK\$ 港元 | 購股權行使日期 | | |

Directors

董事

| | | | | | | | | | | |
|-----------------------------------|---------------------------|-----------|---|---|---|-----------|---|------|------|---|
| Mr. Kwong Wai Sun Wilson 鄭偉信先生 | 7 May 2015 2015年5月7日 | 5,000,000 | - | - | - | 5,000,000 | 7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日 | 1.68 | 1.68 | - |
| Mr. Huang Wai Ping 黃偉萍先生 | 2 July 2014 2014年7月2日 | 667,000 | - | - | - | 667,000 | 2 July 2014 to 1 July 2024 2014年7月2日至 2024年7月1日 | 1.13 | 1.07 | - |
| Ms. Zhu Yufen 朱玉芬女士 | 2 July 2014 2014年7月2日 | 3,334,000 | - | - | - | 3,334,000 | 2 July 2014 to 1 July 2024 2014年7月2日至 2024年7月1日 | 1.13 | 1.07 | - |
| Mr. Pan Liansheng 潘連勝先生 | 7 May 2015 2015年5月7日 | 1,000,000 | - | - | - | 1,000,000 | 7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日 | 1.68 | 1.68 | - |
| Mr. Lee Ting Bun Denny 李廷斌先生 | 7 May 2015 2015年5月7日 | 1,000,000 | - | - | - | 1,000,000 | 7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日 | 1.68 | 1.68 | - |
| Ms. Ren Ruxian 任汝嫻女士 | 31 May 2016 2016年5月31日 | 1,000,000 | - | - | - | 1,000,000 | 31 May 2016 to 30 May 2026 2016年5月31日至 2026年5月30日 | 3.66 | 3.05 | - |

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

購股權計劃(續)

購股權計劃之更多詳情(續)

| Category | Date of grant | Number of shares options held at 1 January 2019 於2019年1月1日持有之購股權數目 | Granted during 2019 於2019年授出 | Exercised during 2019 於2019年行使 | Lapsed/cancelled during 2019 於2019年失效/註銷 | Number of shares options held at 31 December 2019 於2019年12月31日持有之購股權數目 | Exercise period of share options 購股權行使期 | Exercise price of share options 購股權行使價 HK\$ 港元 | Price of share of the Company 本公司股份價格 | |
|----------|---------------|---|---------------------------------|-----------------------------------|---|---|--|---|--|---|
| | | | | | | | | | at the grant date of share options 於購股權授出日期 HK\$ 港元 | at the exercise date of share options 於購股權行使日期 |

Eligible persons other than directors

董事之外的合資格人士

| | | | | | | | | | | |
|---|---------------------------------|-------------|---|---|--------------|-------------|---|------|------|---|
| Eligible persons other than directors 董事之外的合資格人士 | 2 July 2014 2014年7月2日 | 7,927,000 | - | - | - | 7,927,000 | 2 July 2014 to 1 July 2024 2014年7月2日至2024年7月1日 | 1.13 | 1.07 | - |
| Eligible persons other than directors 董事之外的合資格人士 | 7 May 2015 2015年5月7日 | 81,470,000 | - | - | (600,000) | 80,870,000 | 7 May 2015 to 6 May 2025 2015年5月7日至2025年5月6日 | 1.68 | 1.68 | - |
| Eligible persons other than directors 董事之外的合資格人士 | 31 May 2016 2016年5月31日 | 30,640,000 | - | - | (50,000) | 30,590,000 | 31 May 2016 to 30 May 2026 2016年5月31日至2026年5月30日 | 3.66 | 3.05 | - |
| Eligible persons other than directors 董事之外的合資格人士 | 12 December 2017 2017年12月12日 | 29,564,000 | - | - | (27,459,902) | 2,104,098 | 12 December 2017 to 11 December 2022 2017年12月12日至2022年12月11日 | 3.70 | 3.70 | - |
| Total 總計 | | 161,602,000 | - | - | (28,109,902) | 133,492,098 | | | | |

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

The key terms and conditions related to the grants under the share option scheme are as follows; all options are to be settled by the physical delivery of shares.

購股權計劃(續)

購股權計劃之更多詳情(續)

與根據購股權計劃授出購股權有關的主要條款及條件如下，所有購股權將透過實際交付股份結算。

| Grant date/ employees entitled 授出日期／有權獲授之僱員 | Number of instruments in thousands 工具數目(千份) | Vesting conditions 歸屬條件 | Contractual life of options 購股權合約年期 |
|---|--|----------------------------|---|
|---|--|----------------------------|---|

Options granted to directors

授予董事的購股權

| | | | |
|-----------------------------------|--------|---|-----------------|
| — On 2 July 2014 — 於2014年7月2日 | 24,000 | One third on the first anniversary, one third on the second anniversary, and the remaining on the third anniversary of the grant respectively 三分之一於授出的第一週年、三分之一於第二週年及其餘於第三週年 | 10 years 10年 |
| — On 7 May 2015 — 於2015年5月7日 | 8,000 | Same as above 同上 | 10 years 10年 |
| — On 31 May 2016 — 於2016年5月31日 | 1,000 | Same as above 同上 | 10 years 10年 |

Options granted to employees

授予僱員的購股權

| | | | |
|-----------------------------------|--------|---------------------|-----------------|
| — On 2 July 2014 — 於2014年7月2日 | 89,000 | Same as above 同上 | 10 years 10年 |
| — On 7 May 2015 — 於2015年5月7日 | 94,360 | Same as above 同上 | 10 years 10年 |
| — On 31 May 2016 — 於2016年5月31日 | 26,930 | Same as above 同上 | 10 years 10年 |

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SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

購股權計劃(續)

購股權計劃之更多詳情(續)

| Grant date/ employees entitled 授出日期／有權獲授之僱員 | Number of instruments in thousands 工具數目(千份) | Vesting conditions 歸屬條件 | Contractual life of options 購股權合約年期 |
|---|--|--|---|
| Options granted to certain eligible participants 授予若干合資格參與者的購股權 | | | |
| — On 23 July 2015 — 於2015年7月23日 | 7,600 | On the first anniversary of the date upon which the share options are Six months commencing from the expiry of the first anniversary of the date of accepted subject to the grantees remaining as eligible persons at the date of vesting 於購股權獲接納的第一週年日起計六個月，惟承授人於歸屬日期須仍為合資格人士 | Six months commencing from the expiry of the first anniversary of the date of acceptance and expiring on the last day of the 6 month-period 接納日期起計第一週年屆滿開始直至六個月期間的最後一日為止之六個月 |
| — On 31 May 2016 — 於2016年5月31日 | 5,200 | On the first anniversary of the date upon which the share options are accepted subject to the grantees achieving the pre-determined annual sales target 於購股權獲接納的第一週年當日，惟承授人須完成預定年度銷售目標 | 10 years 10年 |
| — On 12 December 2017 — 於2017年12月12日 | 29,564 | On 31 March 2019 subject to the grantees achieving the pre-determined performance target for the period from 1 December 2017 to 31 December 2018 and the grantees remaining as eligible persons at the date of vesting 於2019年3月31日，惟承授人須完成於2017年12月1日至2018年12月31日的預定業績目標且承授人於歸屬日期維持為合資格人士 | 6.3 years 6.3年 |
| Total share options granted 已授出購股權總數 | 285,654 | | |

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

The fair value of the Relevant Share Options granted were estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the Relevant Share Options were granted.

The following table sets out the inputs to the model used:

| Grant date | 2 July 2014 | | 7 May 2015 | | 23 July 2015* | 31 May 2016 | | | 12 December 2017 |
|--|--------------------------|-----------------|--------------------------|-----------------|-------------------------------|--------------------------|-----------------|-------------------------------|-------------------------------|
| | Share options granted to | | Share options granted to | | Share options granted to | Share options granted to | | | Share options granted to |
| 授出日期 | 2014年7月2日 | | 2015年5月7日 | | 2015年7月23日* | 2016年5月31日 | | | 2017年12月12日 |
| | 購股權授予 | | 購股權授予 | | 購股權授予 | 購股權授予 | | | 購股權授予 |
| | Executive directors | Other employees | Executive directors | Other employees | Certain eligible participants | Executive directors | Other employees | Certain eligible participants | Certain eligible participants |
| | 執行董事 | 其他僱員 | 執行董事 | 其他僱員 | 若干合資格參與者 | 執行董事 | 其他僱員 | 若干合資格參與者 | 若干合資格參與者 |
| Fair value at measurement date (HK\$) | 0.44 | 0.39 | 0.71 | 0.58 | 0.22 | 1.22 | 1.17 | 1.45 | 1.45 |
| Share price (HK\$) | 1.07 | 1.07 | 1.68 | 1.68 | 1.67 | 3.05 | 3.05 | 3.05 | 3.70 |
| Exercise price (HK\$) | 1.13 | 1.13 | 1.68 | 1.68 | 2.16 | 3.66 | 3.66 | 3.66 | 3.70 |
| Expected volatility | 45.54% | 45.54% | 46.20% | 46.20% | 49.43% | 50.00% | 50.00% | 50.00% | 41.61% |
| Historical volatility | 45.54% | 45.54% | 46.20% | 46.20% | 49.43% | 50.00% | 50.00% | 50.00% | 41.61% |
| Expected life | 10 years | 10 years | 10 years | 10 years | 1.5 years | 10 years | 10 years | 10 years | 6.3 years |
| Expected dividends | 3% | 3% | 3% | 3% | 3% | 1.47% | 1.47% | 1.47% | 0.92% |
| Risk-free interest rate (based on Hong Kong Exchange Fund Notes) | 2.059% | 2.059% | 1.745% | 1.745% | 0.239% | 1.286% | 1.286% | 1.286% | 1.647% |
| Exercise multiple | 2.8 | 2.2 | 2.8 | 2.2 | - | 2.8 | 2.2 | - | - |
| Post-vesting exit rate | 0% | 5.44% | 0% | 16.12% | - | 9.22% | 9.22% | - | - |

No other feature of the Relevant Share Options was incorporated into the measurement of fair value.

The value of the Relevant Share Options is subject to the limitations of the binomial model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate.

Further details relating to the Share Option Scheme and share options granted thereunder are set out in note 2.4 and note 31 to the financial statements and the announcements of the Company dated 2 July 2014, 7 May 2015, 23 July 2015, 31 May 2016 and 12 December 2017. Apart from the above, the Company had not granted any share options under the Share Option Scheme to any other persons as required to be disclosed under the Rule 17.07 of the Listing Rules during the year ended 31 December 2019.

購股權計劃(續)

購股權計劃之更多詳情(續)

已授出之有關購股權之公平值於授出日期使用二項式模型估算，已考慮授出有關購股權之條款及條件。

下表載列該模型使用之輸入數據：

概無有關購股權之其他特點納入公平值計量。

有關購股權之價值受限於二項式模型的限制及多項假設，上述因素均屬主觀因素且難以確定。主觀輸入假設如有變動將對公平值估計造成重大影響。

更多關於購股權計劃及據此授出購股權之詳情載於財務報表附註2.4及附註31及本公司日期為2014年7月2日、2015年5月7日、2015年7月23日、2016年5月31日及2017年12月12日之公告。除上述者外，本公司於截至2019年12月31日止年度並無向任何其他人士授出上市規則第17.07條規定須予披露之購股權計劃項下任何購股權。

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PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 8 August 2017, Epoch Keen entered into 2017 Share Charge with Huarong. Please refer to "ISSUE OF THE HUARONG CONVERTIBLE BONDS 2017" under "EQUITY LINKED AGREEMENTS" in this report and the announcement of the Company dated 8 August 2017 for further details.

EQUITY LINKED AGREEMENTS

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in the section above headed "SHARE OPTION SCHEMES".

Warrants Issued In 2015

On 19 January 2015, the Company issued 133,650,000 warrants to 7 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.30 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers in aggregate, agree to supply 49,500 tons of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton.

As at 31 December 2019, 9,612,578 warrants were issued and remain unexercised. Upon full exercise of the subscription rights attaching to the issued but unexercised warrants, 9,612,578 Shares may be issued and allotted. Please refer to the announcements of the Company dated 19 December 2014 and 5 February 2015 for further details.

控股股東質押股份

於2017年8月8日，時建與華融訂立2017股份押記。更多詳情請參閱本報告「權益掛鈎協議」項下之「發行2017華融可換股債券」及本公司日期為2017年8月8日之公告。

權益掛鈎協議

購股權計劃

有關本公司購股權計劃的詳情載於上文「購股權計劃」一節。

2015年發行的認股權證

於2015年1月19日，本公司以發行價每一份認股權證0.001港元向七名認購方發行133,650,000份認股權證。每份認股權證將賦予其持有人認購一股本公司股份的權利，認購價為每股股份1.30港元。認股權證將按歸屬條件分階段歸屬。歸屬條件為供應商應履行彼等各自於年度供應協議下的交易。根據年度供應協議，各供應商同意於2015年以固定折讓每噸人民幣1,000元，供應合計49,500噸的廢舊銅原材料予本集團。

於2019年12月31日，9,612,578份認股權證已發行及仍未行使。於已發行但尚未行使的認股權證所附帶的認購權悉數行使後，可能會發行及配發9,612,578股股份。有關進一步詳情，務請參閱本公司日期為2014年12月19日及2015年2月5日的相關公告。

EQUITY LINKED AGREEMENTS (Continued)

Warrants Issued In 2015 (Continued)

Movements of warrants during the for the year ended 31 December 2019 are as follows:

| Issue date of the warrants 認股權證發行日期 | Exercise price 行使價 HK\$ 港元 | Number of warrants held at 1 January 2019 於2019年1月1日持有之認股權證數目 | Exercised 已行使 | Number of warrants held at 31 December 2019 於2019年12月31日持有之認股權證數目 | Funds raised from the exercise of warrants 由行使認股權證而籌得的資金 HK\$'000 千港元 |
|--|-------------------------------------|--|------------------|--|--|
| 19 January 2015 2015年1月19日 | 1.30 | 9,612,578 | - | 9,612,578 | - |

權益掛鈎協議 (續)

2015年發行的認股權證 (續)

截至2019年12月31日止年度，認股權證之變動如下：

Issue Of Convertible Bonds On 12 April 2017

On 12 April 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$250,000,000. The convertible bonds bear a fixed interest rate of 12% with interest to be paid on a quarterly basis. The original maturity date of the convertible bonds is the first anniversary of the issue date, subject to the bondholder's right to extend the maturity date initially for a period of up to one year (the "Extended Maturity") and also for a period of up to one year after the Extended Maturity by notice in writing to the Company (the "Further Extended Maturity"). The bondholder has the right to convert the principal amount of the convertible bonds into ordinary shares of HK\$0.1 each of the Company from the first business day following the first anniversary of the issue date up to and including the day preceding the Extended Maturity of Further Extended Maturity at an initial conversion price of HK\$3.0 per share (subject to adjustment). Please refer to the announcements of the Company dated 9 April 2017 and 12 April 2017 for further details.

As disclosed in the announcement of the Company dated 11 August 2017, on the same day, the Company has redeemed the convertible bonds in the principal amount of HK\$135,000,000 (the "Early Redemption").

於2017年4月12日發行可換股債券

於2017年4月12日，本公司發行本金總額為250,000,000港元的可換股債券。可換股債券按固定利率12%計算，利息按季度支付。可換股債券的原到期日為發行日期第一週年日，惟債券持有人有權延長初步到期日達一年（「延長到期日」），及透過向本公司發出書面通知於延長到期日後再延長一年（「進一步延長到期日」）。債券持有人有權於發行日期第一週年後首個營業日直至及包括延長到期日或進一步延長到期日前之日以初步兌換價每股3.0港元（可予調整）將可換股債券的本金額轉換為本公司每股面值0.1港元的普通股。有關進一步詳情，請參閱本公司日期為2017年4月9日及2017年4月12日的公告。

誠如本公司日期為2017年8月11日的公告所披露，同日本公司已贖回本金額為135,000,000港元的可換股債券（「提早贖回」）。

REPORT OF THE DIRECTORS

董事會報告

EQUITY LINKED AGREEMENTS *(Continued)*

Issue Of Convertible Bonds On 12 April 2017 *(Continued)*

In respect of the convertible bonds in the aggregate principal amount of HK\$115,000,000 issued by the Company under the subscription agreement signed on 9 April 2017 ("Tranche II Convertible Bonds"), the Tranche II Convertible Bonds in the principal amount of HK\$35,000,000, together with the interest accrued thereon, has been repaid by the Company on 12 April 2018. In addition, the Company is notified by Leading Sky Holdings Limited on 11 April 2018 that Leading Sky Holdings Limited has transferred the Remaining Tranche II Convertible Bonds to Peaceful and Peaceful has exercised its right to extend the maturity date of the Remaining Tranche II Convertible Bonds for two (2) year in accordance with the Tranche II Convertible Bonds terms and conditions. The Remaining Tranche II Convertible Bonds has been redeemed through refinancing and was cancelled. For detail, please refer to the announcement of the Company dated 12 April 2018, 12 April 2019 and 14 April 2020.

Issue Of The Huarong Convertible Bonds on 11 August 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$400,000,000 to Huarong ("Huarong CB 2017"). The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial conversion price of HK\$2.99 per share (subject to adjustment). As of 31 December 2019, the outstanding principal amount of Huarong CB 2017 was HK\$390,000,000. On 22 April 2020, the Company and Huarong into an amendment and extension agreement to conditionally extend the maturity date of the Huarong CB 2017. The amendment and extension of term of Huarong CB 2017 were completed on 7 May 2020. Following the completion, the maturing date of Huarong CB 2017 have been extended to 11 August 2020. The Huarong CB 2017 matured on 11 August 2020. On 9 July 2020, the Company had entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussion a possible extension of the maturity date of Huarong CB 2017. As of the date of this annual report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 31 July 2017, 11 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

權益掛鈎協議 *(續)*

於2017年4月12日發行可換股債券 *(續)*

就本公司根據於2017年4月9日簽訂的認購協議發行本金總額115,000,000港元的可換股債券(「第II批可換股債券」)而言，本公司已於2018年4月12日償還本金額35,000,000港元的第II批可換股債券連同應計利息。此外，本公司於2018年4月11日獲領先控股有限公司告知，領先控股有限公司已向富康轉讓餘下第II批可換股債券，及富康已行使其權利，根據第II批可換股債券條款及條件延長餘下第II批可換股債券的到期日兩(2)年。餘下第II批可換股債券已透過再融資贖回，並已註銷。有關詳情，務請參閱本公司日期為2018年4月12日、2019年4月12日及2020年4月14日的公告。

於2017年8月11日發行華融可換股債券

於2017年8月11日，本公司向華融發行本金總額為400,000,000港元的可換股債券(「2017華融可換股債券」)。可換股債券按固定利率8%計算，利息按季度支付。可換股債券將於發行日期第二週年日到期並可按初步兌換價每股2.99港元(可予調整)兌換為本公司已發行股本中每股面值0.10港元的普通股。截至2019年12月31日，2017華融可換股債券的未償還本金額為390,000,000港元。於2020年4月22日，本公司與華融訂立一份修訂及延期協議，有條件地延長2017華融可換股債券的到期日。修訂及延長2017華融可換股債券的年期已於2020年5月7日完成。於完成後，2017華融可換股債券的年期已延長至2020年8月11日。2017華融可換股債券已於2020年8月11日到期。於2020年7月9日，本公司與華融訂立一份無法律約束力的意向書，據此，當事各方正在商議2017華融可換股債券到期日的可能延長。截至本年報日期，與華融就有關可能延期的磋商仍在進行中。進一步詳情請參閱本公司日期為2017年7月31日、2017年8月11日、2020年4月22日、2020年4月27日及2020年5月7日之公佈。

EQUITY LINKED AGREEMENTS (Continued)

Issue Of The Huarong Convertible Bonds on 11 August 2017 (Continued)

On 8 August 2017, Epoch Keen, a company wholly owned by Mr. Yu Jianqiu, entered into a share charge ("2017 Share Charge") with Huarong, pursuant to which Epoch Keen charged 278,000,000 ordinary shares of the Company in favour of Huarong as security for the payment and discharge of obligations owing from the Company to Huarong pursuant to, amongst others, the subscription agreement of Huarong CB 2017. Pursuant to the amendment agreement entered between the Company and Huarong, confirmation deed have been entered to re-confirm the 2017 Share Charge. Please refer to the announcements the Company dated 8 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

Issue Of The Prosper Rich Convertible Bonds on 11 August 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$200,000,000 to Prosper Rich. The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial conversion price of HK\$2.99 per share (subject to adjustment). As of 31 December 2019, the outstanding principal amount of Prosper Rich Convertible Bonds 2017 was HK\$200,000,000. On 28 April 2020, the Company has entered into a subscription agreement with Prosper Rich. According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date of the convertible bonds issued to Prosper Rich, interest-bearing at 14% per annum and due for repayment one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the convertible bonds issued to Huarong in the principal amount of HK\$390 million upon the maturity date of 11 August 2020. Please refer to the announcements of the Company dated 31 July 2017 and 11 August 2017 for further details.

The Directors are of the view that the above convertible bonds issue represented good opportunities for the Company to raise funds to strengthen its financial position and to finance the Group's future development and expansion. The Directors consider that raising funds by way of issuing the convertible bonds would enable the Company to obtain funds with a lower financial cost considering the recent debt and equity market conditions.

權益掛鈎協議(續)

於2017年8月11日發行華融可換股債券 (續)

於2017年8月8日，一間由俞建秋先生全資擁有的公司時建與華融訂立股份押記(「2017股份押記」)，據此，時建以華融為受益人質押本公司278,000,000股普通股，作為支付及解除根據(其中包括)2017華融可換股債券的認購協議本公司應向華融履行之責任之擔保。根據本公司與華融訂立的修訂協議，確認契據已予訂立以重新確認2017股份押記。有關進一步詳情，請參閱本公司日期為2017年8月8日、2020年4月22日、2020年4月27日及2020年5月7日的公告。

於2017年8月11日發行亨富可換股債券

於2017年8月11日，本公司向亨富發行本金總額為200,000,000港元的可換股債券。可換股債券按固定利率8%計算，利息按季度支付。可換股債券將於發行日期第二週年日到期並可按初步兌換價每股2.99港元(可予調整)兌換為本公司已發行股本中每股面值0.10港元的普通股。截至2019年12月31日，2017亨富可換股債券的未償還本金額為200,000,000港元。於2020年4月28日，本公司與亨富訂立一份認購協議。根據認購協議，本公司將發行本金額相等於本集團於可換股債券的經修訂到期日欠結亨富的未償還負債、按年息14%計息及於發行日期後一年應還的票據。票據認購的最終簽立須於2020年8月11日到期時贖回或轉換發行予華融的本金額為390,000,000港元的可換股債券方可作實。更多詳情請參閱本公司日期為2017年7月31日及2017年8月11日的公告。

董事認為，上述可換股債券發行乃本公司籌集資金的良機，進而可提升其財務狀況，亦為本集團之未來發展及擴張提供資金。經考慮近期債務及股票市場情況，董事認為，透過發行可換股債券集資讓本公司能夠以較低的融資成本取得資金。

REPORT OF THE DIRECTORS

董事會報告

EQUITY LINKED AGREEMENTS *(Continued)*

Signing Of Annual Procurement Agreement Involving Issue Of consideration shares Under General Mandate

On 15 August 2017, the Company entered into respective annual procurement agreements with four suppliers, pursuant to which each supplier agreed to supply a target amount of copper scrapped raw materials to the Company from 15 August 2017 to 14 August 2018, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares. For each ton of copper scrap raw materials supplied by a supplier, the Company will pay (i) up to RMB3,000 by way of issuance of a maximum number of 1,172 consideration shares at an Issue Price of HK\$3 per consideration share; and (ii) the remainder of the balance in cash. The arrangements under the annual procurement agreements are expected to encourage such suppliers to achieve the targeted raw material supply amount with a view to broadening the Group's supplier base to cater for the Group's production needs.

As the targeted amount of supply of copper scrap raw materials from the suppliers is 56,000 tonnes in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the annual procurement agreements is 65,632,000 Shares. Each of the subscribers is a wholly-owned company of the relevant supplier. Please refer to the announcement of the Company dated 15 August 2017 for further details.

On 17 September 2018, 36,730,078 ordinary shares had been allotted and issued to the subscribers.

On 15 June 2018, the Company entered into respective annual procurement agreements with fourteen suppliers, pursuant to which each supplier agreed to supply a target amount of copper scrapped raw materials to the Company from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares. For each ton of copper scrap raw materials supplied by a supplier, the Company will pay (i) up to RMB3,000 by way of issuance of a maximum number of 734 consideration shares at an issue price of HK\$5 per consideration share; and (ii) the remainder of the balance in cash. The arrangements under the annual procurement agreements are expected to encourage such suppliers to achieve the targeted raw material supply amount with a view to broadening the Group's supplier base to cater for the Group's production needs. As the targeted amount of supply of copper scrap raw materials from the suppliers is 160,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the annual procurement agreements is 117,440,000 shares. The consideration shares will be allotted and issued to the subscribers within 10 business days from 15 June 2019. Based on the actual amount of supply, the consideration shares to be issued is 33,882,652 shares, the allotment of which has not taken place on a day within 10 business days from 15 June 2019. Each of the subscribers is a wholly-owned company of the relevant supplier. Please refer to the announcement of the Company dated 15 June 2018 and 19 June 2018 for further details.

權益掛鈎協議 *(續)*

簽訂涉及根據一般授權發行代價股份的年度供應協議

於2017年8月15日，本公司與四名供應商訂立相關年度供應協議，據此，各供應商同意從2017年8月15日至2018年8月14日供應目標數量的廢舊銅原材料予本公司，採購價格一部分以現金、一部分以代價股份結算。對於供應商所提供的每噸廢舊銅原材料，本公司(i)將以按發行價每股代價股份3港元發行最多1,172股代價股份的方式支付最多人民幣3,000元；及(ii)以現金支付剩下結餘。預計年度供應協議下的安排會鼓勵上述供應商達至目標原材料供應量，從而擴大本集團的供應商基礎，迎合本集團的生產需要。

由於來自供應商的廢舊銅原材料的目標供應總量為56,000噸，本公司根據年度供應協議可發行的最高代價股份數目為65,632,000股。各認購方為有關供應商全資擁有的公司。有關進一步詳情請參閱本公司日期為2017年8月15日之公告。

於2018年9月17日，向認購人配發及發行普通股36,730,078股。

於2018年6月15日，本公司與14名供應商各自訂立年度供應協議，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本公司，有關採購價一部分以現金及一部分以代價股份結算。對於供應商提供的每噸廢舊銅原材料，本公司將(i)以按發行價每股代價股份5港元發行最多734股代價股份的方式支付最多人民幣3,000元；及(ii)以現金支付剩下結餘。預計年度供應協議下的安排會鼓勵上述供應商達至目標原材料供應量，從而擴大本集團的供應商基礎，迎合本集團的生產需要。由於來自供應商的廢舊銅原材料的目標供應總量為160,000噸，本公司根據年度供應協議可發行的最高代價股份數目為117,440,000股。代價股份將於2019年6月15日起計10個營業日內配發及發行予認購方。根據供應的實際數額，將予發行的代價股份為33,882,652股股份，尚未於自2019年6月15日起10個營業日內進行配發。各認購方為有關供應商全資擁有的公司。有關進一步詳情，務請參閱本公司日期為2018年6月15日及2018年6月19日的公佈。

EQUITY LINKED AGREEMENTS *(Continued)* **Signing Of Sale And Purchase Agreement Involving Issue Of Consideration Shares Under General Mandate**

Details of the consideration shares under earn-out arrangements in the acquisitions of 100% issued share capital of Silver Eminent, Value Link and Sky Harvest are set out in the section above headed "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES" in this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company from the Listing Date up to 31 December 2019.

DEED OF NON-COMPETITION

Mr. Yu Jianqiu and Epoch Keen, being controlling shareholders of the Company, entered into a deed of non-competition ("Deed of Non-Competition") dated 6 February 2014, details of which have been set out in the paragraph headed "Non-Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company has reviewed the annual declaration from the parties on compliance with their undertaking under the Deed of Non-Competition. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the parties.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the directors of the Company confirmed that based on information that is publicly available to the Company and within the knowledge of the directors, the Company had maintained sufficient amount of public float as required under the Listing Rules and agreed by the Stock Exchange.

AUDITORS

In 2018, KPMG resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. KPMG has confirmed that there are no matters in respect of those circumstances that in their opinion need to be reported to the shareholders of the Company. The Board also confirmed that there is no disagreement between KPMG and the Company, and there are no other matters in relation to the resignation of KPMG that need to be brought to the attention of the shareholders of the Company. Ernst & Young has been appointed as auditor of the Company in 2019 annual general meeting. Save as disclosed above, there have been no other changes of auditors in the past three years.

權益掛鈎協議 *(續)*

簽訂涉及根據一般授權發行代價股份的買賣協議

根據獲利計酬安排收購銀赫、尚領及天豐100%已發行股本之代價股份的詳情載於本報告上文「重大收購及出售附屬公司及聯屬公司」一節。

購買、出售或贖回股份

自上市日期起至2019年12月31日，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

不競爭契約

本公司控股股東俞建秋先生與時建於2014年2月6日訂立不競爭契約（「不競爭契約」），有關詳情載於招股書「與控股股東的關係」一節下「不競爭承諾」一段。

本公司已審閱不競爭契約的訂約方遵守彼等於該契約項下承諾的年度聲明。獨立非執行董事已審閱合規情況，並確定訂約方已遵守不競爭契約下的所有承諾。

足夠公眾持股量

於本年報日期，根據本公司從公開途徑所得的資料及據董事所知，本公司董事確認其一直維持上市規則所規定及聯交所同意的足夠公眾持股量。

核數師

於2018年，畢馬威會計師事務所已辭任本公司核數師，而安永會計師事務所則由董事委任以填補因此而產生的臨時空缺。畢馬威會計師事務所已確認，並無出現彼等認為就該等情況需向本公司股東報告的相關事宜。董事會亦確認畢馬威會計師事務所與本公司並無意見分歧，亦無其他與畢馬威會計師事務所辭任有關的事宜需提請本公司股東垂注。安永會計師事務所已於2019年股東週年大會上獲委任為本公司核數師。除前述披露者外，核數師於過往三年並無其他變動。

REPORT OF THE DIRECTORS

董事會報告

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164 of the Articles, every Director is entitled to be indemnified and secured harmless out of assets of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act, done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts (except such is incurred or sustained through his own fraud or dishonesty). Such provision is currently in force and was in force throughout the financial year ended 31 December 2019.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintain the highest environmental and social standards to ensure sustainable development of its business. To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

The Group itself is operating in the environmental protection industry by virtue of recycling scrap metal materials in the society. Contributing to resolve a significant part of pollution problem in the vicinity of our plants, the Group was highly praised and encouraged by the local governments. The Group is also committed to social responsibility as seen in its employment of disabled staff and providing appropriate working conditions and protection to them. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

For a more comprehensive review, please refer to the 2019 Environmental, Social and Governance Report of the Company that will be dispatched to the shareholders of the Company and available on the website of the Company and the Stock Exchange in due course.

建議諮詢專業稅務意見

倘任何股東對購買、持有、處置、買賣或行使有關股份的任何權利之稅務涵義有任何疑問，應諮詢專業顧問的意見。

准許彌償條文

根據章程細則第164條，每位董事均可從本公司的資產獲得彌償，使彼等任何人士、彼等或任何彼等的繼承人、遺囑執行人或遺產管理人就彼等的職務或信託執行其職責或假定職責時因所作出、發生的作為或不作為而招致或蒙受的所有訴訟、費用、收費、損失、損害及開支，可獲確保免就此受任何損害（除非此乃因其本身欺詐或違反誠信所引致或造成）。此條文現行有效並且於整個截至2019年12月31日止財政年度一直生效。

環境、社會及企業責任

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。據董事所深知，本集團已遵守所有與其業務有關及有重大影響的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵所有僱員參與環境及社會活動，惠及整個社區。

本集團本身從事環保行業，利用社會上的廢舊金屬循環再造，解決廠房周邊地區的大量污染問題，並得到地方政府高度認可及鼓勵。本集團亦致力於承擔社會責任，聘用殘疾人士，並向彼等提供適當的工作環境和保障。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

有關更全面的檢討，請參閱將適時寄發予本公司股東以及可於本公司及聯交所網站查閱的本公司2019年環境、社會及管治報告。

CORPORATE GOVERNANCE

Since the Listing Date, the Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules save as disclosed below.

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

Code provision A.6.7 provides that the independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to other business engagements, two executive Directors and two independent non-executive Directors were not able to attend the annual general meeting of the Company held on 6 June 2019.

In the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors can attend the general meetings.

企業管治

自上市日期起，除下文所披露者外，本公司已應用上市規則附錄十四所載企業管治守則的原則並遵守其所有守則條文。

守則條文第A.2.1條規定主席與行政總裁的角色應有區分及不應由一人同時兼任。主席與行政總裁之間的職責分配須清晰訂明並以書面形式列載。現時，俞建秋先生為本公司主席兼行政總裁。由於俞先生為本集團的創辦人並於營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任該兩個職位，符合本集團的最佳利益。

守則條文第A.6.7條規定，獨立非執行董事及非執行董事應出席本公司股東大會。守則條文第E.1.2條規定董事會主席應出席股東週年大會，以及亦邀請審核、薪酬、提名及任何其他委員會（如適用）之主席出席。倘彼等缺席，彼應該邀請委員會另一名成員，不然則其正式委任之代表出席。此等人士應在股東週年大會上回答問題。

兩名執行董事及兩名獨立非執行董事因其他公務，未能出席本公司於2019年6月6日舉行之股東週年大會。

日後，本公司已安排及將繼續安排向全體董事提供關於所有股東大會的適當資料，並採取一切合理措施，以謹慎方式安排時間表，使全體董事能夠出席股東大會。

REPORT OF THE DIRECTORS

董事會報告

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms not less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all directors confirmed that they had complied with the required standards set out in the Model Code and the code of conduct regarding the directors' securities transactions throughout the year ended 31 December 2019.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

By order of the Board

China Metal Resources Utilization Limited

Chairman

Yu Jianqiu

Hong Kong, 21 August 2020

遵守上市發行人之董事買賣證券交易必守標準的情況

本公司已採納一套有關董事進行證券交易的行為守則，條款不遜於上市規則附錄十標準守則所載的規定準則。經本公司作出具體查詢後，全體董事確認彼等於截至2019年12月31日止整個年度內一直遵守標準守則所載的規定準則及有關董事進行證券交易的行為守則。

鳴謝

董事藉此機會感謝全體股東及業務夥伴一直以來的鼎力支持，以及感謝本集團全體員工於年內為本集團付出的努力和貢獻。

承董事會命

中國金屬資源利用有限公司

主席

俞建秋

香港，2020年8月21日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

The Group recognizes the vital importance of good corporate governance to the Group's success and sustainability. We are committed to achieving a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

The Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules save as disclosed below.

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

Code provision A.6.7 provides that the independent non-executive Directors and non-executive Directors should attend general meetings of the Company. Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

Due to other business engagements, two executive Directors and an independent non-executive Director were absent from the annual general meeting of the Company held on 6 June 2019. In the future, the Company has arranged and will continue to arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all Directors can attend the general meetings.

Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

企業管治報告

董事會欣然提呈本公司截至2019年12月31日止年度年報內的企業管治報告。

企業管治常規

本集團認為良好的企業管治對本集團的成功及持續發展至為重要。我們致力於維持高水準的企業管治，作為高質素的重要元素，並引入適合我們業務運作及發展的企業管治常規。

除下文所披露者外，本公司已應用上市規則附錄十四所載企業管治守則的原則並遵守其所有守則條文。

守則條文第A.2.1條規定主席與行政總裁的角色應有區分及不應由一人同時兼任。主席與行政總裁之間的職責分配須清晰訂明並以書面形式列載。現時，俞建秋先生為本公司主席兼行政總裁。由於俞先生為本集團的創辦人並於營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任該兩個職位，符合本集團的最佳利益。

守則條文第A.6.7條規定，獨立非執行董事及非執行董事應出席本公司股東大會。守則條文第E.1.2條規定董事會主席應出席股東週年大會，以及亦邀請審核、薪酬、提名及任何其他委員會(如適用)之主席出席。倘彼等缺席，彼應該邀請委員會另一名成員，不然則其正式委任之代表出席。此等人士應在股東週年大會上回答提問。

二名執行董事及一名獨立非執行董事因其他公務，未能出席本公司於2019年6月6日舉行之股東週年大會。未來，本公司已安排及將繼續安排向全體董事提供關於所有股東大會的適當資料，並採取一切合理措施，以謹慎方式安排時間表，使全體董事能夠出席股東大會。

本公司主要企業管治原則及常規以及上述偏離詳情概述如下。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD Responsibilities

The Board is responsible for overall management and control of the Company. The Board's main roles are to provide leadership and to approve strategic policies and plans with a view to enhancing shareholder value. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively, and acting in the interests of the Company and its shareholders at all times.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed.

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

Directors have full and timely access to consult with the Company's senior management independently. Any Director and Board Committee may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, namely the audit and corporate governance committee (the "Audit and Corporate Governance Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

董事會 職責

本公司的整體管理及控制由董事會負責。董事會主要職責為批准策略政策與計劃，並領導本公司提升股東價值。全體董事忠實地執行職務，並須遵守適用法例及法規，客觀地作出決定以及無時無刻不為本公司及其股東的利益行事。

所有董事均可全面及時地取得所有相關資料，以及獲得公司秘書與高級管理層的意見及服務，以確保遵守董事會程序及所有適用法例及法規。

董事會有權就本公司所有重大事項作出決定，包括批准及監察所有政策事宜、整體策略及預算、內部監控及風險管理系統、主要交易（特別是可能涉及利益衝突者）、財務資料、委任董事及其他重大財務及營運事宜。

董事可全面及時地個別諮詢本公司的高級管理層。任何董事及董事委員會可於適當情況下，向董事會作出合理要求以尋求獨立專業意見，費用由本公司支付。

董事會已將本集團日常管理及經營的權力及責任轉授予本集團的高級管理層。為監督本集團特定範疇的事項，董事會已成立三個董事委員會，即審核及企業管治委員會（「審核及企業管治委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」）（統稱「董事委員會」）。董事會已根據其各自的職權範圍向董事委員會轉授責任。

BOARD COMPOSITION

As at the date of this annual report, the directors of the Company were as follows:

Executive Directors

Mr. Yu Jianqiu (*Chairman and Chief Executive Officer*)
Mr. Kwong Wai Sun Wilson
Mr. Huang Weiping
Ms. Zhu Yufen

Independent Non-executive Directors

Mr. Lee Ting Bun Denny
Mr. Pan Liansheng
Ms. Ren Ruxian

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

During the year ended 31 December 2019, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the Independent Non-executive Director has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors have brought a wide range of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Moreover, through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

董事會的組成

於本年報日期，本公司的董事如下：

執行董事

俞建秋先生 (*主席兼行政總裁*)
鄭偉信先生
黃偉萍先生
朱玉芬女士

獨立非執行董事

李廷斌先生
潘連勝先生
任汝嫻女士

董事的履歷詳情載於本年報「董事及高級管理層」一節。

於截至2019年12月31日止年度內，本公司一直遵守上市規則第3.10(1)及3.10(2)條的規定，內容有關委任最少三名獨立非執行董事，而其中最少一名獨立非執行董事擁有適合的專業資格或會計或相關財務管理專業知識。

本公司亦已遵守上市規則第3.10A條有關獲委任的獨立非執行董事佔董事會最少三分之一席位的規定。

各獨立非執行董事已根據上市規則第3.13條確認彼之獨立性，而本公司亦認為彼等各自均屬獨立人士。

全體董事為董事會投入寶貴的業務經驗、知識及專業水平，使董事會有效率及效益地運作。此外，透過積極參與董事會會議、帶頭管理涉及潛在利益衝突的事宜及為董事委員會服務，全體獨立非執行董事對本公司的有效業務方針作出多項貢獻。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee will review the board diversity policy, as appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Under Code Provision A6.5, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities. For the year ended 31 December 2019, relevant reading materials including regulatory update and seminar handouts, etc. have been provided to the Directors for their reference and studying.

董事會成員多元化政策

本公司設有董事會成員多元化政策，本公司認同及深信董事會成員多元化所帶來的裨益，並且認為董事會趨向多元化是維持本公司競爭優勢的重要元素。一個真正多元化的董事會將包括具備不同才能、技能、地區及行業經驗、背景、性別、年齡及其他特質的董事會成員，並可加以利用。該等差異將於釐定董事會的最適合組成時予以考慮，並於可能情況下保持適當平衡。董事會成員的所有委任均按董事會整體運作所需要的才能、技能及經驗水平而作出。

提名委員將檢討董事會成員多元化政策，並就任何為配合本公司的公司策略而擬對董事會作出的變動提出建議。

就職及持續專業發展

根據企業管治守則條文A6.5條，董事應參與適當的持續專業發展以建立和更新自身的知識及技能，以確保其對董事會作出合理及相關的貢獻。

鼓勵董事參與持續專業發展，以更新彼等履行其職責的知識及技能。截至2019年12月31日止年度，相關閱讀資料(包括更新的監管資料及研討會資料等)已提供予董事參閱及研究。



INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT *(Continued)*

A summary of trainings received taken by the Directors during this year is as follows:

| Director | Training activities including briefing and update on the business and corporate governance matter/reading materials on relevant topics |
|----------|--|
|----------|--|

| | |
|--------------------------|---|
| Mr. Yu Jianqiu | ✓ |
| Mr. Kwong Wai Sun Wilson | ✓ |
| Mr. Huang Weiping | ✓ |
| Ms. Zhu Yufen | ✓ |
| Mr. Lee Ting Bun Denny | ✓ |
| Mr. Pan Liansheng | ✓ |
| Ms. Ren Ruxian | ✓ |

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Yu Jianqiu is Chairman of the Board and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in corporate operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

就職及持續專業發展 *(續)*

董事本年度進行的培訓概要載列如下：

| 董事 | 培訓活動 (包括簡報及業務更新資料及企業管治事宜/閱讀相關主題的材料) |
|----|-------------------------------------|
|----|-------------------------------------|

| | |
|-------|---|
| 俞建秋先生 | ✓ |
| 鄭偉信先生 | ✓ |
| 黃偉萍先生 | ✓ |
| 朱玉芬女士 | ✓ |
| 李廷斌先生 | ✓ |
| 潘連勝先生 | ✓ |
| 任汝嫻女士 | ✓ |

主席及行政總裁

根據守則條文第A.2.1條之規定，主席及行政總裁角色應予以區分及由不同人士擔任。

俞建秋先生為本公司董事會主席及行政總裁。由於俞先生為本集團的創辦人並於企業營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任兩個角色，符合本集團的最佳利益。

董事會認為現時由同一人士擔任主席及行政總裁的架構，不會影響本公司董事會與管理層之間的權力平衡。

CORPORATE GOVERNANCE REPORT

企業管治報告

INDEPENDENT NON-EXECUTIVE DIRECTORS

The appointment of independent non-executive directors, subject to re-nomination and re-election by the Company in general meeting, shall be for a term of two years unless previously terminated in accordance with the terms and conditions specified in their appointment.

The director's fee specified in the letter of appointment of each of independent non-executive Directors are HK\$200,000 per annum.

All independent non-executive Directors possess extensive academic, professional and/or industry expertise and management experience and have provided their professional advice to the Board.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

None of the directors who is proposed for re-election at the forthcoming annual general meeting has any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The rules and procedures governing the appointment, retirement, re-election and removal of directors are set out in the Articles of Association of the Company. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of directors and succession planning for directors.

Independent non-executive directors are appointed for a specific term, subject to re-election. In accordance with the Articles of Association, at each annual general meeting of the Company ("AGM"), at least one third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that each Director shall be subject to retirement at an AGM at least once every three years.

Any new director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall be subject to re-election at the next AGM after his appointment.

獨立非執行董事

獨立非執行董事之委任可由本公司於股東大會上再提名及重選，任期應為兩年，除非根據彼等之委任指明之條款及條件提早終止。

獨立非執行董事各自的委任函指定的董事袍金均為每年200,000港元。

全體獨立非執行董事均擁有廣泛的學術、專業及／或行業專長以及管理經驗，並已向董事會提供專業意見。

董事的委任及重選

建議於應屆股東週年大會重選的董事概無與本集團訂立本集團未支付補償(法定補償除外)則不可於一年內終止之服務合約。

董事之委任、退任、重選及罷免之規則及程序乃載於本公司組織章程細則。提名委員會負責檢討董事會架構、規模及組成及就董事之委任及連任以及繼任計劃向董事會提供建議。

獨立非執行董事根據特定的任期獲委任並可予重選。根據組織章程細則，於本公司各股東週年大會(「股東週年大會」)上，當時為數至少三分之一的董事(或如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數)須輪流退任，惟各董事須最少每三年於股東週年大會上輪流退任一次。

任何因填補董事會臨時職位空缺而獲委任或現時董事會增補的新任董事須在接受委任後之下屆股東週年大會上進行重選。

BOARD MEETINGS

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all directors with an opportunity to attend and include matters in the agenda for regular board meetings.

For other Board and Board committee meetings, reasonable notice will generally be given. The agenda and accompanying board papers are dispatched to the directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board committee meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board committee and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting and Board committee meeting will be sent to the directors for comments within a reasonable time after the date on which the meeting is held.

According to the Articles of Association, a Director shall not vote nor be counted in the quorum on any resolution of the Board approving any contract or arrangement in which he or his associates is materially interested.

董事會會議

董事會擬定期舉行董事會會議，即每年至少舉行四次會議及大致按季度舉行會議。所有例行董事會會議通知將於會議舉行前至少14日送呈全體董事，讓其安排出席會議，並於例行董事會會議議程內載入所要討論的事宜。

就其他董事會及董事委員會會議而言，本公司一般會發出適當通知。議程及相關董事會文件將於會議召開前至少3日寄予董事或董事委員會成員，以確保彼等有充足時間審閱有關文件及就會議作充分準備。倘董事或董事委員會成員未能出席會議，則彼等會獲悉將予討論的事宜及於會議召開前有機會知會主席彼等之意見。

董事會會議及董事委員會會議之會議記錄會／將會詳盡記錄，以載入董事會及董事委員會所考慮的事宜及所達致的決定，包括董事提出的任何問題。各董事會會議及董事委員會會議之會議記錄草擬本將於會議舉行當日後之合理時間內寄送至各董事，以供彼等提出意見。

根據組織章程細則，任何董事不得就批准彼或彼之聯繫人於其中擁有重大權益的任何合約或安排的任何董事會決議案投票，亦不得計入法定人數內。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The annual general meeting was held on 6 June 2019 whilst 15 Board meetings were held during the year ended 31 December 2019 and the attendance of the individual directors at these meetings is set out below.

| Director | Annual general meeting attendance | Board meeting attendance |
|--------------------------|-----------------------------------|--------------------------|
| Mr. Yu Jianqiu | 1/1 | 12/15 |
| Mr. Kwong Wai Sun Wilson | 1/1 | 15/15 |
| Mr. Huang Weiping | 0/1 | 15/15 |
| Ms. Zhu Yufen | 0/1 | 15/15 |
| Mr. Lee Ting Bun Denny | 1/1 | 15/15 |
| Mr. Pan Liansheng | 0/1 | 15/15 |
| Ms. Ren Ruxian | 0/1 | 15/15 |

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by Officers on terms no less exacting than those set out in the Model Code as its code of conduct regarding directors' securities transactions. Specific enquiry has been made of the Company's directors and all the existing directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

BOARD COMMITTEES

The Board has established the Nomination Committee, the Remuneration Committee and the Audit and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "http://www.cmru.com.cn" and are available to shareholders upon request. All Board committees report to the Board on their decisions or recommendations.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

董事於會議的出席記錄

股東週年大會於2019年6月6日舉行，而於截至2019年12月31日止年度共舉行15次董事會會議，各董事於會議的出席記錄載列如下：

| 董事 | 股東週年大會出席率 | 董事會出席率 |
|-------|-----------|--------|
| 俞建秋先生 | 1/1 | 12/15 |
| 鄺偉信先生 | 1/1 | 15/15 |
| 黃偉萍先生 | 0/1 | 15/15 |
| 朱玉芬女士 | 0/1 | 15/15 |
| 李廷斌先生 | 1/1 | 15/15 |
| 潘連勝先生 | 0/1 | 15/15 |
| 任汝嫻女士 | 0/1 | 15/15 |

進行證券交易的標準守則

本公司已採納其自身條款不遜於標準守則的高級職員進行證券交易的守則，作為其有關董事進行證券交易的行為守則。經向本公司董事作出具體查詢後，全體現任董事確認彼等於截至2019年12月31日止整個年度已遵守標準守則所載之規定標準。

董事委員會

董事會已成立提名委員會、薪酬委員會及審核及企業管治委員會，以監督本公司特定範疇的事項。所有董事委員會已制訂其書面職權範圍，載於本公司網站「http://www.cmru.com.cn」，並可按要求讓股東查閱。所有董事委員會向董事會匯報其作出的決策或建議。

所有董事委員會獲提供足夠資源履行職務，並可於適當情況下，作出合理要求以尋求獨立專業意見，費用由本公司支付。

NOMINATION COMMITTEE

The Nomination Committee comprises Mr. Lee Ting Bun Denny, Mr. Pan Liansheng and Ms. Ren Ruxian (Chairperson) who are all independent non-executive directors. The functions of the Nomination Committee primarily are to:

- (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iii) assess the independence of independent non-executive directors;
- (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive; and
- (v) to determine the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

For considering the appointment of directors, the Nomination Committee assesses the candidate on a variety of criteria such as reputation of integrity, qualification, knowledge and experience in the industry, ability to commit time and effort to carry out the duties and responsibilities and Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Having taken into accounts of the above factors and obtained all the information as the Nomination Committee considers necessary, the recommendations of the Nomination Committee will then be put to the Board for decision, and if the candidate will stand for election at a general meeting, a circular will be sent to the shareholders.

On 16 April 2014 the Nomination Committee adopted a board diversity policy. The Board Diversity Policy applies to the Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy, and will make recommendation to the Board on the measurable objectives for achieving board diversity. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company business growth.

提名委員會

提名委員會包括李廷斌先生、潘連勝先生及任汝嫻女士(主席)，全部均為獨立非執行董事。提名委員會的主要職責包括：

- (i) 最少每年檢討董事會的架構、規模及組成(包括技能、知識及經驗)，並就任何建議變動向董事會提出推薦意見，以配合本公司的企業策略；
- (ii) 辨識具有合適資格成為董事會成員的人士，並就提名出任董事人士的選擇為董事會作出選擇或推薦；
- (iii) 評核獨立非執行董事的獨立性；
- (iv) 就董事的委任或重新委任及董事的繼任計劃，尤其是董事會主席及行政總裁，向董事會作出推薦；及
- (v) 釐定提名董事的政策、提名程序及選擇及推薦董事候選人所採用的流程及標準。

考慮委任董事時，提名委員會根據多項標準評估候選人，如誠信聲譽、資質、知識及行業經驗、為履行職責所付出之時間及努力以及於所有方面多元化，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年限。經計及上述因素並取得提名委員會認為必要的所有資料，提名委員會的推薦意見將提交予董事會以供決策，倘候選人於股東大會膺選連任，將向股東寄發通函。

於2014年4月16日，提名委員會採納董事會成員多元化政策。董事會成員多元化政策適用於董事會，並視董事會層面日益多元化為保持本公司的競爭優勢之關鍵元素。提名委員會將每年審核董事會的架構、規模及組成以及在適當時候就配合本公司的企業策略提供有關董事會變更的推薦建議，並將就達致董事會成員多元化向董事會提出有關可計量目標的推薦建議。本公司致力維持與本公司業務增長相關的適當多元化平衡。

CORPORATE GOVERNANCE REPORT

企業管治報告

NOMINATION COMMITTEE *(Continued)*

The Nomination Committee held one meeting during the year ended 31 December 2019 to, inter alia, (i) review the size and composition of the Board as well as review the board diversity policy; (ii) assess the independence of the independent non-executive directors and to review that re-appointment of directors; and (iii) discuss other matters related to the foregoing.

| Director | Number of attendance/ Eligible to attend |
|------------------------|--|
| Mr. Lee Ting Bun Denny | 1/1 |
| Mr. Pan Liansheng | 1/1 |
| Ms. Ren Ruxian | 1/1 |

The Nomination Committee recommended Mr. Kwong Wai Sun, Wilson, Mr. Pan Liansheng as executive directors and Ms. Ren Ruxian as independent non-executive director of the Company at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr. Lee Ting Bun Denny, Mr. Pan Liansheng (Chairperson) and Ms. Ren Ruxian who are all independent non-executive directors.

The duties of the Remuneration Committee include the following:

- (i) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management;
- (iv) to make recommendations to the Board on the remuneration of non-executive directors;
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;

提名委員會 *(續)*

於截至2019年12月31日止年度，提名委員會舉行一次會議以(其中包括)：(i)審閱董事會規模及組成及董事會成員多元化政策；(ii)評估獨立非執行董事之獨立性及檢討重新委任董事；及(iii)討論與前述事項相關的其他事宜。

| 董事 | 已出席次數/可出席次數 |
|-------|-------------|
| 李廷斌先生 | 1/1 |
| 潘連勝先生 | 1/1 |
| 任汝嫻女士 | 1/1 |

提名委員會建議於應屆股東週年大會上重新委任鄭偉信先生及潘連勝先生為本公司執行董事及任汝嫻女士為本公司獨立非執行董事。

薪酬委員會

薪酬委員會包括李廷斌先生、潘連勝先生(主席)及任汝嫻女士，全部均為獨立非執行董事。

薪酬委員會的職責包括：

- (i) 就本公司所有董事及高級管理層的薪酬政策及架構向董事會提供建議，以及制訂發展薪酬政策的正式及具透明度的程序；
- (ii) 經參考董事會的企業目標及意向後，審閱及批准管理層的薪酬建議書；
- (iii) 就個別執行董事及高級管理層的薪酬待遇向董事會作出推薦；
- (iv) 就非執行董事的薪酬向董事會作出推薦；
- (v) 考慮同類公司支付的薪酬、付出的時間及職責、以及本公司及其附屬公司內其他職位的僱用條件；

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE (Continued)

- (vi) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (vii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (viii) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (ix) to determine the policy for the remuneration of executive directors, assess performance of executive directors and approve the terms of executive directors' service contracts.

Details of the remuneration of each Director for the year ended 31 December 2019 are set out in note 9 to the financial statements contained in this annual report.

Remuneration of senior management other than Directors for the year ended 31 December 2019 are as follows:

薪酬委員會(續)

- (vi) 檢討及批准向執行董事及高級管理層就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，賠償亦須公平合理，不致過多；
- (vii) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致；若未能與合約條款一致，有關賠償亦須合理適當；
- (viii) 確保任何董事或其任何連繫人不得參與釐訂其自身的薪酬；及
- (ix) 釐定執行董事的薪酬政策、評核執行董事的表現及批准執行董事服務合約的條款。

各董事於截至2019年12月31日止年度的薪酬詳情載列於本年報財務報表附註9。

截至2019年12月31日止年度非董事的高級管理層薪酬如下：

| Total remuneration bands | 總薪酬範圍 | Number of executive 行政人員數目 | |
|------------------------------|---------------------------------|-------------------------------|---------------|
| | | 2019 2019年 | 2018 2018年 |
| Nil to RMB1,000,000 | 零至人民幣1,000,000元 | 1 | 1 |
| RMB1,000,001 to RMB1,500,000 | 人民幣1,000,001元至 人民幣1,500,000元 | 1 | 1 |
| RMB1,500,001 to RMB2,000,000 | 人民幣1,500,001元至 人民幣2,000,000元 | — | — |
| RMB2,000,001 to RMB2,500,000 | 人民幣2,000,001元至 人民幣2,500,000元 | — | — |

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE (Continued)

One meeting of the Remuneration Committee was held during the year ended 31 December 2019 to review the existing remuneration packages of Directors and senior managements of the Company. The recommended remuneration packages have been approved by the entire Board.

| Director | Number of attendance/ Eligible to attend |
|------------------------|---|
| Mr. Lee Ting Bun Denny | 1/1 |
| Mr. Pan Liansheng | 1/1 |
| Ms. Ren Ruxian | 1/1 |

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Audit and Corporate Governance Committee comprises Mr. Lee Ting Bun Denny (Chairperson), Mr. Pan Liansheng and Ms. Ren Ruxian who are all independent non-executive directors.

In relation to reviewing the Company's financial information, the Audit and Corporate Governance Committee's duties mainly are to:

- (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board;
- (ii) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;
- (iii) make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- (iv) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system.

薪酬委員會 (續)

於截至2019年12月31日止年度，薪酬委員會舉行了一次會議，以審核本公司董事及高級管理層之現有薪酬待遇。所建議之薪酬待遇已獲全體董事會批准。

| 董事 | 已出席 次數/ 可出席次數 |
|-------|---------------------|
| 李廷斌先生 | 1/1 |
| 潘連勝先生 | 1/1 |
| 任汝嫻女士 | 1/1 |

審核及企業管治委員會

審核及企業管治委員會包括李廷斌先生(主席)、潘連勝先生及任汝嫻女士，全部均為獨立非執行董事。

就審閱本公司的財務資料而言，審核及企業管治委員會的主要職責包括：

- (i) 於呈交董事會前，審閱財務報表及報告，並考慮本集團財務人員或外聘核數師提出之任何重大或非經常項目；
- (ii) 檢討並監控外聘核數師之獨立性、客觀性及審核過程之效率；
- (iii) 就委任、續聘及罷免外聘核數師向董事會提出建議；及
- (iv) 檢討本公司財務報告制度、內部監控制度、風險管理制度是否足夠及有效。



AUDIT AND CORPORATE GOVERNANCE COMMITTEE

(Continued)

In relation to its corporate governance functions, the Audit and Corporate Governance Committee's responsibilities are to

- (i) develop, review and update the Company's corporate governance policies and practices and to make recommendations to the Board,
- (ii) to review and monitor the training and continuous professional development of directors and senior management,
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements,
- (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors, and
- (v) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

審核及企業管治委員會 (續)

就其企業管治職能而言，審核及企業管治委員會的職責為

- (i) 制訂、檢討及更新本公司的企業管治政策及常規並向董事會作出建議；
- (ii) 檢討及監察董事及高級管理層的培訓及持續專業發展；
- (iii) 檢討及監察本公司就遵守法律及法規規定的政策及常規；
- (iv) 制訂、檢討及監察適用於僱員及董事的行為守則及合規手冊；及
- (v) 檢討本公司是否遵守企業管治守則及於本企業管治報告的披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT AND CORPORATE GOVERNANCE

Four meetings of the Audit and Corporate Governance Committee were held during the Year. The work performed by the Audit and Corporate Governance Committee during the Year included the following:

- (i) reviewed the annual report and results announcement of the Company for the years ended 31 December 2018;
- (ii) reviewed the interim report and interim results announcements of the Company for the six months ended 30 June 2019;
- (iii) reviewed the accounting principles and practices adopted by the Group and other financial reporting matters;
- (iv) reviewed the results of external audit and had discussion with external auditors on any significant findings and audit issues;
- (v) reviewed the results of internal review and had discussion with internal audit consultant on any significant findings and internal control issues;
- (vi) discussed with the external auditors before the audit commenced, the nature and scope of the audit and the respective relevant issues;
- (vii) considered and approved the resignation of auditors, the appointment of external auditors as well as approve its service contract for the Year;
- (viii) received the continuing connected transactions for the year ended 31 December 2019; and
- (ix) reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

審核及企業管治

年內審核及企業管治委員會舉行四次會議。審核及企業管治委員會於本年度進行的工作包括以下各項：

- (i) 審閱本公司截至2018年12月31日止年度的年報及業績公告；
- (ii) 審閱本公司截至2019年6月30日止六個月的中期報告及中期業績公告；
- (iii) 審閱本集團所採納的會計政策及慣例和其他財務申報事宜；
- (iv) 審閱外部審核結果，並就任何重大發現及審計事宜與外聘核數師進行討論；
- (v) 審閱內部審查的結果，並就任何重大發現及其他內部監控事宜與內部審查顧問進行討論；
- (vi) 於審核開始前與外聘核數師討論審核的性質及範圍以及各有關事宜；
- (vii) 考慮及批准核數師辭職、任命外聘核數師以及批准本年度的核數師服務合約；
- (viii) 審閱截至2019年12月31日止年度的持續關連交易；及
- (ix) 審閱本公司是遵守企業管治守則及於企業管治報告的披露。

| Director | Number of attendance/ Eligible to attend |
|------------------------|---|
| Mr. Lee Ting Bun Denny | 5/5 |
| Mr. Pan Liansheng | 5/5 |
| Ms. Ren Ruxian | 5/5 |

| 董事 | 已出席 次數/ 可出席次數 |
|-------|---------------------|
| 李廷斌先生 | 5/5 |
| 潘連勝先生 | 5/5 |
| 任汝嫻女士 | 5/5 |

There had been no disagreement between the Board and the Audit and Corporate Governance Committee during the year ended 31 December 2019.

截至2019年12月31日止年度，董事會與審核及企業管治委員會之間並無分歧。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S REMUNERATION

Ernst & Young was appointed as our external auditor by shareholders at the 2019 AGM until the conclusion of the 2020 AGM. It is primarily responsible for providing audit services in connection with the annual consolidated financial statements.

An analysis of the remuneration paid or payable to Ernst & Young and is set out below:

核數師酬金

安永會計師事務所獲股東於2019年股東週年大會上委任為外聘核數師，任期至2020年股東週年大會為止。其主要職責為就全年綜合財務報表提供審核服務。

支付或應付予安永會計師事務所的酬金分析載列如下：

| | | Year ended 31 December 2019 截至2019年 12月31日 止年度 RMB'000 人民幣千元 |
|--|----------------------------|---|
| Audit services (audit fee for the year ended 31 December 2019) | 審核服務(截至2019年12月31日止年度之審核費) | 6,372 |

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2019 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors have made an assessment on the liquidity position of the Group as to whether the Group is able to continue as a going concern for at least the twelve months from the end of the reporting period. The Directors are in the opinion that it is appropriate to prepare the consolidated financial statement on a going concern basis.

董事就財務報表的財務報告責任

董事確認彼等編製截至2019年12月31日止年度財務報表的責任，其真實公平地反映本公司及本集團的事務，以及本集團的業績及現金流量。

管理層已向董事會提供所需的解釋及資料，使董事會能夠就提呈董事會批准的本公司財務報表作出知情的評估。本公司就其表現、狀況及前景向董事會所有成員提供每月更新。

董事已基於本集團的流動資金狀況評估本集團能否於報告期末起計至少十二個月持續經營。董事認為按持續經營基準編製綜合財務報表乃屬合適。

CORPORATE GOVERNANCE REPORT

企業管治報告

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control system to safeguard shareholder investments and Company assets and review the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

The Company has arranged appropriate insurance cover in respect of legal action against its directors.

The Board has established an internal audit function, which reports directly to the Audit Committee to determine whether the internal control procedures are properly carried out throughout the year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems. During the Year, the Board had conducted review of the risk management and internal control system of the Company before the date of this report through effort of the Audit and Corporate Governance Committee.

During 2019, the Group has engaged an external consultant to provide assistance in the development of a structured approach to risk management and perform internal control review.

內部監控

董事會確認，董事會須負責維持充分的內部監控制度，以保障股東的投資及本公司的資產，並每年審閱該制度之有效性。

董事會已審查本公司內部監控制度的有效性，並認為內部監控制度屬有效及充足。

本公司已為各董事安排適當的保險，使其面對訴訟時可獲得保障。

董事會已設立內部審核職能並直接向審核委員會匯報，以確定內部監控程序已於年內適當地予以執行。

風險管理及內部監控

董事會確認對風險管理及內部監控制度負責，並有責任持續檢討其有效性。該風險管理及內部監控制度旨在管理而非消除未能達成業務目標的風險，而且就避免重大的失實陳述或損失而言，僅能作出合理而非絕對的保證。董事會已將其風險管理及內部監控的職責（與相關權力）轉授予審核及企業管治委員會。審核及企業管治委員會（代表董事會）監督管理層對風險管理及內部監控制度的設計、實施及監察。於本年度，董事會通過審核及企業管治委員會的努力，於本報告日期之前對本公司風險管理及內部控制系統的有效性開展審核。

於2019年，本集團已委聘外部顧問協助就風險管理制訂結構性方針及對內部監控進行檢討。



RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Main features of the risk management and internal control systems

The Group's risk governance structure and the main responsibilities of each level of the structure are summarised below:

Board

- Determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives;
- Ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- Oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Audit and Corporate Governance Committee

- Assists the Board to perform its responsibilities of risk management and internal control systems;
- reviews the Company's corporate governance policies and practices (including risk management policy) and to make recommendations to the Board;
- Ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and
- Considers key matters on risk management and internal control, and reports and makes recommendations to the Board.

風險管理及內部監控(續)

風險管理及內部監控制度的主要特徵

本集團之風險管治架構以及架構內各階層的主要職責簡介如下：

董事會

- 釐定本集團之業務策略與目標，及評估並釐定本集團達成策略目標時所願意接納的風險性質及程度；
- 確保本集團建立及維持合適及有效的風險管理及內部監控制度；及
- 監督管理層對風險管理及內部監控制度的設計、實施及監察。

審核及企業管治委員會

- 協助董事會履行其風險管理及內部監控的職責；
- 檢討本公司的企業管治政策及常規(包括風險管理政策)及向董事會作出建議；
- 確保本集團在會計、內部審核及財務匯報職能方面有足夠的資源、員工資歷與經驗、員工培訓課程，以及有關預算；及
- 考慮有關風險管理及內部監控的關鍵事項，並向董事會匯報及作出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Main features of the risk management and internal control systems (Continued)

Management

- Designs, implements and maintains appropriate and effective risk management and internal control systems;
- Identifies, evaluates and manages the risks that may potentially impact the major processes of the operations;
- Monitors risks and takes measures to mitigate risks in day-to-day operations;
- Gives prompt responses to, and follow up on risk management and internal control matters; and
- Provides confirmation to the Board and Audit Committee on the effectiveness of the risk management and internal control systems.

Internal control consultant

- Reports to the Audit Committee the findings of the internal control review and makes recommendations to the Board and management to improve the material systems deficiencies or control weaknesses identified.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2019, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

風險管理及內部監控(續)

風險管理及內部監控制度的主要特徵(續)

管理層

- 設計、實施及維持合適及有效的風險管理及內部監控制度；
- 識別、評估及管理可能對營運之主要程序構成潛在影響之風險；
- 監察風險並採取措施降低日常營運風險；
- 對有關風險管理及內部監控事宜作出及時的回應及跟進；及
- 向董事會及審核委員會提供有關風險管理及內部監控制度是否有效的確認。

內部監控顧問

- 向審核委員會匯報內部監控審閱結果並向董事會及管理層作出建議，以改善制度之重大不足之處或所發現之監控缺失。

處理及發佈內幕消息

就根據上市規則及香港法例第571章證券及期貨條例處理及發佈內幕消息而言，本集團已採取多項程序及措施，包括提高本集團對內幕消息保密的意識、定期向有關董事及僱員發送禁售期及證券交易限制的通知、在需要知情基礎上向指定人員發佈信息及嚴格遵守證券及期貨事務監察委員會於2012年6月頒佈的「內幕消息披露指引」。

遵守法律及法規

截至2019年12月31日止年度，本集團遵守本集團業務經營適用的所有法律及法規。

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "http://www.cmru.com.cn", where extensive information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Unit 4402-03, COSCO Tower,
183 Queen's Road Central, Sheung Wan, Hong Kong
(For the attention of Corporate Communications Department)
Fax: +852 2587 7199
Email: ir@cmru.com.cn

Enquiries are dealt with in an informative and timely manner.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors.

Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

During the year ended 31 December 2019, there had been no change in the constitutional documents of the Company.

與股東及投資者溝通

本公司認為，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及策略了解至為重要。本公司亦明白保持透明度和適時披露公司資料的重要性，因其有利於股東及投資者作出最佳投資決策。

為進行有效溝通，本公司設有網站「http://www.cmru.com.cn」，本集團業務發展及運作、財務資料、企業管治常規及其他資料之詳盡資料及其最新情況均載於該網站供公眾查閱。

股東及投資者可按以下方式將書面查詢或要求寄發至本公司：

地址：香港上環皇后大道中183號
中遠大廈4402-03室
(抬頭請註明企業傳訊部)
傳真：+852 2587 7199
電郵：ir@cmru.com.cn

本公司將盡快處理及詳細解答查詢。

董事會歡迎股東提出意見，並鼓勵彼等出席股東大會以直接就其對董事會或管理層的任何存疑作出提問。董事會成員及本集團相關高級職員會出席大會，解答股東的任何提問。

本公司繼續加強與投資者的溝通及彼此之間的關係。

指定高級管理層會定期與機構投資者及分析員會談，以知會彼等本集團的發展。

截至2019年12月31日止年度，本公司之憲章文件並無變動。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIVIDEND POLICY

The Group adopted a dividend policy on 18 January 2019. A summary of the policy is disclosed as below.

The Company considers stable and sustainable returns to shareholders to be its goal and endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a stable and sustainable dividend policy.

In accordance with the article of association of the Company and subject to the relevant laws under Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the relevant laws under Cayman Islands.

In deciding whether to propose a dividend and in determining the dividend amount, the Board may take into account, amongst other things, the actual and expected financial performance, the earnings, distributable reserves, debts to equity ratio, return on equity, working capital requirement, future expansion plans, and any other factors that the Board deem appropriate.

The Board shall review this policy from time to time, as appropriate, to ensure the effectiveness of this policy and shall discuss any revisions that may be required.

COMPANY SECRETARY

The company secretary of the Company is Mr. Cheung Ying Kwan. Mr. Cheung has been informed of the requirement of the Rule 3.29 of the Listing Rules, and he confirmed that he had attained no less than 15 hours of relevant professional training during the year ended 31 December 2019.

股息政策

本集團於2019年1月18日採納股息政策。政策概要乃披露於下文。

本公司以回饋股東穩定可持續的回報為其目標，致力根據穩定及可持續的股息政策保持達成股東預期與審慎資本管理之間的平衡。

根據本公司組織章程細則及開曼群島相關法律，本公司或會不時於股東大會以任何貨幣宣派將派付予股東的股息，但所宣派股息不得超過董事會所建議的金額。

股息或會以本公司已變現或未變現溢利或自董事確定不再需要的溢利中撥出的任何儲備宣派及派付。通過普通決議案批准，股息亦可能以股份溢價賬或任何其他資金或根據開曼群島相關法律可能獲授權作此用途的賬戶宣派及派付。

在決定是否建議股息及確定股息金額時，董事會或會考慮(其中包括)實際及預期財務表現、盈利、可供分派儲備、債務權益比率、股本回報、營運資金需求、未來擴張計劃以及董事會視為適當的任何其他因素。

董事會應不時審核此項政策(如適用)以確保此項政策的有效性並應討論可能需要作出的任何修訂。

公司秘書

本公司之公司秘書為張應坤先生。張先生已知悉上市規則第3.29條之規定，而彼確認於截至2019年12月31日止年度，已出席不少於15小時之相關專業培訓。

SHAREHOLDERS' RIGHT

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Under article 58 of the Articles of Association, the Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings pursuant to the Articles of Association. Any one or more shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall, by written requisition to the Board or the company secretary, require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a director, the procedures are available on the websites of the Company and the Stock Exchange.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Company has not made any changes to its Articles of Association throughout the year ended 31 December 2019. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.cmru.com.cn>) immediately after the relevant general meetings.

股東權利

為了保障股東權益及權利，股東大會上會就各重大事項（包括選舉個別董事）提呈獨立決議案，供股東考慮及投票。

根據組織章程細則第58條，本公司股東可召開股東特別大會或根據組織章程細則於股東大會上提呈建議書。任何一位或以上於遞呈要求日期持有不少於本公司繳足股本（賦有於本公司股東大會上投票權）十分之一的股東有權透過向董事會或公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何業務；且該大會應於遞呈該要求後兩個月內舉行。

股東可根據開曼群島公司法及組織章程細則於股東大會上提呈建議書，以供股東大會考慮。

有關提名人士參選董事的程序可於本公司及聯交所網站覽閱。

為免生疑問，股東須將妥為簽署的書面要求、通知或聲明或查詢（視情況而定）的正本存放於及寄發至本公司，並提供彼等的全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

本公司於截至2019年12月31日止整個年度並無對其組織章程細則作出任何變動。組織章程細則的最新版本可在本公司網站及聯交所網站查閱。股東亦可參考組織章程細則以取得有關其權利的詳情。

根據上市規則，所有在股東大會提呈的決議案均將以投票方式表決，且投票表決結果將緊隨有關股東大會召開後於聯交所網站(www.hkexnews.hk)及本公司網站(<http://www.cmru.com.cn>)刊登。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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To the shareholders of China Metal Resources Utilization Limited
(Incorporated in the Cayman Islands with limited liability)

致中國金屬資源利用有限公司列位股東
(於開曼群島註冊成立的有限公司)

DISCLAIMER OF OPINION

We have audited the consolidated financial statements of China Metal Resources Utilization Limited (the "Company") and its subsidiaries (the "Group") set out on page 88 to 265, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters and the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

不發表意見

吾等已審核第88至265頁所載之中國金屬資源利用有限公司(「貴公司」)及其附屬公司(「貴集團」)之綜合財務報表，此等綜合財務報表包括於2019年12月31日之綜合財務狀況表及截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等並不就隨附之貴集團綜合財務報表及該等綜合財務報表是否已根據香港公司條例之披露規定妥善編製發表意見。基於吾等報告中不發表意見之基準一節所述事宜之重要性，有關持續經營之多項不明朗因素之間的潛在相互影響及其對綜合財務報表可能構成之累計影響，故吾等不對該等綜合財務報表發表意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of China Metal Resources Utilization Limited
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION

Factoring arrangement on certain trade receivables

During the year ended 31 December 2019, the Group entered into factoring agreements with a factoring company. According to the agreements, the factoring company acquired trade receivables with an aggregate amount of RMB37 million before impairment (the "Factored Trade Receivables") from the Group for a cash consideration of RMB29 million in aggregate. The Factored Trade Receivables were derived from the sales of the Group recorded in 2014 to 2018 (the "Previous Sales"). The remaining balance of RMB8 million was recovered from the management personnel of the Group's subsidiaries that were involved in the Previous Sales (the "Relevant Subsidiaries"). Management represented that those management personnel were also the sellers who sold the Relevant Subsidiaries to the Group, and they had undertaken to compensate the Group for any irrecoverable trade receivables resulting from sales made within certain period of time since the acquisition of the Relevant Subsidiaries. Those management personnel included a director and substantial shareholder of the Company, who held less than 12% of the Company's shareholding, and certain such compensation was made by his son on his behalf. In addition, we identified that as at 31 December 2019, an employee of the Group had a 16% shareholding in the factoring company and held the executive director, general manager and legal representative positions in that factoring company, and that another employee of the Group held a supervisor position in that factoring company. The Company's directors represented that they were not aware that the Group's employees had a shareholding or held positions in that factoring company when the Group entered into the factoring agreements.

For the year ended 31 December 2019, the Group recorded a reversal of provision for doubtful debts, net, amounting to RMB45 million. Included in the reversal was a reversal of the loss allowance of RMB37 million against the Factored Trade Receivables which were fully impaired in previous years.

We were unable to obtain sufficient reliable evidence to substantiate the representations made by management and ascertain the nature and the business rationale of the above collection of overdue trade receivables, which was accounted for as a settlement of the Factored Trade Receivables and a reversal of the provisions against the Factored Trade Receivables in the consolidated financial statements for the year ended 31 December 2019. Furthermore, we were unable to substantiate the explanations provided by management regarding an employee of the Group holding a 16% interest in the factoring company and certain employees of the Group holding key positions in that company.

致中國金屬資源利用有限公司列位股東
(於開曼群島註冊成立的有限公司)

不發表意見之基準

若干貿易應收款項之保理安排

截至2019年12月31日止年度，貴集團與一家保理公司訂立保理協議。根據協議，保理公司以總現金代價人民幣29百萬元收購貴集團貿易應收款項(未計減值前之總額為人民幣37百萬元)(「保理貿易應收款項」)。保理貿易應收款項為有關於貴集團於2014年至2018年所錄得之銷售(「過往銷售」)。餘下的人民幣8百萬元已從參與過往銷售的貴集團附屬公司(「相關附屬公司」)的管理人員收回。管理層表示，該等管理人員亦為向貴集團出售相關附屬公司的賣方，彼等已承諾賠償自收購相關附屬公司起一定期間內因出售而產生的任何無法收回的貿易應收款項。該等管理人員包括貴公司一名董事及主要股東，持有貴公司股權少於12%，而若干該等賠償由其兒子代為支付。此外，吾等發現於2019年12月31日，貴集團的一名僱員於該保理公司擁有16%的股權，並擔任該保理公司的執行董事、總經理及法人代表，及貴集團的另一名僱員擔任該保理公司的監事。貴公司董事表示，彼等並不知悉貴集團的僱員於貴集團訂立保理協議時於該保理公司擁有股權或擔任職位。

截至2019年12月31日止年度，貴集團錄得撥回呆賬撥備淨額人民幣45百萬元。撥回包括對銷過往年度已全數減值的保理貿易應收款項的虧損撥備人民幣37百萬元。

吾等無法取得足夠可靠的證據證實管理層所提出之說明，並無法確定上述催收的逾期貿易應收款項的性質及業務原理，該收款於截至2019年12月31日止年度的綜合財務報表中作為保理貿易應收款項結清及保理貿易應收款項撥備回撥。此外，吾等無法證實管理層就貴集團一名僱員就持有保理公司16%的權益及貴集團部分僱員擔任該公司中關鍵職位所作出的解釋。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of China Metal Resources Utilization Limited

(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION (Continued)

Factoring arrangement on certain trade receivables (Continued)

Because of the above limitations, we were unable to satisfy ourselves as to whether the effects of the above transactions have been properly accounted for and disclosed in the consolidated financial statements including whether the Group has identified and disclosed all related party transactions in respect of the above.

Impairment assessment of goodwill and fair value measurement of contingent consideration liabilities as at 31 December 2019

Impairment assessment of goodwill as at 31 December 2019

As at 31 December 2019, the carrying amount of goodwill arising from business combinations in previous years amounted to RMB278 million, net of accumulated impairment of RMB424 million. In the preparation of the consolidated financial statements, the management of the Group has performed an impairment assessment on the cash-generating units ("CGUs") to which the goodwill belongs.

According to the Group's accounting policies, the impairment assessment is performed by comparing the CGUs' carrying amounts to the recoverable amounts. The recoverable amounts of the CGUs as at 31 December 2019 were determined by the management of the Group by reference to a valuation report prepared by an independent professional qualified valuer based on cash flow forecasts developed by the Group's management (the "Cashflow Forecasts"). As a result of the impairment assessment performed by the Group's management, an impairment of goodwill amounting to RMB408 million was recognised in profit or loss for the year ended 31 December 2019. The recoverable amounts of the CGUs have been determined by the Group's management based on value-in-use calculations. In preparing the Cashflow Forecasts, the Group's management used certain bases and assumptions, including the historical performance of the subsidiaries. Due to the lack of sufficient historical financial information and other information to support the bases and assumptions adopted by the management including but not limited to the growth rate, utilisation rate of production and gross profit margins, we were unable to assess the reasonableness of the bases and assumptions which the Group's management adopted in determining the recoverable amounts of the CGUs. Accordingly, we were unable to determine whether the recoverable amounts of the CGUs were appropriately estimated and whether the goodwill was properly stated as at 31 December 2019.

致中國金屬資源利用有限公司列位股東

(於開曼群島註冊成立的有限公司)

不發表意見之基準 (續)

若干貿易應收款項之保理安排 (續)

由於上文所載的限制，吾等無法保證上述交易的影響是否已於綜合財務報表妥善入賬及披露，包括 貴集團是否已確定並披露與上述交易有關的所有關聯方交易。

於2019年12月31日的商譽減值評估及或然代價負債的公平值計量

於2019年12月31日商譽的減值評估

於2019年12月31日，過往年度因業務合併產生的商譽賬面值為人民幣278百萬元，扣除累計減值人民幣424百萬元。於編製綜合財務報表時， 貴集團管理層已就商譽所屬現金產生單位（「現金產生單位」）進行減值評估。

根據 貴集團的會計政策，減值評估乃通過比較現金產生單位的賬面值與可收回金額進行。於2019年12月31日，現金產生單位的可收回金額由 貴集團管理層參考獨立專業合資格估值師根據 貴集團管理層制定的現金流量預測編製的估值報告（「現金流量預測」）釐定。由於 貴集團管理層進行減值評估，於截至2019年12月31日止年度商譽減值人民幣408百萬元於損益內確認。現金產生單位的可收回金額由 貴集團管理層根據使用價值計算。於編製現金流量預測時， 貴集團管理層使用若干基準及假設，包括附屬公司的歷史表現。由於缺乏足夠的過往財務資料及其他資料支持管理層所採用的基準及假設，包括但不限於增長率、生產利用率及毛利率，因此吾等無法評價 貴集團管理層於釐定現金產生單位的可收回金額時所採用基準及假設的合理性。因此，於2019年12月31日，吾等無法釐定現金產生單位的可收回金額是否得到適當的估計以及商譽是否正確記錄。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of China Metal Resources Utilization Limited
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION (Continued)
Impairment assessment of goodwill and fair value measurement of contingent consideration liabilities as at 31 December 2019
(Continued)

Impairment assessment of goodwill as at 31 December 2019
(Continued)

Any adjustments in respect of the Group's impairment assessment of goodwill would have a consequential impact on the Group's net assets as at 31 December 2019 and its performance for the year then ended.

Fair value measurement of contingent consideration liabilities as at 31 December 2019

As at 31 December 2019, the carrying amount of the contingent consideration liabilities measured at fair value, arising from business combinations in the prior year, amounted to RMB151 million.

The fair value of the contingent consideration liabilities was determined by the management of the Group, assisted by an independent professional qualified valuer. The contingent consideration included earn-out payments based on the future profits of the entities acquired in the following three years since the acquisitions. The contingent consideration liabilities were measured at fair value, based on a probability-weighted forecast of cash flows prepared by the management (the "Profit Forecasts"), using assumptions such as the expected performance and growth of the entities acquired, and discounted to the present value. A fair value gain due to the change in fair value of the contingent consideration liabilities amounting to RMB240 million was recognised in profit or loss for the year ended 31 December 2019. The fair value of the contingent consideration liabilities was determined by the Group's management with reference to the forecasted net profits for the three years since the acquisitions, and the profit targets agreed in the terms of the acquisitions. In preparing the Profit Forecasts, the Group's management used certain bases and assumptions, including the historical performance of the subsidiaries. Due to the lack of sufficient historical financial information and other information to support the bases and assumptions adopted by the management including but not limited to the growth rate, utilisation rate of production and gross profit margins, we were unable to assess the reasonableness of the bases and assumptions which the Group's management adopted in determining the fair value of the contingent consideration liabilities. Accordingly, we were unable to determine whether the fair value of the contingent consideration liabilities was properly stated as at 31 December 2019.

致中國金屬資源利用有限公司列位股東
(於開曼群島註冊成立的有限公司)

不發表意見之基準 (續)
於2019年12月31日的商譽減值評估及或然代價負債的公平值計量 (續)

於2019年12月31日商譽的減值評估 (續)

有關 貴集團商譽減值評估的任何調整將對 貴集團於2019年12月31日的淨資產及其截至該日止年度的業績產生相應影響。

於2019年12月31日或然代價負債的公平值計量

於2019年12月31日，上一年度因業務合併產生的以公平值計量的或然代價負債的賬面值為人民幣151百萬元。

或然代價負債的公平值由 貴集團管理層於獨立專業合資格估值師的協助下釐定。或然代價包括根據自收購起三年內被收購實體的未來利潤的獲利計酬。或然代價負債根據管理層所編製之現金流量的概率加權預測(「利潤預測」)以公平值計量，並使用被收購實體的預期業績及增長等假設，並折讓為現值。截至2019年12月31日止年度，或然代價負債的公平值變動所產生的公平值收益人民幣240百萬元已於損益中確認。或然代價負債的公平值由 貴集團管理層參考自收購起三年內的預測淨利潤，以及收購條款所協定的利潤目標。於編製利潤預測時， 貴集團管理層使用若干基準及假設，包括附屬公司的歷史表現。由於缺乏足夠的過往財務資料及其他資料支持管理層所採用的基準及假設，包括但不限於增長率、生產利用率及毛利率，因此吾等無法評價 貴集團管理層於釐定或然代價負債的公平值時所採用基準及假設的合理性。因此，於2019年12月31日，吾等無法釐定或然代價負債的公平值是否正確記錄。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of China Metal Resources Utilization Limited

(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION (Continued)

Impairment assessment of goodwill and fair value measurement of contingent consideration liabilities as at 31 December 2019

(Continued)

Fair value measurement of contingent consideration liabilities as at 31 December 2019 (Continued)

Any adjustments in respect of the Group's fair value measurement of the contingent consideration liabilities would have a consequential impact on the Group's net assets as at 31 December 2019 and its performance for the year then ended.

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB217,336,000 for the year ended 31 December 2019, which included an impairment loss of goodwill of RMB407,883,000 and fair value gain of contingent consideration liabilities of RMB240,395,000. As at 31 December 2019, the Group had cash and cash equivalents amounting to RMB64,703,000, and there were interest-bearing bank and other borrowings, convertible bonds and note payables totaling RMB1,692,092,000 repayable within one year or on demand. In addition, as at 31 December 2019, the Group had defaulted on convertible bonds with an aggregate principal amount of HK\$590,000,000 (approximately RMB528,522,000) and entrusted loans amounting to RMB299,116,000. The above defaults had caused a cross-default of certain other borrowings amounting to RMB166,400,000 as at 31 December 2019. These conditions, together with other matters disclosed in note 2.1, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

致中國金屬資源利用有限公司列位股東

(於開曼群島註冊成立的有限公司)

不發表意見之基準(續)

於2019年12月31日的商譽減值評估及或然代價負債的公平值計量(續)

於2019年12月31日或然代價負債的公平值計量(續)

有關 貴集團或然代價負債的公平值計量的任何調整將對 貴集團於2019年12月31日的淨資產及其截至該日止年度的業績產生相應影響。

與持續經營相關的多項不確定事項

誠如綜合財務報表附註2.1所載， 貴集團於截至2019年12月31日止年度錄得虧損淨額人民幣217,336,000元，其中包括商譽減值虧損人民幣407,883,000元及或然代價負債公平值收益人民幣240,395,000元。於2019年12月31日， 貴集團的現金及現金等值項目為人民幣64,703,000元，計息銀行及其他借款、可換股債券及應付票據合共為人民幣1,692,092,000元，應於一年內或按 要求償還。此外，於2019年12月31日， 貴集團未能償還本金總額為590,000,000港元(約人民幣528,522,000元)的可換股債券及人民幣299,116,000元的委託貸款。上述違約導致於2019年12月31日若干其他借款人民幣166,400,000元出現交叉違約。該等狀況連同附註2.1所述其他事宜，表明存在重大不確定性，可能對 貴集團持續經營業務的能力帶來重大疑問。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of China Metal Resources Utilization Limited
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION (Continued) **Multiple uncertainties relating to going concern** (Continued)

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully negotiating with the Group's lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with principal and interest in default, including those with cross-default terms; (ii) successfully negotiating with the convertible bond holders for the extension of repayment dates; (iii) successfully negotiating with financial institutions and other lenders for the renewal of or extension of the repayment of borrowings; (iv) successfully carrying out the Group's business strategic plan and cost control measures so as to improve the Group's working capital and cashflow position, including but not limited to continuous collection of trade receivables and inventory level management; and (v) successfully obtaining additional funds from new sources of financing or strategic investors.

Should the Group be unable to operate as a going concern, 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 these consolidated financial statements.

致中國金屬資源利用有限公司列位股東
(於開曼群島註冊成立的有限公司)

不發表意見之基準 (續) **與持續經營相關的多項不確定事項** (續)

貴公司董事已採取措施改善 貴集團的流動資金及財務狀況，該等措施載於附註2.1。編製綜合財務報表所依據的持續經營假設的有效性取決於該等措施的結果，而該等結果存在多重不確定性，包括(i)與 貴集團貸款人成功磋商，相關貸款人不會採取任何行動要求立即償還違約借款的本金及利息，包括具有交叉違約條款的借款；(ii)與可換股債券持有人就延長還款日期成功磋商；(iii)與金融機構及其他貸款人就借款的重續或延期償還成功磋商；(iv)成功執行 貴集團的業務策略計劃及成本控制措施，以改善 貴集團的營運資金及現金流狀況，包括但不限於繼續收取貿易應收款項及存貨水平管理；及(v)成功自新的融資來源或戰略投資者獲得額外資金。

倘 貴集團未能按持續經營業務基準經營，將會作出調整以將 貴集團的資產的賬面值撇減至其可收回金額，就可能產生的任何進一步負債作出撥備，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。該等調整的影響尚未在該等綜合財務報表內反映。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

To the shareholders of China Metal Resources Utilization Limited

(Incorporated in the Cayman Islands with limited liability)

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the significance of the matters and due to the potential interaction of the multiple uncertainties relating to going concern, and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

致中國金屬資源利用有限公司列位股東

(於開曼群島註冊成立的有限公司)

董事就綜合財務報表須承擔的責任

貴公司董事須根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)及香港公司條例的披露規定負責編製真實而公平地反映情況的綜合財務報表，及落實董事釐定對編製綜合財務報表屬必要的內部監控，以使該等綜合財務報表的編製不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)，除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監察貴集團財務報告流程的責任。

核數師就審核綜合財務報表承擔的責任

吾等的責任為根據香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)對貴集團的綜合財務報表進行審計，並發出核數師報告。此報告僅向閣下(作為整體)作出，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。然而，由於本報告不發表意見之基準一節所述重要事項，由於與持續經營相關的多項不確定事項的潛在相互作用及其對綜合財務報表的可能累計影響，吾等無法對該等綜合財務報表形成意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of China Metal Resources Utilization Limited
(Incorporated in the Cayman Islands with limited liability)

致中國金屬資源利用有限公司列位股東
(於開曼群島註冊成立的有限公司)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

核數師就審核綜合財務報表承擔的責任 *(續)*

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，吾等獨立於貴集團，並已履行吾等於守則下的其他專業道德責任。

The engagement partner on the audit resulting in this independent auditor's report is Ip Hing Lam.

出具本獨立核數師報告的審核項目合夥人是葉慶霖。

Ernst & Young
Certified Public Accountants
Hong Kong

安永會計師事務所
執業會計師
香港

21 August 2020

2020年8月21日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--------------------------|-------------|-----------------------------------|-----------------------------------|
| REVENUE | 營業額 | 5 | 24,012,653 | 20,642,565 |
| Cost of sales | 銷售成本 | | (24,270,594) | (20,876,829) |
| GROSS LOSS | 毛損 | | (257,941) | (234,264) |
| Other income/(expenses), gain/(loss), net | 其他淨收入/(開支)、 收益/(虧損)淨額 | 6 | 350,332 | 491,410 |
| Selling and distribution expenses | 銷售及分銷開支 | | (30,532) | (23,844) |
| Administrative expenses | 行政開支 | | (130,046) | (111,078) |
| Reversal of provision for doubtful debts, net | 呆賬撥備撥回淨額 | 19 | 45,115 | 69,605 |
| Finance costs | 財務成本 | 8 | (147,893) | (135,089) |
| Share of profits/(losses) of associates | 應佔聯營公司溢利/(虧損) | | (4,811) | 8,238 |
| PROFIT/(LOSS) BEFORE TAX | 稅前溢利/(虧損) | 7 | (175,776) | 64,978 |
| Income tax expense | 所得稅開支 | 11 | (41,560) | (44,855) |
| PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY | 本公司擁有人應佔年內溢利 /(虧損) | | (217,336) | 20,123 |
| EARNINGS/(LOSS) PER SHARE | 每股盈利/(虧損) | 12 | | |
| Basic (RMB) | 基本(人民幣元) | | (0.08) | 0.01 |
| Diluted (RMB) | 攤薄(人民幣元) | | (0.08) | 0.01 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--|-----------------------------------|-----------------------------------|
| PROFIT/(LOSS) FOR THE YEAR | 年內溢利/(虧損) | (217,336) | 20,123 |
| <i>Other comprehensive loss for the year:</i> Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods: | 年內其他全面虧損： 於後續期間將不會重新分類至損益的其他全面虧損： | | |
| Exchange differences on translation of the Company and the foreign operations | 換算本公司及海外業務的匯兌差額 | (15,335) | (51,254) |
| Equity investment designated at fair value through other comprehensive income included in interests in associates: Changes in fair value | 指定為按公平值計入其他全面收益的股權投資(計入聯營公司的權益): 公平值變動 | (9,600) | — |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY | 本公司擁有人應佔年內全面虧損總額 | (242,271) | (31,131) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019 2019年12月31日

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|---------------------|-------------|-----------------------------------|-----------------------------------|
| NON-CURRENT ASSETS | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 13 | 599,234 | 643,845 |
| Right-of-use assets | 使用權資產 | 14(b) | 122,779 | – |
| Prepaid land lease payments | 預付土地租賃付款 | 14(a) | – | 120,317 |
| Interests in associates | 聯營公司權益 | 15 | 68,108 | 184,648 |
| Goodwill | 商譽 | 16 | 277,895 | 685,778 |
| Pledged deposits | 已抵押存款 | 23 | – | 4,800 |
| Prepayments, other receivables and other assets | 預付款、其他應收款項及 其他資產 | 20 | 24,441 | 29,946 |
| Deferred tax assets | 遞延稅項資產 | 17 | 16,605 | 19,638 |
| Total non-current assets | 總非流動資產 | | 1,109,062 | 1,688,972 |
| CURRENT ASSETS | 流動資產 | | | |
| Inventories | 存貨 | 18 | 563,799 | 432,525 |
| Trade and bills receivables | 貿易應收款項及應收票據 | 19 | 1,189,037 | 879,331 |
| Prepayments, other receivables and other assets | 預付款、其他應收款項及 其他資產 | 20 | 2,108,337 | 1,537,701 |
| Derivative financial instrument | 衍生金融工具 | 21 | 107,451 | – |
| Amounts due from associates | 應收聯營公司款項 | 22 | 15,261 | 5,038 |
| Amounts due from related parties | 應收關聯方款項 | 22 | 10 | 10 |
| Pledged deposits | 已抵押存款 | 23 | 42,982 | 47,012 |
| Cash and cash equivalents | 現金及現金等值項目 | 23 | 64,703 | 112,935 |
| Total current assets | 總流動資產 | | 4,091,580 | 3,014,552 |
| CURRENT LIABILITIES | 流動負債 | | | |
| Trade and bills payables | 貿易應付款項及應付票據 | 24 | 559,892 | 543,355 |
| Note payables | 應付票據 | 25 | 30,457 | 17,524 |
| Other payables and accruals | 其他應付款項及應計費用 | 26 | 873,433 | 539,649 |
| Finance lease payables | 融資租賃應付款項 | 27 | – | 714 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 28 | 1,025,111 | 532,408 |
| Lease liabilities | 租賃負債 | 14(c) | 3,174 | – |
| Amounts due to associates | 應付聯營公司款項 | 22 | 32,801 | 103,709 |
| Amount due to a related party | 應付一名關聯方款項 | 22 | 5,613 | 5 |
| Liability component of convertible bonds | 可換股債券的負債部分 | 29 | 636,524 | 576,854 |
| Tax payable | 應繳稅項 | | 63,780 | 50,420 |
| Total current liabilities | 流動負債總額 | | 3,230,785 | 2,364,638 |
| NET CURRENT ASSETS | 淨流動資產 | | 860,795 | 649,914 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 總資產減流動負債 | | 1,969,857 | 2,338,886 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2019 2019年12月31日

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|----------------|-------------|-----------------------------------|-----------------------------------|
| NON-CURRENT LIABILITIES | 非流動負債 | | | |
| Finance lease payables | 融資租賃應付款項 | 27 | – | 4,226 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 28 | – | 16,140 |
| Lease liabilities | 租賃負債 | 14(c) | 3,361 | – |
| Contingent consideration liabilities | 或然代價負債 | | 151,305 | 407,667 |
| Deferred government grants | 遞延政府補助 | 30 | 4,007 | 5,076 |
| Deferred tax liabilities | 遞延稅項負債 | 17 | 1,097 | – |
| Total non-current liabilities | 非流動負債總額 | | 159,770 | 433,109 |
| NET ASSETS | 淨資產 | | 1,810,087 | 1,905,777 |
| EQUITY | 權益 | | | |
| Share capital | 股本 | 31 | 211,741 | 210,244 |
| Reserves | 儲備 | 33 | 1,598,346 | 1,695,533 |
| TOTAL EQUITY | 總權益 | | 1,810,087 | 1,905,777 |

Yu Jianqiu
俞建秋
Chief Executive Officer
行政總裁

Kwong Wai Sun Wilson
鄺偉信
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | | | | | | |
|---|---------------------------|---|------------------|------------------|------------------|--------------------|-----------------------------|------------------|----------------------------------|-----------------------------|--------------------|---------------------|------------------|
| | | Share capital | Share premium | Exchange reserve | Capital reserve | Statutory reserves | Share-based payment reserve | Warrant reserve | Convertible bonds equity reserve | Consideration share reserve | Accumulated losses | Revaluation reserve | Total equity |
| | | 股本 | 股份溢價 | 匯兌儲備 | 資本儲備 | 法定儲備 | 以股份為基礎的 付款儲備 | 認股權證 儲備 | 可換股債券 權益儲備 | 代價股份 儲備 | 累計虧損 | 重估儲備 | 總權益 |
| Notes 附註 | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| At 31 December 2018 | 於2018年12月31日 | 210,244 | 1,468,419 | (62,783) | 132,055 | 110,023 | 80,475 | 3,560 | 40,539 | 64,576 | (150,931) | 9,600 | 1,905,777 |
| Effect of adoption of IFRS 16 | 採用國際財務報告準則第16號的影響 | - | - | - | - | - | - | - | - | - | (89) | - | (89) |
| At 1 January 2019 (restated) | 於2019年1月1日 (經重列) | 210,244 | 1,468,419 | (62,783) | 132,055 | 110,023 | 80,475 | 3,560 | 40,539 | 64,576 | (151,020) | 9,600 | 1,905,688 |
| Loss for the year | 年內虧損 | - | - | - | - | - | - | - | - | - | (217,336) | - | (217,336) |
| Other comprehensive loss for the year: | 年內其他全面虧損： | | | | | | | | | | | | |
| Exchange differences on translation of the Company and the foreign operations | 換算本公司及海外業務產生的匯兌差額 | - | - | (15,335) | - | - | - | - | - | - | - | - | (15,335) |
| Changes in fair value of an equity investment designated at fair value through other comprehensive income | 指定按公平值計入其他全面收益的股本投資的公平值變動 | - | - | - | - | - | - | - | - | - | - | (9,600) | (9,600) |
| Total comprehensive loss for the year | 年內全面虧損總額 | - | - | (15,335) | - | - | - | - | - | - | (217,336) | (9,600) | (242,271) |
| Issuance of ordinary shares | 發行普通股 | 31, 33 | 1,497 | 70,390 | - | - | - | - | - | - | - | - | 71,887 |
| Appropriation to statutory reserves | 轉撥至法定儲備 | 33 | - | - | - | 12,097 | - | - | - | - | (12,097) | - | - |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | 32, 33 | - | - | - | - | 873 | - | - | - | - | - | 873 |
| Lapse of share options | 購股權失效 | 32, 33 | - | - | - | - | (313) | - | - | - | 313 | - | - |
| Consideration share arrangements | 代價股份安排 | 33 | - | - | - | - | - | - | - | 73,910 | - | - | 73,910 |
| At 31 December 2019 | 於2019年12月31日 | 211,741 | 1,538,809* | (78,118)* | 132,055* | 122,120* | 81,035* | 3,560* | 40,539* | 138,486* | (380,140)* | -* | 1,810,057 |

* These reserve accounts comprise the consolidated reserves of RMB1,598,346,000 (2018: RMB1,695,533,000) in the consolidated statement of financial position.

* 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣1,598,346,000元(2018年：人民幣1,695,533,000元)。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | | | | | | |
|---|-------------------|---|---------------|------------------|-----------------|--------------------|-----------------------------|-----------------|----------------------------------|-----------------------------|--------------------|---------------------|--------------|
| | | Share capital | Share premium | Exchange reserve | Capital reserve | Statutory reserves | Share-based payment reserve | Warrant reserve | Convertible bonds equity reserve | Consideration share reserve | Accumulated losses | Revaluation reserve | Total equity |
| Notes | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 附註 | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | 197,495 | 1,016,229 | (11,529) | 132,055 | 87,128 | 81,270 | 12,079 | 40,696 | 48,970 | (151,300) | 9,600 | 1,462,693 |
| Profit for the year | 年內溢利 | - | - | - | - | - | - | - | - | - | 20,123 | - | 20,123 |
| Other comprehensive loss for the year: | 年內其他全面虧損： | | | | | | | | | | | | |
| Exchange differences on translation of the Company and the foreign operations | 換算本公司及海外業務產生的匯兌差額 | - | - | (51,254) | - | - | - | - | - | - | - | - | (51,254) |
| Total comprehensive loss for the year | 年內全面虧損總額 | - | - | (51,254) | - | - | - | - | - | - | 20,123 | - | (31,131) |
| Issuance of ordinary shares | 發行普通股 | 31, 33 | 6,687 | 314,235 | - | - | - | - | - | - | - | - | 320,922 |
| Exercise of share options | 行使購股權 | 31, 32, 33 | 1,394 | 19,730 | - | - | (5,374) | - | - | - | - | - | 15,750 |
| Appropriation to statutory reserves | 轉撥至法定儲備 | 33 | - | - | - | 22,895 | - | - | - | - | (22,895) | - | - |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | 32, 33 | - | - | - | - | 7,563 | - | - | - | - | - | 7,563 |
| Lapse of share options | 購股權失效 | 32, 33 | - | - | - | - | (2,984) | - | - | - | 2,984 | - | - |
| Redemption of convertible bonds | 贖回可換股債券 | 29, 33 | - | - | - | - | - | - | (157) | - | 157 | - | - |
| Consideration share arrangements | 代價股份安排 | 33 | - | - | - | - | - | - | - | 109,625 | - | - | 109,625 |
| Issuance of consideration shares | 發行代價股份 | 31 | 3,206 | 90,813 | - | - | - | - | - | (94,019) | - | - | - |
| Exercise of warrants | 行使認股權證 | 31, 33 | 1,462 | 27,412 | - | - | - | (8,519) | - | - | - | - | 20,355 |
| At 31 December 2018 | 於2018年12月31日 | 210,244 | 1,468,419* | (62,783)* | 132,055* | 110,023* | 80,475* | 3,560* | 40,539* | 64,576* | (150,931)* | 9,600* | 1,905,777 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|------------------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | 經營活動所得現金流量 | | |
| Profit/(Loss) before tax | 除稅前溢利/(虧損) | (175,776) | 64,978 |
| Adjustments for: | 經以下項目調整： | | |
| Finance costs | 財務成本 | 8 | 135,089 |
| Equity-settled share option expense | 以股權結算購股權開支 | 7 | 7,563 |
| Consideration shares for inventory procurement | 存貨採購的代價股份 | | |
| | | 73,910 | 109,625 |
| Depreciation | 折舊 | 7 | 40,194 |
| Deferred expense | 遞延開支 | | 953 |
| | | 53 | |
| Depreciation of right-of-use assets/ recognition of prepaid land lease payments | 使用權資產/確認預付 土地租賃付款折舊 | 14 | 2,551 |
| | | 7,758 | |
| Interest income | 利息收入 | 6 | (487) |
| | | (436) | |
| Share of losses/(profits) of associates | 應佔聯營公司虧損/ (溢利) | | (8,238) |
| | | 4,811 | |
| Loss on disposal of items of property, plant and equipment | 出售物業、廠房及設備 項目之虧損 | 7 | 186 |
| | | 285 | |
| Foreign exchange differences, net | 淨匯兌差額 | | (15,160) |
| | | (6,763) | |
| Changes in fair value of contingent consideration liabilities | 或然代價負債公平值變動 | 6 | (1,696) |
| | | (240,395) | |
| Reversal of provision for doubtful debts, net | 呆賬撥備撥回淨額 | 7 | (69,605) |
| | | (45,115) | |
| Provision for inventories | 存貨撥備 | 7 | - |
| | | 3,059 | |
| Impairment of goodwill | 商譽減值 | 6 | - |
| | | 407,883 | |
| Impairment of interests in associates | 聯營公司權益減值 | 6 | - |
| | | 102,129 | |
| Fair value gain on derivative financial instrument | 衍生金融工具公平值收益 | 6 | - |
| | | (107,451) | |
| Decrease/(increase) in inventories | 存貨減少/(增加) | | 265,953 |
| | | 218,575 | |
| Decrease/(increase) in trade and bills receivables | 貿易應收款項及應收票據 減少/(增加) | | 75,803 |
| | | (134,333) | |
| Increase in prepayments, other receivables and other assets | 預付款、其他應收款項及其 他資產增加 | | 213,329 |
| | | (264,591) | |
| Increase in trade and bills payables | 貿易應付款項及應付票據 增加 | | (695,548) |
| | | (570,993) | |
| Increase in other payables and accruals | 其他應付款項及應計費用 增加 | | 193,898 |
| | | 16,537 | |
| | | 346,092 | 118,598 |
| Cash generated from/(used in) operations | 營運所得/(所用)現金 | (388,713) | 172,033 |
| Income tax paid | 已付所得稅 | (24,070) | (24,778) |
| Net cash flows from/(used in) operating activities | 經營活動所得/(所用) 淨現金流量 | (412,783) | 147,255 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | 投資活動所得現金流量 | |
| Purchases of items of property, plant and equipment | 購買物業、廠房及設備項目 | (17,737) | (51,209) |
| Proceeds from disposal of items of property, plant and equipment | 出售物業、廠房及設備項目所得款項 | – | 3 |
| Acquisitions of subsidiaries | 收購附屬公司 | – | (266,821) |
| Interest received | 已收利息 | 436 | 487 |
| Acquisition of a prepaid land lease payment | 收購預付土地租賃付款 | – | (17,126) |
| Increase in contingent consideration liabilities | 或然代價負債增加 | 53,119 | – |
| Net cash flows from/(used in) investing activities | 投資活動所得/(所用)淨現金流量 | 35,818 | (334,666) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | 融資活動所得現金流量 | |
| New bank loans and other borrowings | 新銀行貸款及其他借款 | 767,253 | 346,683 |
| Repayment of bank loans and other borrowings | 償還銀行貸款及其他借款 | (290,690) | (481,227) |
| New note payables | 新應付票據 | 31,698 | 87,620 |
| Repayment of note payables | 償還應付票據 | (19,677) | (70,096) |
| Principal portion of lease liabilities/finance lease payments | 租賃負債/融資租賃付款的本金部分 | (6,053) | (14,659) |
| Decrease/(increase) in pledged deposits | 抵押存款減少/(增加) | 8,830 | (3,574) |
| Guarantee fees and other charges | 擔保費用及其他開支 | (57) | (86) |
| Advance from/(repayment to) related parties and associates | 來自關聯方及聯營公司的墊款/(向關聯方及聯營公司還款) | (75,523) | 91,720 |
| Net proceeds from exercise of warrants | 行使認股權證之所得款項淨額 | – | 20,356 |
| Net proceeds from issuance of ordinary shares | 發行普通股之所得款項淨額 | – | 320,922 |
| Proceeds from exercise of share options | 行使購股權之所得款項 | – | 15,750 |
| Repayment of convertible bonds | 償還可換股債券 | (8,805) | (28,017) |
| Interest paid | 已付利息 | (78,572) | (96,997) |
| Net cash flows from financing activities | 融資活動所得淨現金流量 | 328,404 | 188,395 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2019 截至2019年12月31日止年度

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 現金及現金等值項目的淨增加/(減少) | (48,561) | 984 |
| Cash and cash equivalents at beginning of year | 年初現金及現金等值項目 | 112,935 | 109,595 |
| Effect of foreign exchange rate changes, net | 匯率變動淨影響 | 329 | 2,356 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 年末現金及現金等值項目 | 64,703 | 112,935 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

China Metal Resources Utilization Limited ("the Company") was incorporated in the Cayman Islands on 22 February 2013.

The Company and its subsidiaries (together referred to as "the Group") are principally engaged in the manufacturing and trading of copper and related products. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 21 February 2014. In the opinion of the directors, the holding company and ultimate holding company of the Company is Epoch Keen Limited ("Epoch Keen"), which is incorporated in the British Virgin Islands ("BVI").

Information about subsidiaries

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows:

1. 公司及集團資料

中國金屬資源利用有限公司(「本公司」)於2013年2月22日在開曼群島註冊成立。

本公司及其附屬公司(統稱「本集團」)主要從事銅及相關產品的生產及貿易業務。自從2014年2月21日起,本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。董事認為本公司的控股公司及最終控股公司為時建有限公司(「時建」),該公司於英屬處女群島(「英屬處女群島」)註冊成立。

有關附屬公司的資料

截至報告期末,本公司主要附屬公司的詳情如下:

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|--|---|---|---|----------------|------------------------------|
| | | | Direct 直接 | Indirect 間接 | |
| Engen Investments Limited ("Engen")** 恩金投資有限公司(「恩金」)** | BVI 英屬處女群島 | United States dollars ("USD") 10,225 10,225美元(「美元」) | 100% | - | Investment holding 投資控股 |
| True Excel Holdings Limited ("True Excel") 京盛控股有限公司(「京盛」) | Hong Kong 香港 | HK\$1 1港元 | - | 100% | Investment holding 投資控股 |
| Alpha Legend Holdings Limited ("Alpha Legend") 盛際控股有限公司(「盛際」) | Hong Kong 香港 | HK\$1 1港元 | - | 100% | Investment holding 投資控股 |
| Alpha Business Investments Limited ("Alpha Business") 得揚投資有限公司(「得揚」) | Hong Kong 香港 | HK\$1 1港元 | - | 100% | Investment holding 投資控股 |
| Alpha Universe Group Limited ("Alpha Universe") 勝誠集團有限公司(「勝誠」) | Hong Kong 香港 | HK\$1 1港元 | - | 100% | Investment holding 投資控股 |
| Fanmay Limited ("Fanmay")** 繁美有限公司(「繁美」)** | BVI 英屬處女群島 | HK\$1 1港元 | 100% | - | Investment holding 投資控股 |

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財務報表附註

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1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|--|---|---|---|----------------|------------------------------|
| | | | Direct 直接 | Indirect 間接 | |
| China Recycling Aluminium Limited ("Recycling Aluminium") 中國循環鋁業有限公司(「循環鋁業」) | Hong Kong 香港 | HK\$1 1 港元 | - | 100% | Investment holding 投資控股 |
| Cosmo Hope Limited ("Cosmo")** Cosmo Hope Limited (「Cosmo」)** | BVI 英屬處女群島 | USD1 1 美元 | 100% | - | Investment holding 投資控股 |
| China Metal Resources Corporation Limited ("CMR")** China Metal Resources Corporation Limited (「CMR」)** | BVI 英屬處女群島 | USD1 1 美元 | 100% | - | Investment holding 投資控股 |
| Hong Kong Jin Xunhuan Group Limited ("HKJXH") 香港金循環集團有限公司 (「香港金循環」) | Hong Kong 香港 | HK\$100 100 港元 | - | 100% | Investment holding 投資控股 |
| China Metal Resources (Hong Kong) Limited ("CMR HK") 中國金屬資源(香港)有限公司 (「中國金屬資源香港」) | Hong Kong 香港 | HK\$100 100 港元 | - | 100% | Investment holding 投資控股 |
| China Zhaofeng Copper Limited ("Zhaofeng") 中國兆豐銅業有限公司(「兆豐」) | Hong Kong 香港 | HK\$100 100 港元 | - | 100% | Investment holding 投資控股 |
| Value Link Developments Limited ("Value Link")** 尚領發展有限公司(「尚領」)** | BVI 英屬處女群島 | USD100 100 美元 | 100% | - | Investment holding 投資控股 |
| Silver Eminent Group Limited ("Silver Eminent")** 銀赫集團有限公司(「銀赫」)** | BVI 英屬處女群島 | USD100 100 美元 | 100% | - | Investment holding 投資控股 |
| Sky Harvest Global Limited ("Sky Harvest")** 天豐環球有限公司(「天豐」)** | BVI 英屬處女群島 | USD100 100 美元 | 100% | - | Investment holding 投資控股 |

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|--|---|---|---|----------------|--|
| | | | Direct 直接 | Indirect 間接 | |
| China Sanmei Copper Limited 中國三美銅業有限公司 | Hong Kong 香港 | HK\$100 100港元 | - | 100% | Investment holding 投資控股 |
| China Rongsheng Metal Limited 中國融晟金屬有限公司 | Hong Kong 香港 | HK\$100 100港元 | - | 100% | Investment holding 投資控股 |
| Mianyang Jinxin Copper Co., Ltd. ("Jinxin")** 綿陽金鑫銅業有限公司(「金鑫」)** | The PRC 中國 | RMB100,000,000 人民幣 100,000,000元 | - | 100% | Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品 所用的廢銅及電解銅 |
| Hunan Yinlian Xiangbei Copper Co., Ltd. ("Xiangbei")*/** 湖南銀聯湘北銅業有限公司 (「湘北」)*/** | The PRC 中國 | RMB80,000,000 人民幣 80,000,000元 | - | 100% | Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品 所用的廢銅及電解銅 |
| Mianyang Tongxin Copper Co., Ltd. ("Tongxin")*/** 綿陽銅鑫銅業有限公司 (「銅鑫」)*/** | The PRC 中國 | RMB50,000,000 人民幣 50,000,000元 | - | 100% | Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品 所用的廢銅及電解銅 |
| Sichuan Baohe Xinshiji Cable Co., Ltd. ("Baohe Xinshiji")*/** 四川保和新世紀線纜有限公司 (「保和新世紀」)*/** | The PRC 中國 | RMB150,000,000 人民幣 150,000,000元 | - | 100% | Manufacturing and sale of power transmission and distribution cables 生產及銷售送配電纜 |

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|---|---|---|---|----------------|--|
| | | | Direct 直接 | Indirect 間接 | |
| Mianyang Baohe Taiyue Communications Cable Co., Ltd. ("Baohe Taiyue")*/** 綿陽保和泰越通信電纜有限公司 (「保和泰越」)*/** | The PRC 中國 | RMB80,000,000 人民幣80,000,000元 | – | 100% | Manufacturing and sale of communication cables 生產及銷售通信電纜 |
| Mianyang Jin Xunhuan Metal Materials Co., Ltd. ("Jin Xunhuan")*/** 綿陽金循環金屬材料有限公司 (「金循環」)*/** | The PRC 中國 | RMB30,000,000 人民幣30,000,000元 | – | 100% | Manufacturing and sale of anodic copper and trading of electrolytic copper 生產及銷售陽極銅和 買賣電解銅 |
| Shanghai Epoch Keen Metal Trading Co., Ltd. ("Shanghai Shijian")*/** 上海時建金屬銷售有限公司 (「上海時建」)*/** | The PRC 中國 | HK\$60,000,000 60,000,000港元 | – | 100% | Trading of copper related products 買賣銅相關產品 |
| Mianyang Xinhuan Aluminium Co., Ltd. ("Xinhuan Aluminium")*/** 綿陽鑫環鋁業有限公司 (「鑫環鋁業」)*/** | The PRC 中國 | RMB30,000,000 人民幣30,000,000元 | – | 100% | Trading of aluminium related products 買賣鋁相關產品 |
| Shanghai Bujiang Metal Material Co., Ltd. ("Bujiang")*/** 上海步江金屬材料有限公司 (「步江」)*/** | The PRC 中國 | Registered capital of RMB30,000,000 註冊資本人民幣 30,000,000元 | – | 100% | Inactive 暫無業務 |
| Sichuan Boxin copper Co., Ltd ("Boxin")*/** 四川博鑫銅業有限公司 (「博鑫」)*/** | The PRC 中國 | RMB10,500,000 人民幣10,500,000元 | – | 100% | Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品所用 的廢銅及電解銅 |

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|---|---|---|---|----------------|---|
| | | | Direct 直接 | Indirect 間接 | |
| Mianyang Yuxin Recycling Development Co., Ltd. ("Yuxin")*/** 綿陽譽鑫再生資源開發有限公司 ("譽鑫")*/** | The PRC 中國 | RMB50,000,000 人民幣 50,000,000 元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Hunan Yinlian Xiangbei Nonferrous Metal Co., Ltd. ("Xiangbei Youse")*/** 湖南銀聯湘北有色金屬材料有限公司 ("湘北有色")*/** | The PRC 中國 | Registered capital of RMB50,000,000 註冊資本人民幣 50,000,000 元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Sichuan Zhixin Metal Materials Co., Ltd. ("Zhixin")*/** 四川致鑫金屬材料有限公司 ("致鑫")*/** | The PRC 中國 | RMB49,470,300 人民幣 49,470,300 元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Fuqing Zhongjin Nonferrous Metal Co., Ltd. ("Fuqing Zhongjin")*/** 福清中金有色金屬材料有限公司 ("福清中金")*/** | The PRC 中國 | RMB100,000,000 人民幣 100,000,000 元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Chengxin Copper Co., Ltd. ("Chengxin")*/** 晟鑫銅業有限公司("晟鑫")*/** | The PRC 中國 | RMB10,000,000 人民幣 10,000,000 元 | - | 100% | Processing of scrap copper for the manufacturing of copper related products 加工生產銅相關產品所用的廢銅 |
| Ganzhou Sanmei Copper Co., Ltd.** 贛州三美銅業有限公司** | The PRC 中國 | Registered capital of HK\$12,000,000 註冊資本 12,000,000 港元 | - | 100% | Investment holding 投資控股 |

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|---|---|---|---|----------------|---|
| | | | Direct 直接 | Indirect 間接 | |
| Mianyang Zhaofeng Copper Co., Ltd. ("Zhaofeng")** 綿陽兆豐銅業有限公司(「兆豐」)** | The PRC 中國 | Registered capital of RMB\$10,000,000 註冊資本 人民幣10,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Hubei Rongsheng Copper Co., Ltd ("Rongsheng")** 湖北融晟金屬製品有限公司 (「融晟」)** | The PRC 中國 | RMB7,602,000 人民幣7,602,000元 | - | 100% | Processing of scrap copper for the manufacturing of copper related products 加工生產銅相關產品所用的廢銅 |
| Ningbo Jinxuan Nonferrous Metal Co., Ltd*/** 寧波金煊有色金屬材料有限公司*/** | The PRC 中國 | RMB60,000,000 人民幣60,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Ningbo Xiangbei Supply Chain Management Co., Ltd */** 寧波湘北供應鏈管理有限公司*/** | The PRC 中國 | RMB80,000,000 人民幣80,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Fujian Zhongjin Aluminum Technology Co., Ltd */** 福建中金鋁業科技有限公司*/** | The PRC 中國 | RMB100,000,000 人民幣100,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Huili Boxin Copper Manufacturing Co., Ltd*/** 會理博鑫銅材製造有限公司*/** | The PRC 中國 | RMB18,000,000 人民幣18,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Chongqing Yuming Steel Distribution Co., Ltd*/** 重慶渝銘鋼材配送有限公司*/** | The PRC 中國 | RMB100,000,000 人民幣100,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

(Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries as of the end of the reporting period are as follows: (Continued)

| Name 公司名稱 | Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點 | Issued ordinary/ registered share capital 已發行普通/ 註冊股本 | Percentage of equity attributable to the Company | | Principal activities 主要業務 |
|---|---|---|---|----------------|---|
| | | | Direct 直接 | Indirect 間接 | |
| Chongqing Yuming Aluminum Co., Ltd*/** 重慶渝銘鋁業有限公司*/** | The PRC 中國 | RMB50,000,000 人民幣50,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Chongqing Yuming Recycling Resources Development Co., Ltd*/** 重慶渝銘再生資源開發有限公司*/** | The PRC 中國 | RMB50,000,000 人民幣50,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |
| Chongqing Yuming Metal materials Co., Ltd*/** 重慶渝銘金屬材料有限公司*/** | The PRC 中國 | RMB50,000,000 人民幣50,000,000元 | - | 100% | Trading of copper related products 買賣銅相關產品 |

* The English translation of the names is for reference only. The official names of these companies are in Chinese.

** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

All of the above subsidiaries are limited liability companies incorporated/established in their respective places of incorporation/establishment.

In the prior year, the Group acquired 100% equity interests in Zhaofeng, Rongsheng and Chengxin from independent third parties. Further details of these acquisitions are included in note 34 to the financial statements.

1. 公司及集團資料(續)

有關附屬公司的資料(續)

截至報告期末，本公司主要附屬公司的詳情如下：(續)

* 名稱的英文譯文僅作參閱。該等公司的官方名稱為中文。

** 未經香港安永會計師事務所或安永會計師事務所全球網絡另一成員公司審計。

以上所有附屬公司皆為於所屬相關註冊成立地點/建立地點註冊成立/建立之有限責任公司。

於過往年度，本集團向獨立第三方收購兆豐、融晟及晟鑫的100%股權。有關該等收購的進一步詳情載於財務報表附註34。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PRESENTATION

Going concern basis

For the year ended 31 December 2019, the Group recorded a net loss of RMB217,336,000, which included an impairment of goodwill of RMB407,883,000 and fair value gain of contingent consideration liabilities of RMB240,395,000. As at 31 December 2019, the Group had cash and cash equivalents amounting to RMB64,703,000, and there were interestbearing bank and other borrowings, convertible bonds and note payables totaling RMB1,692,092,000 repayable within one year or on demand. In addition, as at 31 December 2019, the Group had defaulted on the convertible bonds with an aggregate principal amount of HK\$590,000,000 (approximately RMB528,522,000) and entrusted loans amounting to RMB299,116,000. The above defaults had caused the cross-default of certain other borrowings amounting to RMB166,400,000 as at 31 December 2019.

These conditions, together with other matters below, indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has implemented, or is in the process of implementing, the following measures to mitigate the liquidity pressure and to improve its financial position:

2.1 呈列基準

持續經營基準

於截至2019年12月31日止年度，本集團錄得虧損淨額人民幣217,336,000元，其中包括商譽減值人民幣407,883,000元及或然代價負債公平價值收益人民幣240,395,000元。於2019年12月31日，本集團的現金及現金等值項目為人民幣64,703,000元，計息銀行及其他借款、可換股債券及應付票據合共為人民幣1,692,092,000元，應於一年內或按要求償還。此外，於2019年12月31日，本集團未能償還本金總額為590,000,000港元（約人民幣528,522,000元）的可換股債券及人民幣299,116,000元的委託貸款。上述違約導致於2019年12月31日若干其他借款人民幣166,400,000元出現交叉違約。

該等狀況連同下文所述其他事宜，表明存在多項重大不確定性，可能對本集團持續經營業務的能力帶來重大疑問。

鑒於該等情況，本公司董事於評估本集團是否有足夠財務資源以持續經營時，已仔細考慮本集團未來之流動資金及其可用的資金來源。本集團已經並正在採取以下措施以緩解流動資金壓力並改善其財務狀況：

2.1 BASIS OF PRESENTATION (Continued)

Going concern basis (Continued)

- (a) Mianyang Science Technology City Development Investment (Group) Co. Ltd ("Kefa"), the entrusting party of the entrusted loans of RMB299 million, has indicated that the entrusted loans would not be immediately repayable because the entrusting party is in negotiation with the Group on a debt equity arrangement to convert the entrusted loans into equity interest of the Company;
- (b) The Group maintains a strong relationship with its bankers, financial institutions and convertible bonds holders. None of the Group's bankers, financial institutions and convertible bond holders have demanded the Group for early repayment of the Group's borrowings. Subsequent to 31 December 2019, the Group has been able to refinance certain borrowings when they fall due through its existing bankers and convertible bond holder;
- (c) On 27 March 2020, a subsidiary of the Group has entered into a loan agreement with Sichuan Xijiulong Investment Co, Ltd. ("Xijiulong") to provide a short-term loan of RMB125 million to the Group. Further details are set out in notes 15 and 21 to the consolidated financial statements;
- (d) On 13 April 2020, the Company has entered into a subscription agreement with a convertible bond holder, Peaceful Wealth International Limited ("Peaceful"). According to the subscription agreement, Peaceful subscribed for a note issued by the Company in the aggregate principal amount of HK\$92,300,000, interest-bearing at 12% per annum and with a maturity date on 13 April 2021, which was settled by the outstanding liabilities owed by the Company to Peaceful under the Remaining Tranche II Convertible bonds (note 29(a));

2.1 呈列基準(續)

持續經營基準(續)

- (a) 委託貸款人民幣299,000,000元的委託方綿陽科技城發展投資(集團)有限公司(「科發」)表示，該等委託貸款將無須立即償還，原因為該委託方正與本集團就債務股本安排進行談判，以將委託貸款轉換為本公司的股權；
- (b) 本集團與往來銀行、金融機構及可換股債券持有人維持良好的關係。本集團的往來銀行、金融機構及可換股債券持有人概無要求本集團提早償還本集團借款。於2019年12月31日後，本集團已能通過其現有往來銀行及可換股債券持有人為其若干到期借款進行再融資；
- (c) 於2020年3月27日，本集團的一家附屬公司進一步與四川省西九龍投資有限公司(「西九龍」)簽訂一項貸款協議，向本集團提供人民幣125,000,000元的短期貸款。進一步詳情載於綜合財務報表附註15及21；
- (d) 於2020年4月13日，本公司與可換股債券持有人富康國際有限公司(「富康」)訂立認購協議。根據認購協議，富康認購本公司所發行、本金總額為92,300,000港元按年息12%計息及於2021年4月13日到期的票據。票據已透過本公司於餘下第II批可換股債券項下欠結富康的未償還負債結算(附註29(a))；

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PRESENTATION (Continued)

Going concern basis (Continued)

(e) On 22 April 2020, the Company and the August 2017 convertible bond holders entered into an extension deed to extend the original maturity date of 11 August 2019 of the August 2017 CBs, with an aggregate remaining principal amount of HK\$590 million at 31 December 2019, for one year to 11 August 2020, with all other terms and conditions remaining unchanged. The extension was completed on 7 May 2020. On 11 August 2020, the Group defaulted on the August 2017 CBs and the Group is in negotiation with the convertible bond holders for further extension of the repayment date;

(f) On 28 April 2020, the Company has entered into a subscription agreement with a convertible bond holder, Prosper Rich Investments Limited ("Prosper Rich"). According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date of the August 2017 CBs, interest-bearing at 14% per annum and due for repayment one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the August 2017 CBs owed to a convertible bond holder, Huarong International Holdings Limited ("Huarong"), in the principal amount of HK\$390 million upon the maturity date of 11 August 2020. On 11 August 2020, the Group defaulted on the August 2017 CBs and the Group is in negotiation with Prosper Rich for further extension of the repayment date;

(g) On 1 July 2020, the Company has entered into a non-legally binding framework agreement with Mianyang Fule Investment Co., Ltd. ("Fule"), a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Fule will subscribe for shares of the Company for a consideration of more than RMB298 million. The intended uses of the proceeds from Fule will include, but not be limited to, the repayment of advances in the principal amount of up to RMB298 million owed by the Group to Fule. On 20 July 2020, the Company and Fule entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue and Fule has conditionally agreed to subscribe for 618,490,456 shares of the Company at a price of HK\$0.53 per share;

2.1 呈列基準(續)

持續經營基準(續)

(e) 於2020年4月22日，本公司與2017年8月可換股債券持有人訂立延期契據，將於2019年12月31日餘下本金總額達590,000,000港元的2017年8月可換股債券的原到期日2019年8月11日延長一年至2020年8月11日，惟所有其他條款及條件維持不變。延期於2020年5月7日完成。於2020年8月11日，本集團未能償還2017年8月可換股債券，本集團正與可換股債券持有人就進一步延長還款日期磋商；

(f) 於2020年4月28日，本公司與可換股債券持有人(亨富投資有限公司(「亨富」))訂立認購協議。根據認購協議，本公司將發行本金額相等於本集團於2017年8月可換股債券的經修訂到期日欠結亨富的未償還負債、按年息14%計息及於發行日期後一年應還的票據。票據認購的最終簽立須待於到期日(2020年8月11日)贖回或轉換欠結可換股債券持有人(華融國際控股有限公司(「華融」))本金額為390,000,000港元的2017年8月可換股債券方可作實。於2020年8月11日，本集團未能償還2017年8月可換股債券，本集團正與亨富就進一步延長還款日期磋商；

(g) 於2020年7月1日，本公司與中國國有企業綿陽富樂投資有限公司(「富樂」)訂立無法律約束力的框架協議。根據框架協議，富樂擬(其中包括)將以人民幣298,000,000元以上的代價認購本公司股份。富樂所得款項的擬定用途將包括但不限於償還本集團結欠富樂本金額最多人民幣298,000,000元的墊款。於2020年7月20日，本公司與富樂訂立認購協議，據此，本公司有條件地同意發行而富樂有條件地同意按認購價每股股份0.53港元認購618,490,456股本公司股份。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PRESENTATION (Continued)

Going concern basis (Continued)

- (h) On 8 July 2020, the Company has obtained a credit facility amounting to HK\$400 million with a term of one year from an investment company;
- (i) On 9 July 2020, the Company has entered into a non-legally binding letter of intent with Huarong, pursuant to which, it is intended, among others, that Huarong shall commence its internal procedures to consider a possible extension of the convertible bond owed by the Group with principal amount of HK\$390 million, to August 2021. On 11 August 2020, the Group defaulted on the August 2017 CBs and the Group is in negotiation with Huarong for further extension of the repayment date;
- (j) On 16 July 2020, the Company has entered into a non-legally binding framework agreement with Kefa, a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Kefa will subscribe for shares of the Company for a consideration of more than RMB300 million. The share subscription consideration will be settled by the repayment of entrusted loans amounting to RMB299 million as at 31 December 2019 owed by the Group to Kefa;
- (k) Management has been endeavouring to improve the Group's operating performance and cash flows through cost control measures and working capital management to maintain sufficient liquidity; and
- (l) The management will consider other financial arrangements with a view to increasing the Group's equity.

The directors of the Company, including the members of the audit committee, have reviewed the Group's cashflow forecast prepared by management. The cashflow forecast covers a period of eighteen months from the end of the reporting period. The directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next eighteen months from the end of the reporting period. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

2.1 呈列基準(續)

持續經營基準(續)

- (h) 於2020年7月8日，本公司已自一家投資公司獲得一筆為期一年的信貸融通，金額為400,000,000港元；
- (i) 於2020年7月9日，本公司與華融訂立一份無法律約束力的意向書，據此，華融擬(其中包括)開始其內部程序，以考慮將本集團擁有的本金額390,000,000港元的可換股債券可能延長至2021年8月。於2020年8月11日，本集團未能償還2017年8月可換股債券，本集團正與華融就進一步延長還款日期磋商；
- (j) 於2020年7月16日，本公司與中國國有企業科發訂立無法律約束力的框架協議。根據框架協議，科發擬(其中包括)將以人民幣300,000,000元以上的代價認購本公司股份。股份認購代價將通過償還本集團於2019年12月31日結欠科發人民幣299,000,000元的委託貸款結算；
- (k) 管理層一直致力於通過成本控制措施及營運資金管理來改善本集團的經營業績及現金流量，以保持足夠的流動資金；及
- (l) 管理層將考慮其他財務安排，以增加本集團的權益。

本公司董事(包括審核委員會成員)已審閱管理層編製的本集團現金流量預測。現金流量預測涵蓋自報告期末起計十八個月期間。董事認為，經計及上述計劃及措施，本集團將有充足營運資金為其營運提供資金，並於報告期末起計未來十八個月內履行其到期財務責任。因此，董事信納按持續經營基準編製本集團截至2019年12月31日止年度之綜合財務報表屬適當。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.1 BASIS OF PRESENTATION (Continued)

Going concern basis (Continued)

Notwithstanding the above, multiple material uncertainties exist as to whether the Group will be able to continue as a going concern depending upon the Group's ability to generate adequate financial and operating cash flows through the following:

- (i) Successfully negotiating with the Group's lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with principal and interests in default, including those with cross-default terms;
- (ii) Successfully negotiating with the convertible bond holders for the extension of repayment dates;
- (iii) Successfully negotiating with financial institutions and other lenders for the renewal of or extension for repayment of borrowings;
- (iv) Successfully carrying out the Group's business strategic plan and cost control measures so as to improve working capital and cashflow position, including but not limited to continuous collection of trade receivables and inventory level management; and
- (v) Successfully obtaining additional funds from new sources of financing or strategic investors.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that 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 the consolidated financial statements.

2.1 呈列基準(續)

持續經營基準(續)

儘管有上文所述，視乎本集團透過以下各項產生充足財務及經營現金流量的能力，本集團是否能夠持續經營存在多項重大不確定性：

- (i) 與本集團貸款人成功磋商，相關貸款人不會採取任何行動要求立即償還違約借款的本金及利息，包括具有交叉違約條款的借款；
- (ii) 與可換股債券持有人就延長還款日期成功磋商；
- (iii) 與金融機構及其他貸款人就借款的重續或延期償還成功磋商；
- (iv) 成功執行本集團的業務策略計劃及成本控制措施，以改善營運資金及現金流狀況，包括但不限於繼續收取貿易應收款項及存貨水平管理；及
- (v) 成功自新的融資來源或戰略投資者獲得額外資金。

倘持續經營假設不適當，本集團將會作出調整以將資產價值撇減至其可收回金額，就可能產生的任何進一步負債作出撥備，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。該等調整的影響尚未在綜合財務報表內反映。

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instrument and contingent consideration liabilities, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.2 編製基準

該等財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒佈的國際財務報告準則(「國際財務報告準則」)(包括所有國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)以及香港公司條例的披露規定編製。此等財務報表乃按歷史成本法編製，惟按公平值計量的衍生金融工具及或然代價負債除外。該等財務報表以人民幣(「人民幣」)呈列，除另有註明者外，所有數值約整至最接近的千位數。

綜合基準

綜合財務報表包括本公司及其附屬公司截至2019年12月31日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體(包括結構性實體)。於本集團須承受其於被投資方的參與所產生的可變回報的風險或於該等可變回報中擁有權利，並有能力通過其對被投資方的權力而影響該等回報(即賦予本集團指導被投資方相關活動的當前能力的現有權利)時，本集團擁有控制權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

2.2 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 編製基準(續)

綜合基準(續)

當本公司直接或間接擁有少於被投資方的多數投票權或類似權利時，本集團於評估其是否對被投資方擁有權力時，會考慮所有相關事實和情況，包括：

- (a) 與被投資方的其他投票權持有人的合約安排；
- (b) 其他合約安排產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃按與本公司相同的報告期間編製，並採用一致的會計政策。附屬公司的業績自本集團取得控制權當日起綜合入賬，並繼續綜合入賬直至該控制權終止當日為止。

損益及其他全面收益的各個組成部分歸屬於本集團母公司擁有人及非控股權益，即使此舉導致非控股權益出現虧絀結餘。與本集團成員公司間交易有關的所有集團內資產及負債、權益、收入、開支及現金流量於綜合入賬時悉數抵銷。

倘事實及情況顯示上述三項控制因素中的一項或多項有變更，本集團會重新評估其是否控制被投資方。附屬公司所有者權益的變更，在沒有失去控制權的情況下，作為權益交易入賬。

倘本集團失去對附屬公司的控制權，則終止確認(i)附屬公司的資產(包括商譽)及負債；(ii)任何非控股權益的賬面值及(iii)於權益內記錄的累計換算差額；並確認(i)所收代價的公平值；(ii)所保留任何投資的公平值及(iii)損益中任何因此產生的盈餘或虧蝕。先前於其他全面收益確認的本集團應佔部分按適用情況按本集團已直接出售相關資產或負債規定的相同基準重新分類至損益或保留溢利。

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

| | |
|--|---|
| Amendments to IFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| IFRS 16 | <i>Leases</i> |
| Amendments to IAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to IAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> |
| Annual Improvements to IFRSs 2015–2017 Cycle | Amendment to IFRS 3, IFRS 11, IAS 12 and IAS 23 |

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvement to IFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs, are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

2.3 會計政策及披露的變動

本集團已於本年度的財務報表首次採納以下新訂及經修訂國際財務報告準則。

| | |
|---------------------|---|
| 國際財務報告準則第9號 | 反向補償預付款特徵 |
| 國際財務報告準則第16號 | 租賃 |
| 國際會計準則第19號之修訂 | 計劃修正、縮減或清償 |
| 國際會計準則第28號之修訂 | 於聯營公司及合營企業之長期權益 |
| 國際財務報告準則詮釋委員會詮釋第23號 | 所得稅處理之不確定性 |
| 2015年至2017年週期之年度改進 | 國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號之修訂 |

除國際財務報告準則第9號之修訂及國際會計準則第19號之修訂及國際財務報告準則2015年至2017年週期之年度改進與本集團財務報表的編製無關外，新訂及經修訂國際財務報告準則的影響描述如下：

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會第4號釐定安排是否包含租賃、常設詮釋委員會 – 第15號經營租賃 – 優惠及常設詮釋委員會 – 第27號評估牽涉租賃的法律形式的交易的內容。該準則載列有關租賃的確認、計量、呈列及披露原則，並要求承租人將所有租賃列示於單一資產負債表模型內以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。國際財務報告準則第16號項下的出租人會計與國際會計準則第17號相比並無大幅改變。出租人將繼續使用國際會計準則第17號中的類似原則將租賃分類為經營租賃或融資租賃。

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31 December 2019 2019年12月31日

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) *(Continued)*

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2.3 會計政策及披露的變動 *(續)*

(a) *(續)*

國際財務報告準則第16號對租賃(本集團作為出租人)並無造成任何重大影響。

本集團透過採用經修訂追溯法採納國際財務報告準則第16號，並於2019年1月1日初步應用。根據以上方法，已追溯應用該準則，而初步應用該準則的累計影響已確認為對2019年1月1日保留溢利期初結餘的調整，而2018年的比較資料並未重列，且繼續根據國際會計準則第17號及相關詮釋予以呈報。

新租賃定義

根據國際財務報告準則第16號，倘合約為換取代價而授予在一段期間內控制可識別資產使用的權利，則該合約為租賃或包含租賃。當客戶有權從使用可識別資產獲得絕大部分經濟利益以及有權主導可識別資產的使用時，即擁有控制權。本集團選擇使用過渡性的可行權宜方法，僅在初步應用日期對先前應用國際會計準則第17號及國際財務報告詮釋委員會第4號確定為租賃的合約應用該準則。根據國際會計準則第17號及國際財務報告詮釋委員會第4號未確定為租賃的合約不會進行重新評估。因此，國際財務報告準則第16號項下的租賃定義僅適用於在2019年1月1日或之後訂立或變更的合約。

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) *(Continued)*

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of properties, machinery, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB4,603,000 that were reclassified from property, plant and equipment.

2.3 會計政策及披露的變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響性質

本集團就物業、機械、汽車及其他設備的多個項目訂立租賃合約。作為承租人，本集團先前根據對租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及租期為12個月或以下的租賃(「短期租賃」)(按相關資產類別選擇)的兩項選擇性豁免除外。本集團並無就自2019年1月1日開始的租期按直線法於經營租賃下確認租金開支，而是就未償還租賃負債確認使用權資產折舊(及減值，如有)及應計利息(作為財務成本)。

過渡的影響

於2019年1月1日的租賃負債按剩餘租賃款項的現值，經使用2019年1月1日的增量借款利率貼現後予以確認並計入計息銀行及其他借款。使用權資產按就緊接2019年1月1日前財務狀況表內已確認租賃相關的任何預付或應計租賃款項金額作出調整後的租賃負債金額計量。

所有該等資產於該日根據國際會計準則第36號就任何減值作出評估。本集團選擇於財務狀況表中單獨列示使用權資產。此包括先前根據融資租賃確認，自物業、廠房及設備重新分類的租賃資產人民幣4,603,000元。

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2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee — Leases previously classified as operating leases (Continued)

Impact on transition (Continued)

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As a lessee — Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under IAS 17.

2.3 會計政策及披露的變動(續)

(a) (續)

作為承租人 — 先前分類為經營租賃的租賃(續)

過渡的影響(續)

於2019年1月1日應用國際財務報告準則第16號時，本集團使用以下選擇性可行權宜方法：

- 對租期於初步應用日期起計十二個月內結束的租賃應用短期租賃豁免
- 倘合約包含延長／終止租賃的選擇權，則事後釐定租賃期限

作為承租人 — 先前分類為融資租賃的租賃

對於先前分類為融資租賃的租賃，本集團並未更改於首次應用日期已確認資產及負債的初始賬面價值。因此，使用權資產及租賃負債於2019年1月1日的賬面價值等於根據國際會計準則第17號計量的已確認資產及負債(即融資租賃應付款項)賬面價值。

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2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

2.3 會計政策及披露的變動(續)

(a) (續)

於2019年1月1日的財務影響

於2019年1月1日採納國際財務報告準則第16號產生的影響如下：

| | | Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元 |
|---|------------|--|
| Assets | 資產 | |
| Increase in right-of-use assets | 使用權資產增加 | 129,939 |
| Decrease in property, plant and equipment | 物業、廠房及設備減少 | (4,603) |
| Decrease in prepaid land lease payments | 預付土地租賃款項減少 | (120,317) |
| Increase in total assets | 總資產增加 | 5,019 |
| Liabilities | 負債 | |
| Increase in lease liabilities | 租賃負債增加 | 10,048 |
| Decrease in finance lease payables | 融資租賃應付款項減少 | (4,940) |
| Increase in total liabilities | 總負債增加 | 5,108 |
| Increase in accumulated losses | 累計虧損增加 | (89) |

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

於2019年1月1日的租賃負債與2018年12月31日的經營租賃承擔的對賬如下：

| | | RMB'000 人民幣千元 |
|--|----------------------------|------------------|
| Operating lease commitments as at 31 December 2018 | 於2018年12月31日的經營租賃承擔 | 5,426 |
| Weighted average incremental borrowing rate as at 1 January 2019 | 於2019年1月1日的加權平均增量借款利率 | 3.25% |
| Discounted operating lease commitments as at 1 January 2019 | 於2019年1月1日的貼現經營租賃承擔 | 5,108 |
| Add: Finance lease liabilities recognised as at 31 December 2018 | 加：於2018年12月31日的融資租賃負債 | 4,940 |
| Lease liabilities as at 1 January 2019 | 於2019年1月1日的租賃負債 | 10,048 |

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2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

2.3 會計政策及披露的變動(續)

- (b) 國際會計準則第28號之修訂澄清國際財務報告準則第9號的範圍豁免僅包括於聯營公司或合營企業的權益(可應用權益法)，並不包括實質上構成於聯營公司或合營企業淨投資一部分的長期權益(不應用權益法)。因此，實體將該等長期權益入賬時採用國際財務報告準則第9號而非國際會計準則第28號，包括國際財務報告準則第9號的減值規定。國際會計準則第28號可應用於淨投資，包括長期權益，惟僅在確認聯營公司或合營企業虧損或於聯營公司或合營企業的淨投資減值的情況下方可應用。本集團已於2019年1月1日採納該等修訂時評估其有關於聯營公司及合營企業的長期權益的業務模型，結論為於聯營公司及合營企業的長期權益繼續根據國際財務報告準則第9號按攤銷成本計量。因此，該等修訂並無對本集團的財務狀況或表現造成任何影響。
- (c) 國際財務報告詮釋委員會詮釋第23號針對稅務處理涉及影響應用國際會計準則第12號的不確定性(通常稱為「不確定稅務狀況」)時所得稅(即期及遞延)的會計處理。該詮釋不適用於國際會計準則第12號範圍以外的稅項或徵費，亦無具體規定與不確定稅務處理相關的利息及罰款。該詮釋具體針對(i)實體有否單獨考慮不確定稅務處理；(ii)實體就稅務機關審查稅務處理作出的假設；(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅項抵免及稅率；及(iv)實體如何考慮事實及情況的變化。該項詮釋並無對本集團的財務狀況或表現造成任何重大影響。

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2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|---|---|
| Amendments to IFRS 3 | <i>Definition of a Business</i> ¹ |
| Amendments to IFRS 9, IAS 39 and IFRS 7 | <i>Interest Rate Benchmark Reform</i> ¹ |
| Amendments to IFRS 10 and IAS 28 (2011) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³ |
| IFRS 17 | <i>Insurance Contracts</i> ² |
| Amendments to IAS 1 and IAS 8 | <i>Definition of Material</i> ¹ |

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

2.4 已頒佈但尚未生效之國際財務報告準則

本集團並未應用以下已頒佈但尚未對該等財務報表生效的新訂及經修訂國際財務報告準則。

| | |
|---|---|
| 國際財務報告準則 第3號之修訂 | 業務定義 ¹ |
| 國際財務報告準則第9號、 國際會計準則第39號 及國際財務報告準則 第7號之修訂 | 利率基準改革 ¹ |
| 國際財務報告準則 第10號及國際會計 準則第28號(2011年) 之修訂 | 投資者與其聯營 公司或合營企業 的資產銷售或 注入 ³ |
| 國際財務報告準則 第17號 | 保險合約 ² |
| 國際會計準則第1號及 國際會計準則第8號 之修訂 | 重要性定義 ¹ |

¹ 於2020年1月1日或之後開始之年度期間生效

² 於2021年1月1日或之後開始之年度期間生效

³ 尚未釐定強制生效日期，惟可供採納

有關預期將適用於本集團的國際財務報告準則的進一步資料載述如下。

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2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 已頒佈但尚未生效之國際財務報告準則(續)

國際財務報告準則第3號之修訂澄清業務的定義，並提供額外指引。被視為一項業務之一組整合活動和資產的修訂澄清，必須至少包括一項投入和一項重要過程，而兩者必須對形成收益的能力有重大貢獻。業務毋須包括形成產出所需的所有投入或過程。該等修訂取消了評估市場參與者是否有能力收購業務並能持續獲得收益的規定，轉為重點關注所取得的投入和重要過程共同對形成收益的能力有否重大貢獻。該等修訂亦已收窄收益的定義範圍，重點關注為客戶提供的商品或服務、投資收入或日常活動產生的其他收入。此外，修訂亦提供有關評估所取得過程是否重大的指引，並新增公允值集中度測試選項，允許對所取得的一組活動和資產是否不屬於業務進行簡化評估。本集團預期自2020年1月1日起提前採納該等修訂。由於該等修訂預期適用於首次應用日期或之後發生之交易或其他事件，故本集團於過渡日期將不受該等修訂影響。

國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號之修訂旨在解決銀行同業拆息改革對財務申報之影響。該等修訂提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規訂公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。該等修訂於2020年1月1日或之後開始之年度期間生效。提前應用獲允許。預期該等修訂將不會對本集團財務報表造成任何重大影響。

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 已頒佈但尚未生效之國際財務報告準則(續)

國際財務報告準則第10號及國際會計準則第28號(2011年)之修訂列出針對國際財務報告準則第10號及國際會計準則第28號(2011年)之間有關投資者與其聯營公司或合營企業之間的資產出售或注資兩者規定的不一致性。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須悉數確認收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂即將被應用。國際會計準則委員會已於2016年1月剔除以往對國際財務報告準則第10號及國際會計準則第28號(2011年)之修訂的強制生效日期，新的強制生效日期將於聯營公司及合營企業會計審閱完成後釐定。然而，該等修訂目前可供採納。

國際會計準則第1號及國際會計準則第8號之修訂對重要性制定了新定義。新定義指出，倘遺漏、錯誤陳述或掩蓋資料可合理地預期會對一般用途財務報表的主要使用者基於該等財務報表作出的決策造成影響，則有關資料屬於重大。該等修訂澄清重要性將取決於資料的性質或程度。倘錯誤陳述資料可合理地預期會對主要使用者作出的決策造成影響，則有關資料屬於重大。本集團預期自2020年1月1日起採納有關修訂。預期有關修訂不會對本集團的財務報表造成重大影響。

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財務報表附註

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

2.5 重大會計政策概要

於聯營公司之投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指的是參與被投資方的財務和經營政策決策的權力，惟並非控制或共同控制該等決策的權力。

本集團於聯營公司的投資乃按本集團根據權益會計法應佔淨資產減任何減值虧損於綜合財務狀況表列賬。

本集團應佔聯營公司收購後業績及其他全面收益分別計入綜合損益及其他全面收益表。此外，倘於聯營公司的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動(倘適用)。本集團與其聯營公司間進行交易產生的未變現收益及虧損將以本集團於聯營公司的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司所產生的商譽已計入作本集團於聯營公司投資的一部分。

業務合併及商譽

業務合併使用收購法入賬。所轉讓代價按收購日期之公平值計量，即本集團所轉讓資產、本集團對被收購者原擁有人所承擔負債以及本集團為換取被收購者控制權所發行股權於收購日期之公平值總和。就各業務合併而言，本集團選擇是否以公平值或被收購者可識別淨資產之應佔比例，計量於被收購方屬現時所有權權益及於清盤時賦予其持有人按比例分佔淨資產之非控股權益。非控股權益之所有其他組成部分均按公平值計量。收購之相關成本於產生時均列為開支。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.5 重大會計政策概要(續)

業務合併及商譽(續)

本集團收購業務時根據按合約條款、收購日期之經濟狀況及相關條件所作適當分類及指定用途評估所承擔之金融資產及負債，其中包括分離被收購者主合約中之嵌入式衍生工具。

倘業務合併分階段進行，先前所持之股本權益按其於收購日期之公平值重新計量及任何產生之收益或虧損於損益內確認。

由收購者將予轉讓之任何或然代價於收購日期按公平值確認。分類為一項資產或負債的或然代價按公平值計量而其公平值變動於損益確認。分類為權益的或然代價則毋須重新計量，且往後結算於權益內列賬。

商譽初步按成本計量，即已轉讓代價、非控股權益之已確認金額及本集團先前持有被收購者之股本權益之任何公平值總額，與所收購可識別淨資產及所承擔負債之間之差額。倘是項代價及其他項目之總額低於所收購淨資產之公平值，該差額經重新評估後將於損益賬內確認為議價收購收益。

於初步確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，倘有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行測試。本集團於12月31日進行商譽之年度減值測試。為進行減值測試，因業務合併而購入之商譽自收購日期起被分配至預期可從合併產生之協同效益中獲益之本集團各現金產生單位或現金產生單位組別，而不論本集團其他資產或負債是否已分配至該等單位或單位組別。

NOTES TO FINANCIAL STATEMENTS

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and contingent consideration liabilities at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 重大會計政策概要(續)

業務合併及商譽(續)

減值乃通過評估與商譽有關之現金產生單位(現金產生單位組別)之可收回金額而釐定。當現金產生單位(現金產生單位組別)之可收回金額低於賬面值時，減值虧損便予以確認。已就商譽確認之減值虧損不得於隨後期間撥回。

倘商譽已分配至現金產生單位(或現金產生單位組別)及該單位內之部分業務已出售，於釐定出售之損益時，與所出售業務相關之商譽則計入該業務之賬面值。在該等情況下出售之商譽乃根據所出售業務之相對價值及現金產生單位之保留份額進行計量。

公平值計量

本集團於各報告期末按公平值計量其衍生金融工具及或然代價負債。公平值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付之價格。公平值計量乃基於出售資產或轉讓負債之交易於資產或負債之主要市場或(在無主要市場情況下)資產或負債之最具優勢市場進行之假設。主要或最具優勢市場須為本集團可進入之市場。資產或負債之公平值乃按市場參與者於資產或負債定價時所使用之假設計量，並假設市場參與者會以最佳經濟利益行事。

非金融資產之公平值計量須計及市場參與者透過使用該資產之最高及最佳用途或將該資產出售予將使用該資產最高及最佳用途之另一市場參與者而產生經濟效益之能力。

本集團採用適用於不同情況且具備充分數據以供計量公平值之估值方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 重大會計政策概要 (續)

公平值計量 (續)

於財務報表中計量或披露公平值之所有資產及負債乃按對公平值計量整體而言屬重大之最低層輸入數據按以下公平值層級分類：

- 第1級 – 基於相同資產或負債於活躍市場之報價(未經調整)
- 第2級 – 基於對公平值計量而言屬重大之可觀察(直接或間接)最低層輸入數據之估值方法
- 第3級 – 基於對公平值計量而言屬重大之不可觀察最低層輸入數據之估值方法

就按經常性基準於財務報表確認之資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平值計量整體而言屬重大之最低層輸入數據)釐定是否發生不同層級轉移。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 重大會計政策概要(續)

非金融資產減值

倘出現減值跡象，或須就資產(不包括存貨、金融資產及遞延稅項資產)進行年度減值測試時，則會估計資產之可收回金額。資產之可收回金額為該資產或現金產生單位之使用價值及公平值減銷售成本(以較高者為準)，並且逐項獨立計算，惟倘該項資產產生之現金流入不能大致獨立於其他資產或資產組合所產生之現金流入，則可收回金額按資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超逾其可收回金額時確認。評估使用價值時，估計未來現金流量按除稅前貼現率折讓至其現值，該貼現率反映當時市場對貨幣時間價值及該項資產之特有風險之評估。減值虧損於產生期間自損益表中與減值資產功能一致之開支類別中扣除。

於各報告期末評估是否有跡象顯示先前已確認之減值虧損可能不再存在或可能已減少。倘存在該跡象，則估計可收回金額。以往就資產(商譽以外)確認的減值虧損僅於用於釐定該資產的可收回金額的估計發生變化時予以撥回，惟不得高於過往年度資產並無確認任何減值虧損時可能釐定之賬面值(扣除任何折舊/攤銷)。有關減值虧損的撥回於產生期間計入當期損益表，除非該資產以重估金額列賬，在此情況下，減值虧損撥回根據該重估資產的相關會計政策進行會計處理。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group, or to the parent of the Group.

2.5 重大會計政策概要(續)

關聯方

任何一方如屬以下情況，即視為本集團之關聯方：

- (a) 該方為以下人士或為該人士之近親且該人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團施加重大影響；或
 - (iii) 為本集團或本集團母公司主要管理層人員之一；

或

- (b) 該方為滿足下列任一條件的實體：
 - (i) 實體及本集團屬於同一集團的成員公司；
 - (ii) 一家實體為另一實體的聯繫人或合資企業(或另一實體的母公司、附屬公司或同系附屬公司)；
 - (iii) 實體及本集團屬於同一第三方的合資企業；
 - (iv) 一實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司；
 - (v) 該實體是旨在提供福利予本集團或與本集團有關聯的實體的僱員的離職後福利計劃；
 - (vi) 該實體受(a)項中所辨別的人士控制或共同控制；
 - (vii) 在(a)(i)項中所辨別的人士對該實體有重大影響力，或該人士是該實體(或是該實體的母公司)的主要管理人員的成員；及
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團的母公司提供主要管理人員服務。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives as follows:

| | |
|-----------------------------------|---|
| Buildings | The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion |
| Plant and machinery | 5 to 10 years |
| Furniture, fittings and equipment | 3 to 10 years |
| Motor vehicles | 3 to 10 years |

2.5 重大會計政策概要(續)

物業、廠房及設備與折舊

物業、廠房及設備(不包括在建工程)乃按成本扣除累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本包括其購買價格及使資產達到其工作狀況及其預定用途地點的任何直接應佔成本。

於物業、廠房及設備項目投入運作後所產生維修及保養等費用通常於產生期間於損益表扣除。倘符合確認標準,則相關重大檢查費用會於資產賬面值中撥作重置成本。倘須定期重置物業、廠房及設備的重大部分,則本集團會將該等部分確認為有特定可使用年期之個別資產,並相應折舊。

折舊以直線法計算,以於各項物業、廠房及設備之如下估計可使用年期將其成本撇銷至殘值:

| | |
|----------|----------------------------------|
| 建築物 | 租賃尚餘年期與其預計可使用年期(不多於竣工日期後20年)的較短者 |
| 廠房及機器 | 5至10年 |
| 傢俱、裝置及設備 | 3至10年 |
| 汽車 | 3至10年 |

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building or plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.5 重大會計政策概要(續)

物業、廠房及設備與折舊(續)

倘物業、廠房及設備項目各部分的可使用年期不同，則該項目的成本按合理基準於各部分之間分配，每部分分開折舊。殘值、可使用年期及折舊方法至少於各財政年度結算日檢討，並在適當情況下調整。

物業、廠房及設備項目(包括初始確認之任何重要部分)於出售或預期其使用或出售不會產生未來經濟利益時終止確認。於資產終止確認之年度在損益表內確認之出售或廢棄資產之任何損益乃有關資產之出售所得款項淨額與其賬面值之差額。

在建工程指建造中的建築物或廠房及機器，乃按成本減減值虧損列賬及並不減值。成本包括直接建造成本。在建工程於完工並可供使用時重新分類為適當類別的物業、廠房及設備。

租賃(於2019年1月1日起適用)

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約為或包含租賃。

本集團作為承租人

本集團對所有租賃(惟短期租賃及低價值資產租賃除外)採取單一確認及計量方法。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

| | |
|-----------------------------------|---------------------|
| Leasehold land | Over the lease term |
| Properties | Over the lease term |
| Plant and machinery | 5 to 10 years |
| Furniture, fittings and equipment | 3 to 10 years |
| Motor vehicles | 3 to 10 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.5 重大會計政策概要(續)

租賃(於2019年1月1日起適用)(續)

本集團作為承租人(續)

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用當日)予以確認。使用權資產按成本減任何累計折舊及任何減值虧損計量,並就任何重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債的款額、已產生初始直接成本及於開始日期或之前作出的租賃付款減任何已收租賃優惠。使用權資產於資產的租期及估計可使用年期(以較短者為準)按直線法折舊,使用權資產之估計可使用年期如下:

| | |
|----------|-------|
| 租賃土地 | 租期內 |
| 物業 | 租期內 |
| 廠房及機械 | 5至10年 |
| 傢俱、裝置及設備 | 3至10年 |
| 汽車 | 3至10年 |

倘於租期結束時租賃資產的擁有權轉讓至本集團或成本反映購買權的行使,折舊則根據資產的估計可使用年期計算。

(b) 租賃負債

租賃負債於租賃開始日期按於租賃期內作出之租賃付款現值確認。租賃付款包括固定付款(包括實質固定付款)減任何應收租賃優惠、取決於某一指數或比率之可變租賃付款及預期根據剩餘價值擔保將支付之金額。租賃付款亦包括本集團合理確定行使購買選擇權之行使價,並倘租賃期反映了本集團行使終止選擇權,則須就終止租賃支付的罰款。並非取決於某一指數或比率之可變租賃付款於觸發付款之事件或狀況出現期間確認為開支。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.5 重大會計政策概要(續)

租賃(於2019年1月1日起適用)(續)

本集團作為承租人(續)

(b) 租賃負債(續)

於計算租賃付款的現值時，由於租賃內所含利率不易釐定，故本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額的增加反映利息的增加，並因支付租賃付款而減少。此外，倘有任何修改(租期變更、租賃付款變更(例如指數或比率的變更導致對未來付款發生變化)或購買相關資產的選擇權評估的變更)則重新計量租賃負債的賬面值。

租賃(於2019年1月1日前適用)

將資產擁有權(法定業權除外)之絕大部份回報與風險轉嫁予本集團之租賃均列為融資租賃。訂立融資租賃時，租賃資產之成本按最低租約付款之現值撥作資本，並連同承擔(扣除利息部份)入賬，以反映購入及融資情況。根據資本化融資租賃持有之資產均計入物業、廠房及設備，並按資產之租期或估計可使用年期(以較短者為準)折舊。該等租約之融資費用乃於損益表按租期以固定比率扣除。

根據融資性質的租購合約取得的資產視作融資租賃入賬處理，但會於估計可使用年期內折舊。

由出租人承受資產擁有權之絕大部份回報與風險之租約均列為經營租賃。倘本集團為出租人，本集團按經營租賃出租之資產列為非流動資產，而根據該等經營租賃應收取之租金乃於租期以直線法計入損益表。倘本集團為承租人，根據經營租賃應付之租金(扣除出租人給予的任何優惠)乃於租期以直線法自損益表扣除。

經營租賃下的預付土地租賃款項初步按成本列賬，其後按租期以直線法確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.5 重大會計政策概要(續)

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類為及其後按攤銷成本、按公平值計入其他全面收益及按公平值計入損益計量。

初始確認時的金融資產分類取決於金融資產的合約現金流量特徵以及本集團管理該等金融資產的業務模式。除貿易應收款項不包含重大融資成分或本集團已採用不調整重大融資成分影響的實際權宜之外，本集團初始以公平值計量金融資產，加上金融資產不按公平值計入損益情況下的交易費用。不包含重大融資成分或本集團已採用實際權宜之計的貿易應收款項按國際財務報告準則第15號所確定的交易價格按照下文「收入確認」所載政策計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益分類和計量，該資產需產生僅為支付本金及未償還本金利息（「僅為支付本金及未償還本金利息」）的現金流量。現金流量不僅為支付本金及未償還本金利息之金融資產按公平值計入損益進行分類及計量，不論其業務模式如何。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.5 重大會計政策概要(續)

投資及其他金融資產(續)

初始確認及計量(續)

本集團管理金融資產的業務模式指為產生現金流量而管理金融資產的方式。業務模式釐定現金流量會否來自收取合約現金流量、出售金融資產或以上兩者。按攤銷成本進行分類及計量的金融資產乃以目的為持有金融資產以收取合約現金流量之業務模式持有，而按公平值計入其他全面收益進行分類及計量的金融資產乃於以持有作收取合約現金流量及出售為目標的業務模式內持有。並非以上述業務模式持有的金融資產乃按公平值計入損益進行分類及計量。

所有以常規方式購買及出售的金融資產均於交易日(即本集團承諾購買或出售資產之日)確認，以常規方式購買或出售指需在市場規例或慣例規定的期限內交付的金融資產購買或出售。

後續計量

金融資產的後續計量視乎以下分類：

按攤銷成本列賬的金融資產(債務工具)

按攤銷成本列賬的金融資產隨後使用實際利率法計量，並可予減值。收益及虧損於資產終止確認、修改或減值時於損益表中確認。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.5 重大會計政策概要(續)

投資及其他金融資產(續)

按公平值計入其他全面收益的金融資產(債務工具)

就按公平值計入其他全面收益的債務投資而言，利息收入、外匯重估及減值虧損或撥回於損益表內確認，計算方式與計算按攤銷成本計量的金融資產者相同。餘下公平值變動於其他全面收益確認。於終止確認後，於其他全面收益確認的累計公平值變動回流至損益表。

按公平值計入其他全面收益的金融資產(股本工具)

倘股權投資於初步確認時符合國際會計準則第32號金融工具：呈列項下股權之定義及並非持作出售，則本集團可選擇不可撤銷地將其股權投資分類為指定為按公平值計入其他全面收益的股權投資。分類乃按個別工具基準釐定。

該等金融資產的收益及虧損將不會重新計入損益表。於付款權利已確立、與股息相關的經濟利益很可能流入本集團且股息金額能夠可靠地計量時，股息於損益表中確認為其他收入。惟當本集團於作為收回該金融資產部分成本的所得款項中獲益時則除外，在此情況下，該等收益計入其他全面收益。指定為按公平值計入其他全面收益的股權投資毋須進行減值評估。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.5 重大會計政策概要(續)

投資及其他金融資產(續)

按公平值計入損益之金融資產

按公平值計入損益的金融資產按公平值於財務狀況表列賬，而公平值變動淨額於損益表中確認。

該類別包括本集團並無不可撤銷地選擇按公平值計入其他全面收益進行分類的衍生工具及權益投資。分類為按公平值計入損益的金融資產的權益投資之股息於付款權已確立且與股息相關的經濟利益很可能流入本集團及股息金額可被可靠計量時亦於損益表中確認為其他收入。

當嵌入混合合約(包含金融負債及非金融主體)的衍生工具具備與主體不緊密相關的經濟特徵及風險；具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公平值計入損益計量，則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公平值計量，且其公平值變動計入損益表。僅當合約條款出現變動，大幅改變其他情況下所需現金流量時；或當原分類至按公平值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主體)的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公平值計入損益之金融資產。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.5 重大會計政策概要(續)

終止確認金融資產

金融資產(或倘適用,則一項金融資產之一部份或一組類似金融資產之一部份)主要在下列情況將終止確認(即自本集團綜合財務狀況表移除):

- 收取該項資產所得現金流量之權利經已屆滿;或
- 本集團已轉讓其收取該項資產所得現金流量之權利,或根據「轉手」安排承擔在無重大延誤下向第三方全數支付已收取之現金流量之責任;及(a)本集團已轉讓資產之絕大部分風險及回報;或(b)本集團並無轉讓或保留資產之絕大部分風險及回報,惟已轉讓資產之控制權。

倘本集團已轉讓其收取資產所得現金流量之權利或已訂立轉手安排,則評估有否保留資產所有權之風險及回報以及保留程度。倘並無轉讓或保留資產絕大部分風險及回報,亦無轉讓資產之控制權,該資產則按本集團持續參與該資產之程度予以確認。在此情況下,本集團亦確認相關負債。已轉讓資產及相關負債按本集團所保留之相關權利及責任為基礎進行計量。

以擔保形式對已轉撥資產之持續參與,按資產原賬面值與本集團可能須償還最高代價兩者之較低者計量。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 1 year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 重大會計政策概要(續)

金融資產減值

本集團就所有並非按公平值計入損益的債務工具確認預期信貸虧損(「預期信貸虧損」)撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收到的所有現金流量之間的差額，以原實際利率的近似值貼現。預期現金流量將包括出售所持有抵押品的現金流量或其他為合約條款之一部分的信貸提升措施。

一般方法

預期信貸虧損分兩個階段進行確認。就初始確認起未有顯著增加的信貸風險而言，預期信貸虧損按未來12個月可能發生違約事件而導致的信貸虧損(12個月預期信貸虧損)計提撥備。就自初始確認起已顯著增加的信貸風險而言，不論何時發生違約，於風險餘下年期的預期信貸虧損均須計提虧損撥備(全期預期信貸虧損撥備)。

於各報告日期，本集團於評估自初始確認後金融工具的信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與初始確認日起金融工具發生之違約風險進行比較，並考慮合理且可支持的資料，包括毋須付出不必要的成本或努力而可得之歷史及前瞻性資料。

本集團將合約付款逾期一年的金融資產視作違約。然而，於若干情況下，當內部或外部資料顯示本集團不可能在本集團採取任何信貸提升措施前悉數收回未償還合約金額時，本集團亦可能認為該金融資產違約。倘並無可收回收約現金流量的合理預期時，撇銷金融資產。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.5 重大會計政策概要(續)

金融資產減值(續)

一般方法(續)

按公平值計入其他全面收入的債務投資及按攤銷成本計量的金融資產於一般方法下須進行減值，且除採用簡化方法的貿易應收款項(以下詳述)外，該等資產就預期信貸虧損計量分類為以下階段。

- 第一階段 – 金融工具自初始確認以來信貸風險未顯著增加，且其虧損撥備按相等於12個月預期信貸虧損的金額計量
- 第二階段 – 金融工具自初始確認後信貸風險顯著增加，但並非信貸減值的金融資產且其虧損撥備按相等於全期預期信貸虧損的金額計量
- 第二階段 – 於報告日期信貸減值的金融資產(惟並非購買或原始信貸減值)，其虧損撥備按相等於全期預期信貸虧損的金額計量

簡化方法

對於不包含重大融資成分的貿易應收款項及合約資產，或本集團採用實際權宜之計，不會就重大融資成分的影響調整時，本集團計算預期信貸虧損時採用簡化方法。根據簡化方法，本集團不會追蹤信貸風險的變化，惟於各報告日期根據全期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境特有的前瞻性因素作出調整。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, note payables, financial liabilities included in other payables and accruals, finance lease payables, interest-bearing bank and other borrowings, lease liabilities, amounts due to associates, amount due to a related party, liability component of convertible bonds and contingent consideration liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.5 重大會計政策概要(續)

金融負債

初始確認及計量

金融負債於初始確認時分類為按公平值計入損益之金融負債、貸款及借貸、應付款項或指定為有效對沖之對沖工具的衍生工具(倘適用)。

所有金融負債初始按公平值確認，如屬貸款及借貸及應付款項，則扣除直接應佔交易成本。

本集團之金融負債包括貿易應付款項及應付票據、應付票據、計入其他應付款項及應計費用的金融負債、融資租賃應付款項、計息銀行及其他借貸、租賃負債、應付聯營公司款項、應付一名關聯方款項、可換股債券的負債部分及或然代價負債。

其後計量

金融負債其後視乎其分類按下文所述計量：

按公平值計入損益的金融負債

按公平值計入損益的金融負債包括持作交易之金融負債以及於初步確認時指定為按公平值計入損益入賬的金融資產。

倘購入金融負債之目的為在短期內購回，該等金融負債分類為持作交易，其中亦包括本集團訂立的未被指定為對沖關係(定義見國際財務報告準則第9號)中對沖工具的衍生金融工具。獨立嵌入式衍生工具亦分類為持作交易用途，除非其被指定為有效的對沖工具則另作別論。持作交易用途負債的收益或虧損於損益表內確認。於損益報表確認的公平值收益或虧損淨額並不包括任何向該等金融負債所扣除的任何利息。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss

(Continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

2.5 重大會計政策概要(續)

金融負債(續)

按公平值計入損益的金融負債(續)

於初始確認後按公平值計入損益之金融負債於初始確認日期指定，且僅在符合國際財務報告準則第9號的標準的情況下指定。指定按公平值計入損益之金融負債的收益或虧損於損益表內確認，除本集團自身信貸風險所產生的收益或虧損在其他全面收益中呈列外，該等收益或虧損將不會其後重新分類至損益表。於損益確認的公平值收益或虧損淨額並不包括任何向該等金融負債所扣除的任何利息。

按攤銷成本計量的金融負債(貸款及借款)

於初始確認後，計息貸款及借貸其後以實際利率法按攤銷成本計量，折現影響甚微者則以成本列賬。於終止確認負債時之損益於損益表確認並採用實際利率攤銷。

攤銷成本乃經考慮收購時之任何折價或溢價以及為實際利率組成部分之費用或成本後計算。實際利率攤銷額計入損益表之財務成本。

可換股債券

可換股債券中顯示負債特徵的部分，於扣除交易成本後在財務狀況表中確認為負債。發行可換股債券時，採用同等非可換股債券的市值釐定負債部分的公平值，該金額按攤銷成本基準入賬為長期負債，直至換股或贖回被註銷為止。淨餘所得款項分配至已確認的轉換選擇權，扣除交易成本後計入權益。轉換選擇權的賬面值不會於往後年度重新計量。交易成本乃根據初始確認該等工具時於負債及權益部分的所得款項分配攤分至可換股債券的負債及權益部分。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash at banks and on hand, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 重大會計政策概要(續)

終止確認金融負債

負債項下之責任獲解除或取消或屆滿時，終止確認金融負債。

倘現有金融負債由條款具重大差異的相同放款人負債所取代，或現有負債的條款有重大修訂，此類交換或修訂將被視為終止確認原負債及確認新負債處理，有關賬面值的差額於損益表確認。

抵銷金融工具

倘擁有可強制執行的法律權力以抵銷已確認金額且有意按淨額基準結算或同時變現資產及結清負債時，金融資產與金融負債可予抵銷，而淨額在財務狀況表呈報。

存貨

存貨按成本與可變現淨值的較低者入賬。成本按加權平均基準釐定，如屬在製品及製成品，則包括直接材料、直接勞力及適當比例的經常開支。可變現淨值按估計售價減任何於完成及出售時所產生的估計成本計算。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括銀行現金及手頭現金、活期存款，以及可隨時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減去須按要求償還並構成本集團現金管理一部分的銀行透支。

就綜合財務狀況而言，現金及現金等值項目包括銀行現金及手頭現金，包括用途不受限制定期存款及性質類似於現金的資產。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consideration shares, options and warrants

Consideration shares, options or warrants issued in exchange for goods or services are measured at the fair values of the goods or service received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the consideration shares, options or warrants granted. The fair values of the goods or services received are recognised as expenses when the Group obtains the goods or when the counterparties render services unless the goods or services qualify for recognition as assets, with a corresponding increase in equity (either in consideration share reserve, share-based payment reserve or warrant reserve, respectively). The equity amount is recognised in the aforementioned reserve respectively until consideration shares are allotted, or options or warrants are exercised (in such case they are included in the amount recognised in share capital and share premium for the shares issued), or the options and warrants expire (in such case they are released directly to accumulated losses).

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

2.5 重大會計政策概要(續)

代價股份、購股權及認股權證

為換取貨品或服務而發行的代價股份、購股權或認股權證按收到的貨品或服務的公平值計量，除非公平值無法可靠計量，在此情況下收到的貨品或服務參考授出的代價股份、購股權或認股權證的公平值計量。取得的貨品或服務的公平值於本集團取得貨品或當對手方提供服務時確認為開支，除非貨品或服務符合資格確認為資產，並於權益(分別於代價股份儲備、股份付款儲備或認股權證儲備)相應增加。權益金額分別於上述儲備確認，直至代價股份獲配發，或購股權或認股權證獲行使(在此情況下，彼等就已發行股份計入股本及股份溢價賬已確認金額)，或購股權及認股權證屆滿(在此情況下直接撥入累計虧損)。

撥備

如因以往事件產生現有責任(法定或推定)，以致可能導致日後資源流出以履行責任，而有關責任金額可以可靠估計，則確認撥備。

倘折現影響屬重大，就撥備確認之金額為預期清償有關債務所需之未來開支於報告期末之現值。因時間推移而引致之折現現值增加計入損益表之融資費用。

業務合併中確認的或然負債初始按其公平值計量。隨後，其按以下兩者中的較高者計量(i)將根據上述規定的一般指導意見確認的金額；及(ii)初步確認的金額(如適用)減根據收入確認指引確認的累計攤銷。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with interests in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 重大會計政策概要(續)

所得稅

所得稅包括即期及遞延稅項。與於損益外確認之項目有關的所得稅於損益外或其他全面收益或直接於權益確認。

本期及過往期間的即期稅項資產及負債按預期可獲稅務當局退回或支付予稅務當局之稅款，基於報告期末已頒佈或具體頒佈之稅率(及稅法)，經計及本集團營運所在國家現有詮釋及慣例計量。

遞延稅項乃以負債法就於報告期末資產及負債之稅基與其用作財務申報賬面值之所有暫時差額計提撥備。

遞延稅項負債就所有應課稅暫時差額予以確認，惟：

- 倘遞延稅項負債源於首次確認交易(並非業務合併，且於交易時不影響會計溢利亦不影響應課稅溢利或虧損)之資產或負債除外；及
- 有關於附屬公司權益之應課稅暫時差額，而可控制暫時差額之撥回時間且暫時差額於可預見未來可能不會撥回者除外。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with interests in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.5 重大會計政策概要(續)

所得稅(續)

遞延稅項資產就所有可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損之結轉予以確認，以可能有可供動用可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損之結轉的應課稅溢利為限，惟下述者除外：

- 有關可扣稅暫時差額之遞延稅項資產源於初始確認一項交易(並非業務合併，且於交易時不影響會計溢利亦不影響應課稅溢利或虧損)之資產或負債；及
- 有關於附屬公司權益之可扣稅暫時差額，遞延稅項資產僅限於在可預見未來可能撥回暫時差額及可能有應課稅溢利以動用暫時差額情況下確認。

遞延稅項資產之賬面值乃於各報告期末檢討，倘不再有足夠應課稅溢利可供動用全部或部份遞延稅項資產，則予以相應扣減。未確認之遞延稅項資產於各報告期末重新評估，而限於可能有足夠應課稅溢利可供收回全部或部份遞延稅項資產時予以確認。

遞延稅項資產及負債基於報告期末已頒佈或具體頒佈之稅率(及稅法)以預期適用於資產變現及負債清償期間之稅率計算。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.5 重大會計政策概要(續)

所得稅(續)

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

政府補助

倘可合理保證將能收取補助且將符合所有附帶條件，則政府補助按其公平值確認。倘補助與開支項目相關，則於支銷擬用於補償的成本期間按系統基準確認為收入。

倘補助與資產有關，則公平值計入遞延收入賬，並於有關資產的預期可使用年期內按每年等額分期撥至損益表或自該資產賬面值扣除及透過扣減折舊費用分期撥至損益表。

倘本集團收取非貨幣性資產補助，則補助乃按非貨幣性資產的公平值入賬，並於有關資產的預期可使用年期內按每年等額分期撥至損益表。

倘本集團以零利率或低於市場之利率獲得政府貸款以建造合資格資產，政府貸款的初始賬面值乃採用實際利率法釐定，並將於上述「金融負債」的會計政策中作進一步解釋。該等以零利率或低於市場之利率授予之政府貸款之利益（即貸款初始賬面價值與收到之收益之間的差額）被視為政府補助，並於有關資產估計可使用年期內每年按等額計入損益表中。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2.5 重大會計政策概要(續)

收益確認

客戶合約收益

客戶合約收益於貨物或服務的控制權轉移予客戶時予以確認，而該金額反映本集團預期就交換該等貨物或服務有權獲得的代價。

當合約中的代價包括可變金額時，估計代價為本集團將貨物或服務轉移予客戶而有權獲得的金額。估計可變代價在合約開始時作出估計並受其約束，直至與可變代價相關的不確定性其後消除時累計已確認收入金額極有可能不會發生重大收入轉回。

倘合約包含融資部分，就貨物或服務轉移予客戶而為客戶提供重大融資利益超過一年時，收益按應收金額的現值計量，使用合約開始時在本集團與客戶之間訂立的獨立融資交易中反映的貼現率貼現。當合約包含為本集團提供超過一年的重大財務利益的融資部分時，根據合約確認的收益包括根據實際利率法計算的合約負債所附加的利息開支。對於客戶付款與承諾貨物或服務轉移之間的期限為一年或不足一年的合約，交易價格不會根據國際財務報告準則第15號應用可行權宜方式就重大融資部分的影響進行調整。

(a) 銷售貨品

貨物銷售的收益於資產的控制權已轉移予客戶(一般而言為交付產品)時予以確認。收益不包括增值稅或其他銷售稅項，並扣除任何貿易折扣。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of equity-settled share option expense, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 28 January 2014 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.5 重大會計政策概要(續)

收益確認(續)

其他收入

利息收入透過應用將估計未來收取的現金於金融工具的預計年期或較短期間(如適用)內準確折現至金融資產賬面淨值的利率,使用實際利率法按應計基準確認。

合約負債

當本集團轉移相關貨品或服務之前,收取客戶款項或款項到時(以較早者為準)時,確認合約負債。合約負債於本集團履約(即將相關貨品或服務的控制權轉移至客戶)時確認為收益。

以股份為基礎的付款

本公司設有購股權計劃,旨在向合資格參與者提供獎勵及獎勵,以肯定彼等對本公司的貢獻。本集團的僱員(包括董事)以權益結算的購股權開支形式收取報酬,僱員將提供服務作為股權工具的代價(「以權益結算的交易」)。

於2014年1月28日後就授出與僱員進行以股權結算的交易成本,乃參考授出日期的公平值計量。公平值由外聘估值師使用二項式模型估算,進一步詳情披露於財務報表附註32。

以股權結算交易的成本連同權益之相應增額於表現及/或服務條件達成期間於僱員福利開支中確認。於各報告期末直至歸屬日期為止就股權結算交易確認的累計開支反映歸屬期屆滿的程度及本集團對最終歸屬的股權工具數目的最佳估計。於某一期間在損益表扣除或計入之金額指於該期間開始及結束時已確認之累計開支的變動。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the equity-settled share option expense, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings/(loss) per share.

2.5 重大會計政策概要(續)

以股份為基礎的付款(續)

於釐定獎勵於授出日期之公平值時並無計及服務及非市場表現條件，惟達成條件之可能性會被評估為本集團對最終將會歸屬之股權工具數目所作最佳估計之一部分。市場表現條件反映於授出日期之公平值。獎勵隨附而並無涉及相關服務要求之任何其他條件，會被視為非歸屬條件。非歸屬條件於獎勵之公平值反映並會導致獎勵的即時支出，除非當中亦包含服務及/或表現條件。

對由於非市場表現及/或服務條件未達成而未能最終歸屬之獎勵不會確認為費用。如獎勵包含市場或非歸屬條件，不論市場或非歸屬條件是否獲達成，有關交易均被視作歸屬，惟其他所有表現及/或服務條件必須已獲達成。

若股權結算獎勵之條款有所修訂，則至少確認假設並無修訂條款的開支(倘獎勵的原來條款已達成)。此外，倘若修訂導致以股權結算的購股權開支公平值增加或使僱員受惠，則須確認支出，有關金額於修訂當日計量。

倘若註銷以股權結算之獎勵，則視作於註銷當日已歸屬，而任何尚未就獎勵確認的開支即時確認。此項包括未符合屬本集團或僱員控制範圍內的非歸屬條件所涉及的獎勵。然而，若以新獎勵取代已註銷的獎勵，並於授出當日列為代替獎勵，則已註銷及新獎勵將視為上一段所述的原有獎勵之修訂。

未行使購股權之攤薄影響於計算每股盈利/(虧損)時反映為額外股份攤薄。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's certain subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5 重大會計政策概要 (續)

其他僱員福利

退休金計劃

本集團按照強制性公積金計劃條例為其所有僱員設立定額供款強積金計劃(「強積金計劃」)。供款按僱員基本薪金之百分比計算，並按強積金計劃之規則在到期支付時於損益表中扣除。強積金計劃之資產以獨立管理之基金與本集團之資產分開持有。本集團之僱主供款於向強積金計劃作出供款後全屬僱員所有。

本集團在中國大陸經營的若干附屬公司的僱員須參與由當地政府設立的中央退休金計劃。該等附屬公司須向中央退休金計劃作出的供款為將其工資成本的若干百分比。根據中央退休金計劃的規定，供款於應付時自損益表扣除。

借貸成本

收購、興建或生產需長時間方可達致其擬定用途或出售的資產的直接應佔借貸成本乃作為該等資產的成本一部分予以資本化。該等借貸成本的資本化於資產已大致達致其擬定用途或出售時不再進行。以待用作合資格資產開支之特定借貸作出的臨時投資所賺取的投資收入將自資本化的借貸成本中扣除。所有其他借貸成本於其產生期間支銷。借貸成本包括一間實體就借入資金所產生的利息及其他成本。

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2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is Hong Kong dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.5 重大會計政策概要(續)

外幣

該等財務報表以人民幣呈列，而本公司的功能貨幣為港元。本集團屬下各實體自行決定其本身的功能貨幣，而各實體的財務報表所載項目按功能貨幣計量。本集團屬下各實體記錄的外幣交易初始按彼等各自之交易日期現行之功能貨幣匯率入賬。以外幣計值之貨幣資產及負債按報告期末適用之功能貨幣匯率換算。結算或換算貨幣項目產生之差額於損益表確認。

以外幣按歷史成本計量的非貨幣項目按初始交易日期之匯率換算，而按外幣以公平值計量的非貨幣項目則按計量公平值當日的匯率換算。換算按公平值計量之非貨幣項目所產生之收益或虧損與確認該項目公平值變動之盈虧之處理方法一致(即於其他全面收益或損益中確認公平值盈虧之項目之匯兌差額，亦分別於其他全面收益或損益確認)。

釐定與預收代價有關就終止確認非貨幣資產或非貨幣負債的相關資產、開支或收入於初始確認時的匯率時，初始交易日期為本集團初始確認因預收代價而產生的非貨幣性資產或非貨幣性負債的日期。倘有多項預先付款或收款，則本集團就預收代價的各項付款或收款釐定交易日期。

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currencies of the Company and certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

2.5 重大會計政策概要(續)

外幣(續)

本公司及若干附屬公司的功能貨幣並非人民幣。於報告期末，該等實體的資產及負債按報告期末現行的匯率換算為人民幣，而其損益表按年內之加權平均匯率換算為人民幣。

所產生之匯兌差額於其他全面收益確認並累計入匯兌變動儲備。出售海外業務時，與該特定海外業務有關的其他全面收益成份於損益表確認。

收購海外業務產生之任何商譽及於收購時對資產及負債賬面值作出之公平值調整視為該海外業務之資產及負債，並按期末匯率換算。

3. 重大會計判斷及估計

編製本集團的財務報表要求管理層作出判斷、估計及假設，該等判斷、估計及假設將對收益、開支、資產及負債的呈報金額及其相關披露以及或然負債的披露造成影響。該等假設及估計的不確定因素可能導致日後須就受影響的資產或負債的賬面金額進行重大調整。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically by taking into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, if any, are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Withholding taxes arising from the distribution of dividends

In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made an assessment based on factors including future profitability, the dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future. No deferred tax liabilities in respect of undistributed profits have been recognised as at 31 December 2019 (2018: Nil) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

3. 重大會計判斷及估計(續)

判斷

在應用本集團會計政策的過程中，除涉及估計的判斷外，管理層作出以下對於財務報表中確認的金額影響屬重大的判斷：

所得稅

釐定所得稅撥備涉及對若干交易未來稅務處理的判斷。管理層審慎評估交易的稅務影響，並計提相應的稅項撥備。本集團定期重新考慮有關交易的稅項處理，以計及稅務法規的所有變動。遞延稅項資產就可抵扣暫時差額進行確認。由於該等遞延稅項資產僅限於很可能獲得未來應課稅溢利時才會確認，故需要管理層的判斷以評估獲得未來應課稅溢利的可能性。本集團不斷審閱管理層的評估，倘日後很可能取得應課稅溢利以收回遞延稅項資產，則會確認額外的遞延稅項資產(如有)。

派付股息產生的預扣稅項

在估計預期就該等在中國大陸成立的附屬公司自2008年1月1日起賺取的盈利所派付股息繳交的預扣稅時，董事已根據未來盈利能力、股息政策、本集團業務於可見將來所需的資本水平及營運資金等因素作出評估。由於本公司控制該等附屬公司的股息政策且其已釐定該等盈利於可見將來不大可能分派，故於2019年12月31日概無就未派付溢利確認遞延稅項負債(2018年：無)。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of identifiable assets and liabilities for business combination and impairment assessment on goodwill in relation to the acquisition of subsidiaries

During the year ended 31 December 2018, the Group completed the acquisition of several groups as disclosed in note 34 ("Acquisitions") to the financial statements. The Acquisitions have been accounted for using the acquisition method. Determination of fair values of identifiable assets and liabilities and contingent consideration liabilities requires judgements and estimations, based on the valuation performed by an independent professional valuer engaged by the Group. Goodwill of RMB625,018,000 was recognised from the Acquisitions. The goodwill was allocated to the cash-generating unit ("CGU") of the recycled copper products (as defined in note 4).

Determining whether goodwill is impaired requires an estimation of value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU, with key assumptions as set out in note 16 to the financial statements, and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise.

Details of the accounting of business combinations and goodwill impairment assessment are disclosed in notes 34 and 16 to the financial statements, respectively.

3. 重大會計判斷及估計(續)

估計不確定性

下文載述於報告期末存在重大風險可能導致須對下一財政年度資產及負債賬面值作出重大調整之未來主要假設及其他主要估計不明朗因素。

業務合併之可識別資產及負債的公平值以及與收購附屬公司有關於商譽減值評估

截至2018年12月31日止年度，本集團完成收購若干集團(「收購事項」)(如財務報表附註34所披露)。收購事項已採用收購法入賬。釐定可識別資產及負債及或然代價負債之公平值需要根據本集團委聘的獨立專業估值師進行的估值作出判斷及估計。自收購事項確認商譽人民幣625,018,000元。商譽已分配至再生銅產品的現金產生單位(「現金產生單位」)(定義見附註4)。

確定商譽是否減值須估計已獲分配商譽的現金產生單位的使用價值。使用價值計算要求本集團估計現金產生單位預期產生的未來現金流量，主要假設如財務報表附註16所示，以及合適的貼現率以計算現值。倘實際未來現金流量低於預期，或導致向下修訂未來現金流量的事實及情況變動，則可能產生重大減值虧損。

有關業務合併及商譽減值評估的會計處理的詳情分別於財務報表附註34及16披露。

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財務報表附註

31 December 2019 2019年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products, industrial producer price index and purchasing managers' index) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. An impairment analysis of other receivables including advance payments to suppliers is performed at each reporting date. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in notes 19 and 20 to the financial statements, respectively.

3. 重大會計判斷及估計(續)

估計不確定性(續)

貿易應收款項及其他應收款項預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項及其他應收款項的預期信貸虧損。撥備率乃基於多個具有類似虧損模式(即客戶類型及評級)之客戶分部組合的逾期天數釐定。

撥備矩陣初始基於本集團的過往觀察所得違約率。本集團將調整矩陣，以根據前瞻性資料調整過往信貸虧損經驗。例如，若預測經濟狀況(即國內生產總值、工業生產者物價指數及採購經理指數)預期在來年惡化，可能導致違約事件增加，則過往違約率予以調整。於各報告日期，過往觀察所得違約率予以更新，並對前瞻性估計改動進行分析。

對過往觀察所得違約率、經濟狀況預測及預期信貸虧損之間相關性的評估為一項重要估計。預期信貸虧損的金額受經濟狀況及預測影響。本集團的過往信貸虧損經驗及經濟狀況預測亦可能無法代表客戶未來的實際違約。其他應收款項的減值分析包括在各報告日期墊付供應商款項。預期信貸虧損乃參考本集團的歷史虧損記錄採用虧損率法估計。調整損失率以反映當前狀況及未來經濟狀況的預測(倘適用)。有關本集團貿易應收款項及其他應收款項預期信貸虧損的資料分別於財務報表附註19及20中披露。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing and trading of recycled copper products, and trading of electrolytic copper and nickel products;
- (ii) Power transmission and distribution cables segment: manufacturing and sales of power transmission and distribution cables; and
- (iii) Communication cables segment: manufacturing and sales of communication cables.

3. 重大會計判斷及估計 *(續)*

估計不確定性 *(續)*

租賃 — 估算增量借款利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品與類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以附屬公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據可用時，本集團使用可觀察輸入數據（如市場利率）估算增量借款利率並須作出若干實體特定的估計（如附屬公司單獨信貸評級）。

4. 經營分部資料

就管理而言，本集團根據其產品及服務區分業務單位，並分為下列可呈報之三個經營分部：

- (i) 再生銅產品分部：使用廢銅及電解銅用於生產及買賣再生銅產品以及買賣電解銅及鎳產品；
- (ii) 送配電纜分部：生產及銷售送配電纜；
- (iii) 通訊電纜分部：生產及銷售通訊電纜。

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4. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, non-lease-related finance costs, corporate and other unallocated expenses as well as share of profits of associates are excluded from such measurement.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no information about segment assets or liabilities is presented.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. 經營分部資料(續)

(a) 分部業績

管理層單獨監察本集團各經營分部業績以作出有關資源分配及表現評估的決定。分部表現根據可呈報分部溢利(以經調整稅前溢利/(虧損)計量)予以評估。經調整稅前溢利/(虧損)按與計量本集團稅前溢利一致之方式計量，惟若干利息收入、非租賃相關融資成本、企業及其他未分配開支以及應佔聯營公司溢利均不計入該計量內。

由於並非定期向本集團最高級行政管理人員提供分部資產及負債之計量，因此並無呈列分部資產或負債資料。

分部間銷售及轉讓乃參考按當時現行市價向第三方銷售所用的售價進行交易。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

4. 經營分部資料(續)

(a) 分部業績(續)

| | | 2019 2019年 | | | |
|---|---------------|---|---|---|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通訊電纜 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Segment revenue | 分部收益 | | | | |
| Sales to external customers | 向外部客戶進行銷售 | 23,952,537 | 32,068 | 28,048 | 24,012,653 |
| Intersegment sales | 分部間銷售 | 446,844 | 269 | 10,060 | 457,173 |
| | | 24,399,381 | 32,337 | 38,108 | 24,469,826 |
| <i>Reconciliation:</i> | <i>對賬:</i> | | | | |
| Elimination of intersegment sales | 對銷分部間銷售 | | | | (457,173) |
| Revenue | 收益 | | | | 24,012,653 |
| Segment results | 分部業績 | 195,287 | 3,744 | 18,448 | 217,479 |
| <i>Reconciliation:</i> | <i>對賬:</i> | | | | |
| Interest income | 利息收入 | 157 | 5 | 173 | 335 |
| Impairment of goodwill | 商譽減值 | | | | (407,883) |
| Changes in fair value of contingent consideration liabilities | 或然代價負債的公平值變動 | | | | 240,395 |
| Impairment of interests in associates | 聯營公司權益減值 | | | | (102,129) |
| Changes in fair value of derivative financial instrument | 衍生金融工具的公平值變動 | | | | 107,451 |
| Corporate and other unallocated expenses | 企業及其他未分配開支 | — | — | — | (162,441) |
| Finance costs | 財務成本 | (60,281) | (2,676) | (1,215) | (64,172) |
| Share of losses of associates | 應佔聯營公司虧損 | | | | (4,811) |
| Loss before tax | 稅前虧損 | | | | (175,776) |
| Other segment information | 其他分部資料 | | | | |
| Depreciation and amortisation | 折舊及攤銷 | (42,992) | (7,766) | (2,857) | (53,615) |
| VAT refunds, government grants and subsidies | 增值稅退稅、政府補助及補貼 | 481,970 | 17,192 | 13,037 | 512,199 |
| Reversal of provision for doubtful debts, net | 呆賬撥備撥回淨值 | 28,811 | 1,316 | 14,988 | 45,115 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

4. 經營分部資料(續)

(a) 分部業績(續)

| | | 2018 2018年 | | | |
|---|---------------|---|---|---|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通訊電纜 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Segment revenue | 分部收益 | | | | |
| Sales to external customers | 向外部客戶進行銷售 | 20,574,315 | 27,315 | 40,935 | 20,642,565 |
| Intersegment sales | 分部間銷售 | 367,579 | 515 | 10,864 | 378,958 |
| | | 20,941,894 | 27,830 | 51,799 | 21,021,523 |
| <i>Reconciliation:</i> | <i>對賬:</i> | | | | |
| Elimination of intersegment sales | 對銷分部間銷售 | | | | (378,958) |
| Revenue | 收益 | | | | 20,642,565 |
| Segment results | 分部業績 | 280,500 | 5,546 | 10,106 | 296,152 |
| <i>Reconciliation:</i> | <i>對賬:</i> | | | | |
| Interest income | 利息收入 | 123 | 15 | 228 | 366 |
| Corporate and other unallocated expenses | 企業及其他未分配開支 | (204,625) | — | — | (204,625) |
| Finance costs | 財務成本 | (27,684) | (2,264) | (5,205) | (35,153) |
| Share of profits of associates | 應佔聯營公司溢利 | | | | 8,238 |
| Profit before tax | 稅前溢利 | | | | 64,978 |
| Other segment information | 其他分部資料 | | | | |
| Depreciation and amortisation | 折舊及攤銷 | (31,366) | (8,321) | (3,058) | (42,745) |
| VAT refunds, government grants and subsidies | 增值稅退稅、政府補助及補貼 | 468,302 | 12,835 | 12,471 | 493,608 |
| Reversal of provision for doubtful debts, net | 呆賬撥備撥回淨值 | 64,054 | 4,099 | 1,452 | 69,605 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

(b) Geographic information

The Group carries out its business operations in the PRC, thus no separate geographical segment analysis based on the location of assets and the revenue and profit or loss are presented.

(c) Information about major customers

Revenue from each of the major customers, which contributed 10% or more to the Group's revenue, is set out below:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------------------------|---------|-----------------------------------|-----------------------------------|
| Recycled copper products segment | 再生銅產品分部 | | |
| Customer A | 客戶A | 4,185,714 | 3,559,391 |
| Customer B | 客戶B | 2,988,479 | 7,464,523 |
| Customer C | 客戶C | 2,701,202 | 不適用* |
| | | 9,875,395 | 11,023,914 |

* Less than 10% of the Group's revenue

* 少於本集團收益的10%

4. 經營分部資料(續)

(b) 地區資料

本集團於中國經營業務，因此並無呈列按資產及收益和損益所在地劃分的獨立地區分部分析。

(c) 有關主要客戶的資料

來自佔本集團收益10%或以上的各主要客戶的收入載列如下：

5. REVENUE

An analysis of revenue is as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---------------------------------------|--------|-----------------------------------|-----------------------------------|
| Revenue from contracts with customers | 客戶合約收益 | 24,012,653 | 20,642,565 |

5. 營業額

營業額分析如下：

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

5. REVENUE (Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

5. 營業額(續)

客戶合約收益

(a) 收益資料分拆

截至2019年12月31日止年度

| Segments | 分部 | 2019 2019年 | | | Total 總計 RMB'000 人民幣千元 |
|---|---------------|---|---|---|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通信電纜 RMB'000 人民幣千元 | |
| Type of goods | 貨品類型 | | | | |
| Sales from trading of electrolytic copper (Note) | 電解銅貿易銷售額(附註) | 16,715,910 | – | – | 16,715,910 |
| Sales of recycled copper products | 銷售再生銅產品 | 7,183,657 | – | – | 7,183,657 |
| Sales of power transmission and distribution cables | 銷售送配電纜 | – | 32,022 | – | 32,022 |
| Sales of communication cables | 銷售通信電纜 | – | – | 28,033 | 28,033 |
| Sales of scrap materials | 銷售廢棄材料 | 48,535 | 46 | 15 | 48,596 |
| Others | 其他 | 4,435 | – | – | 4,435 |
| Total revenue from contracts with customers | 客戶合約收益總額 | 23,952,537 | 32,068 | 28,048 | 24,012,653 |
| Timing of revenue recognition | 收益確認時間 | | | | |
| Goods transferred at a point in time | 於某個時間點轉讓貨品 | 23,952,537 | 32,068 | 28,048 | 24,012,653 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019/2019年12月31日

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2018

5. 營業額(續)

客戶合約收益(續)

(a) 收益資料分拆(續)

截至2018年12月31日止年度

| Segments | 分部 | 2018 2018年 | | | Total 總計 RMB'000 人民幣千元 |
|---|---------------|---|---|---|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通信電纜 RMB'000 人民幣千元 | |
| Type of goods | 貨品類型 | | | | |
| Sales from trading of electrolytic copper (Note) | 電解銅貿易銷售額(附註) | 13,519,429 | – | – | 13,519,429 |
| Sales of recycled copper products | 銷售再生銅產品 | 6,790,364 | – | – | 6,790,364 |
| Sales of power transmission and distribution cables | 銷售送配電纜 | – | 27,315 | – | 27,315 |
| Sales of communication cables | 銷售通信電纜 | – | – | 40,935 | 40,935 |
| Sales of scrap materials | 銷售廢棄材料 | 81,807 | – | – | 81,807 |
| Revenue from trading of electrolytic nickel | 電解鎳貿易營業額 | 173,627 | – | – | 173,627 |
| Others | 其他 | 9,088 | – | – | 9,088 |
| Total revenue from contracts with customers | 客戶合約收益總額 | 20,574,315 | 27,315 | 40,935 | 20,642,565 |
| Timing of revenue recognition | 收益確認時間 | | | | |
| Goods transferred at a point in time | 於某個時間點轉讓貨品 | 20,574,315 | 27,315 | 40,935 | 20,642,565 |

Note: The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered the principal of the transactions as it controls the electrolytic copper before the products sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

附註：本集團自2015年以來開展電解銅的貿易活動，由於本集團在向客戶銷售電解銅前控制該產品，故本集團被視為該等交易的主體責任人。貿易活動的經濟利益總流入因此被確認為營業額。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2019

| Segments | 分部 | 2019 2019年 | | | Total 總計 RMB'000 人民幣千元 |
|--|---------------|---|--|--|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通信電纜 RMB'000 人民幣千元 | |
| Revenue from contracts with customers | 客戶合約收益 | | | | |
| External customers | 外部客戶 | 23,952,537 | 32,068 | 28,048 | 24,012,653 |
| Intersegment sales | 分部間銷售 | 446,844 | 269 | 10,060 | 457,173 |
| | | 24,399,381 | 32,337 | 38,108 | 24,469,826 |
| Intersegment adjustments and eliminations | 分部間調整及對銷 | (446,844) | (269) | (10,060) | (457,173) |
| Total revenue from contracts with customers | 客戶合約收益總額 | 23,952,537 | 32,068 | 28,048 | 24,012,653 |

截至2019年12月31日止年度

For the year ended 31 December 2018

| Segments | 分部 | 2018 2018年 | | | Total 總計 RMB'000 人民幣千元 |
|--|---------------|---|--|--|---------------------------------|
| | | Recycled copper products 再生銅產品 RMB'000 人民幣千元 | Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元 | Communication cables 通信電纜 RMB'000 人民幣千元 | |
| Revenue from contracts with customers | 客戶合約收益 | | | | |
| External customers | 外部客戶 | 20,574,315 | 27,315 | 40,935 | 20,642,565 |
| Intersegment sales | 分部間銷售 | 367,579 | 515 | 10,864 | 378,958 |
| | | 20,941,894 | 27,830 | 51,799 | 21,021,523 |
| Intersegment adjustments and eliminations | 分部間調整及對銷 | (367,579) | (515) | (10,864) | (378,958) |
| Total revenue from contracts with customers | 客戶合約收益總額 | 20,574,315 | 27,315 | 40,935 | 20,642,565 |

截至2018年12月31日止年度

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

| | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: 計入報告期初合約負債的已確認營業額 | | |
| Sale of goods 銷售貨品 | 30,578 | 3,780 |

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 3 months from delivery, except for new customers, where payment in advance is normally required.

5. 營業額(續)

客戶合約收益(續)

(a) 收益資料分拆(續)

下表載列於本報告期間計入報告期初合約負債的已確認的營業額金額：

| | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: 計入報告期初合約負債的已確認營業額 | | |
| Sale of goods 銷售貨品 | 30,578 | 3,780 |

(b) 履約責任

有關本集團履約責任的資料概述如下：

銷售貨品

履約責任於交付貨品時完成，而付款通常自交付後3個月內到期，惟就新客戶而言，則通常要求預先付款。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

6. OTHER INCOME/(EXPENSES), GAIN/(LOSS), NET 6. 其他收入/(開支)、收益/(虧損)淨額

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|-----------------|-------------|-----------------------------------|-----------------------------------|
| VAT refunds | 增值稅退稅 | | | |
| — Comprehensive utilisation of resources | — 綜合利用資源 | (i) | 210,162 | 234,823 |
| — Others | — 其他 | | 2,354 | 4,283 |
| Government grants | 政府補助 | (ii) | 149,427 | 122,330 |
| Government subsidies | 政府補貼 | (iii) | 150,256 | 132,172 |
| Interest income | 利息收入 | | 436 | 487 |
| Net loss on copper futures contracts upon settlement | 銅期貨合約交割後淨虧損 | | (92) | (1,729) |
| Foreign exchange differences, net | 淨匯兌差額 | | (876) | (1,733) |
| Loss on disposal of items of property, plant and equipment | 出售物業、廠房及設備項目的虧損 | | (285) | (186) |
| Impairment of goodwill | 商譽減值 | | (407,883) | — |
| Changes in fair value of contingent consideration liabilities | 或然代價負債的公平值變動 | | 240,395 | 1,696 |
| Impairment of interests in associates | 聯營公司權益減值 | | (102,129) | — |
| Changes in fair value of derivative financial instrument | 衍生金融工具的公平值變動 | | 107,451 | — |
| Others | 其他 | | 1,116 | (733) |
| | | | 350,332 | 491,410 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

6. OTHER INCOME/(EXPENSES), GAIN/(LOSS), NET

(Continued)

Notes:

- (i) The Group is entitled to government grants for refunds of 30% for the year ended 31 December 2019 (2018: 30%) of the net VAT paid/payable.

The Ministry of Finance and the State Administration of Taxation jointly issued a notice concerning the "Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax" (Cai Shui [2015] (No. 78)) (the "New VAT Policy") on 12 June 2015, which replaced, amongst others, Cai Shui [2011] No. 115 (the "Former VAT Policy"). Under the Former VAT Policy, certain subsidiaries of the Group are entitled to government grants for refunds of 50% of the net VAT paid/payable. The New VAT Policy took effect on 1 July 2015. According to the New VAT Policy, the applicable VAT refunds for such subsidiaries are reduced from 50% to 30%.

- (ii) The amounts represent local government grants received by operating subsidiaries of the Group in the PRC for the purpose of providing immediate financial support to those subsidiaries for general operating purposes with no future related costs. No specific conditions are required to meet in connection with these grants.

- (iii) In 2019, the Group was granted unconditional government subsidies of RMB150,256,000 (2018: RMB132,172,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The government subsidies were received through Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan"), an associate of the Group. Baohe Fushan is principally engaged in the operation and the development of an industrial park in Mianyang City, Sichuan Province, where most of the Group's subsidiaries are located. Baohe Fushan received the government subsidies and distributed to the Group. Baohe Fushan has the discretionary right to allocate and distribute the government subsidies, with reference to the amounts of tax payments made by the entities located in the industrial park.

6. 其他收入/(開支)、收益/(虧損)淨額(續)

附註：

- (i) 截至2019年12月31日止年度，本集團有權獲得30% (2018年：30%)已付/應付增值稅淨額的退稅作為政府補助。

財政部及國家稅務總局於2015年6月12日聯合發出關於《資源綜合利用產品和勞務增值稅優惠目錄》的通知(財稅[2015]78號)(「新增值稅政策」)，其取代(其中包括)財稅[2011]115號(「前增值稅政策」)。根據前增值稅政策，本集團若干附屬公司獲得50%已付/應付增值稅淨額的退稅作為政府補助。新增值稅政策於2015年7月1日生效。根據新增值稅政策，該等附屬公司的適用增值稅退稅比例從50%減至30%。

- (ii) 該等金額指本集團於中國之營運附屬公司所收取的地方政府補助，作為對該等附屬公司的即時財政援助，以供用於一般營運，而不會產生日後相關成本。毋須就該等補助符合特殊條件。

- (iii) 於2019年，本集團獲得四川省綿陽市游仙區財政局批授的無條件政府補貼人民幣150,256,000元(2018年：人民幣132,172,000元)。該等政府補貼已透過本集團的聯營公司四川省保和富山再生資源開發有限公司(「保和富山」)收取。保和富山主要從事四川省綿陽市一個工業園的經營及開發，本集團的大部分附屬公司在該處經營。保和富山接獲政府補貼並分派予本集團。保和富山參照位於工業園的實體繳納稅項付款擁有酌情權利以分配及分派政府補貼。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

7. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

7. 稅前溢利/(虧損)

稅前溢利/(虧損)乃扣除/(計入)以下各項後得出：

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------|-----------------------------------|-----------------------------------|
| Cost of sales (Note) | 銷售成本(附註) | 24,270,594 | 20,876,829 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 45,857 | 40,194 |
| Depreciation of right-of-use assets (2018: amortisation of land lease payments) | 使用權資產折舊 (2018年：土地租賃付款攤銷) | 7,758 | 2,551 |
| Research and development costs | 研發成本 | 3,377 | 2,202 |
| Minimum lease payments under operating leases | 經營租賃項下最低租賃付款 | - | 3,863 |
| Auditor's remuneration | 核數師薪酬 | 6,372 | 4,637 |
| Professional fees | 專業費用 | 26,112 | 13,924 |
| Provision for inventories* | 存貨撥備* | 3,059 | - |
| Reversal of provision for doubtful debts, net | 呆賬撥備撥回淨額 | (45,115) | (69,605) |
| Loss on disposal of items of property, plant and equipment# | 出售物業、廠房及設備項目之虧損# | 285 | 186 |
| Impairment of goodwill# | 商譽減值# | 407,883 | - |
| Changes in fair value of contingent consideration liabilities# | 或然代價負債公平值變動# | (240,395) | (1,696) |
| Impairment of interests in associates# | 聯營公司權益減值# | 102,129 | - |
| Changes in fair value of derivative financial instrument# | 衍生金融工具的公平值變動# | (107,451) | - |
| Foreign exchange differences, net# | 淨匯兌差額# | 876 | 1,733 |
| Employee benefit expense (including directors' and chief executive's remuneration) (note 9): | 僱員福利開支(包括董事及主要行政人員酬金)(附註9): | | |
| Wages and salaries | 工資及薪金 | 45,665 | 43,638 |
| Pension scheme contributions | 退休金計劃供款 | 6,119 | 4,003 |
| Equity-settled share option expense | 以權益結算的購股權開支 | 873 | 7,563 |
| | | 52,657 | 55,204 |

Note: Cost of sales includes RMB57,192,000 (2018: RMB53,564,000) relating to staff costs, depreciation and amortisation, the amounts of which are also included in the respective total amounts.

附註：銷售成本包括與員工工成本、折舊及攤銷有關的人民幣57,192,000元(2018年：人民幣53,564,000元)，有關金額亦會計入有關總額內。

* The provision for inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

* 年內存貨撥備乃計入綜合損益表內的「銷售成本」。

These balances for the year are included in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss.

年內結餘乃計入綜合損益表內的「其他收入/(開支)、收益/(虧損)淨額」。

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財務報表附註

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8. FINANCE COSTS

An analysis of finance costs is as follows:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|----------------|-----------------------------------|-----------------------------------|
| Interest on bank loans and other borrowings | 銀行貸款及其他借款的利息 | 74,013 | 52,589 |
| Interest on lease liabilities | 租賃負債利息 | 1,942 | – |
| Interest on obligations under finance leases | 融資租賃下責任之利息 | – | 1,654 |
| Interest on convertible bonds (note 29) | 可換股債券之利息(附註29) | 71,881 | 80,760 |
| Guarantee fees and other charges | 擔保費用及其他收費 | 57 | 86 |
| | | 147,893 | 135,089 |

8. 財務成本

財務成本分析如下：

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

9. 董事及主要行政人員酬金

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第二部披露之董事及主要行政人員酬金如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| Fees | 袍金 | 880 | 845 |
| Other emoluments: | 其他報酬： | | |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 5,275 | 7,223 |
| Equity-settled share option expense | 以股權結算購股權開支 | 42 | 333 |
| Pension scheme contributions | 退休金計劃供款 | 32 | 30 |
| | | 5,349 | 7,586 |
| | | 6,229 | 8,431 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

| | | 2019 2019年 Equity-settled share option expense | | Total |
|------------------------|-------|--|------------------|------------------|
| | | Fees | 以權益結算的 購股權開支 | 總計 |
| | | 袍金 RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Mr. Lee Ting Bun Denny | 李廷斌先生 | 176 | - | 176 |
| Ms. Ren Ruxian | 任汝嫻女士 | 176 | 42 | 218 |
| Mr. Pan Liansheng | 潘連勝先生 | 176 | - | 176 |
| | | 528 | 42 | 570 |

| | | 2018 2018年 Equity-settled share option expense | | Total |
|------------------------|-------|--|------------------|------------------|
| | | Fees | 以權益結算的 購股權開支 | 總計 |
| | | 袍金 RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Mr. Lee Ting Bun Denny | 李廷斌先生 | 169 | 22 | 191 |
| Ms. Ren Ruxian | 任汝嫻女士 | 169 | 181 | 350 |
| Mr. Pan Liansheng | 潘連勝先生 | 169 | 22 | 191 |
| | | 507 | 225 | 732 |

9. 董事及主要行政人員酬金(續)

(a) 獨立非執行董事

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors

| | | 2019 2019年 | | | | | |
|-----------------------------|--------------|--|--------------------------|---|------------------------------------|-------------|--------------|
| | | Salaries, allowances and benefits in kind | Discretionary bonuses | Equity-settled share option expense | Pension scheme contributions | Total | |
| | | Fees | | | | | |
| | | 袍金 | 薪金、津貼 及實物利益 | 酌情花紅 | 股權結算 購股權開支 | 退休金 計劃供款 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Executive directors: | 執行董事： | | | | | | |
| Mr. Yu Jianqiu | 俞建秋先生 | - | 2,811 | - | - | 16 | 2,827 |
| Mr. Kwong Wai Sun Wilson | 鄺偉信先生 | - | 1,580 | 405 | - | 16 | 2,001 |
| Mr. Huang Weiping | 黃偉萍先生 | 176 | 253 | - | - | - | 429 |
| Ms. Zhu Yufen | 朱玉芬女士 | 176 | 226 | - | - | - | 402 |
| | | 352 | 4,870 | 405 | - | 32 | 5,659 |

| | | 2018 2018年 | | | | | |
|-----------------------------|--------------|--|--------------------------|---|------------------------------------|-------------|--------------|
| | | Salaries, allowances and benefits in kind | Discretionary bonuses | Equity-settled share option expense | Pension scheme contributions | Total | |
| | | Fees | | | | | |
| | | 袍金 | 薪金、津貼 及實物利益 | 酌情花紅 | 股權結算 購股權開支 | 退休金 計劃供款 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Executive directors: | 執行董事： | | | | | | |
| Mr. Yu Jianqiu | 俞建秋先生 | - | 2,695 | - | - | 15 | 2,710 |
| Mr. Kwong Wai Sun Wilson | 鄺偉信先生 | - | 1,515 | 2,701 | 108 | 15 | 4,339 |
| Mr. Huang Weiping | 黃偉萍先生 | 169 | 168 | - | - | - | 337 |
| Ms. Zhu Yufen | 朱玉芬女士 | 169 | 144 | - | - | - | 313 |
| | | 338 | 4,522 | 2,701 | 108 | 30 | 7,699 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors (Continued)

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

There was no agreement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. 董事及主要行政人員酬金 (續)

(b) 執行董事 (續)

過往年度，根據本公司的購股權計劃，若干董事就其向本集團提供的服務獲授購股權，進一步詳情載於綜合財務報表附註32。該等購股權的公平值已於歸屬期內在損益表內確認，並於授出日期釐定及本年度綜合財務報表所載的金額已計入上述董事及主要行政人員酬金披露內。

於本年度，董事或主要行政人員並無根據任何協議放棄或同意放棄任何薪酬。

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Salaries, allowances and benefits in kind 薪金、津貼及實物利益 | 1,879 | 1,832 |
| Equity-settled share option expense 權益結算購股權開支 | - | 200 |
| Pension scheme contributions 退休金計劃供款 | 32 | 30 |
| | 1,911 | 2,062 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | 2019 2019年 | 2018 2018年 |
|--|---------------|---------------|
| Nil to HK\$1,000,000 零至1,000,000港元 | 1 | 1 |
| HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元 | 1 | 1 |
| | 2 | 2 |

In prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

There was no agreement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

10. 五名最高薪酬僱員

年內五名最高薪酬僱員包括三名董事(2018年:三名),其薪酬詳情載於上文附註9。餘下兩名(2018年:兩名)最高薪酬僱員(非本公司董事或主要行政人員)的年度薪酬詳情如下:

| | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Salaries, allowances and benefits in kind 薪金、津貼及實物利益 | 1,879 | 1,832 |
| Equity-settled share option expense 權益結算購股權開支 | - | 200 |
| Pension scheme contributions 退休金計劃供款 | 32 | 30 |
| | 1,911 | 2,062 |

薪酬在以下範圍內的非董事及非主要行政人員的最高薪酬僱員人數如下:

| | 2019 2019年 | 2018 2018年 |
|--|---------------|---------------|
| Nil to HK\$1,000,000 零至1,000,000港元 | 1 | 1 |
| HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元 | 1 | 1 |
| | 2 | 2 |

於過往年度,本集團就非董事及非主要行政人員最高薪酬僱員向本集團提供的服務向彼等授出購股權,進一步詳情載於財務報表附註32的披露。該等購股權的公平值已於歸屬期內在損益表中確認,於授出日釐定,而載入本年度財務報表內之金額已計入上述非董事及非主要行政人員最高薪酬僱員的薪酬披露內。

年內,概無董事或主要行政人員訂立放棄或同意放棄任何薪酬的協議。

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財務報表附註

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11. INCOME TAX

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.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2018: Nil).

The subsidiaries of the Group in the PRC are subject to income tax at the rate of 25% (2018: 25%). In year 2019, 2 subsidiaries (2018: 4) were given the New/High Tech Enterprise Award and a subsidiary (2018: 6) was in the western region that engages in the industries encouraged by the government. These subsidiaries were entitled to a tax concession of a lower income tax rate (i.e. 15%) for the years ended 31 December 2019 and 2018.

11. 所得稅

根據開曼群島及英屬處女群島（「英屬處女群島」）的規則及規例，本集團毋須在開曼群島及英屬處女群島繳納任何所得稅。

由於本集團於年內在香港並無產生應課稅溢利，故並無就香港利得稅計提撥備（2018年：無）。

本集團於中國的附屬公司須按25%（2018年：25%）的稅率繳納所得稅。2019年，2間（2018年：4間）附屬公司獲授予新／高科技企業獎及1間（2018年：6間）附屬公司設在西部地區及從事政府鼓勵類產業。該等附屬公司於截至2019年及2018年12月31日止年度享有較低所得稅稅率（即15%）的稅務優惠。

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|-------------------------------|----------|-----------------------------------|-----------------------------------|
| Current — the PRC | 即期 — 中國 | | |
| Charge for the year | 年內扣除 | 36,369 | 38,610 |
| Underprovision in prior years | 過往年度撥備不足 | 1,061 | 108 |
| Deferred (note 17) | 遞延(附註17) | 4,130 | 6,137 |
| | | 41,560 | 44,855 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

11. 所得稅(續)

按本公司及其大部分附屬公司所在國家的法定稅率計算之適用於稅前溢利/(虧損)的稅務開支與按實際稅率計算的稅務開支的對賬如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| Profit/(loss) before tax | 稅前溢利/(虧損) | (175,776) | 64,978 |
| Tax at the statutory tax rate | 按法定稅率計算的稅項 | (11,230) | 76,118 |
| Lower tax rates for specific provinces or enacted by local authority | 特定省份或經地方機關實施的較低稅率 | (3,756) | (22,737) |
| Withholding tax for interest charges between the PRC subsidiaries and entities outside Mainland China | 中國附屬公司及中國大陸以外實體間利息費用的預扣稅 | 1,245 | 1,610 |
| Adjustments in respect of current tax of previous periods | 過往期間即期稅項調整 | 1,061 | 108 |
| Profits and losses attributable to associates | 聯營公司應佔溢利及虧損 | 1,203 | (2,059) |
| Income not subject to tax | 毋須課稅收入 | (79,856) | (21,433) |
| Expenses not deductible for tax | 不可扣稅開支 | 121,536 | 2,734 |
| Tax losses utilised from previous periods | 自過往期間動用的稅項虧損 | (5,357) | (1,295) |
| Tax losses and temporary differences not recognised | 未確認稅項虧損及暫時差額 | 6,974 | 12,340 |
| Others | 其他 | 9,740 | (531) |
| | | 41,560 | 44,855 |

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12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 2,643,658,030 (2018: 2,541,850,770) in issue during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners of the Company, adjusted to reflect the interest of the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(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.

The calculations of basic and diluted earnings/(loss) per share are based on:

12. 歸屬於母公司普通權益持有人的每股盈利/(虧損)

每股基本盈利/(虧損)金額乃根據本公司擁有人應佔年內溢利/(虧損)及年內已發行普通股的加權平均數目2,643,658,030股(2018年: 2,541,850,770股)計算。

每股攤薄盈利/(虧損)乃根據本公司擁有人應佔年內溢利/(虧損)計算,但(如適用)經調整以反映可換股債券的利息(見下文)。計算中所使用的普通股加權平均數目為年內已發行普通股數目(如每股基本盈利/(虧損)計算所用者),並假設普通股加權平均數目已因全部攤薄潛在普通股被視為已行使或轉換為普通股,且按零代價發行。

每股基本及攤薄盈利/(虧損)按下列數據計算:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--------------------------------|-----------------------------------|-----------------------------------|
| Earnings/(loss) | 盈利/(虧損) | | |
| Profit/(loss) attributable to owners of the Company | 本公司擁有人應佔溢利/(虧損) | (217,336) | 20,123 |
| Interest on convertible bonds (note 8) | 可換股債券利息(附註8) | 71,881 | 80,760 |
| Profit/(loss) attributable to owners of the Company before interest on convertible bonds | 本公司擁有人應佔溢利/(虧損) (未計可換股債券利息) | (145,455) | 100,883 |

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12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Continued)

12. 歸屬於母公司普通權益持有人的每股盈利/(虧損)(續)

| | | Number of shares 股數 | |
|---|-------------------------------|----------------------------------|----------------------------------|
| | | 2019 2019年 | 2018 2018年 |
| Shares | 股份 | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation | 計算每股基本盈利/(虧損)所用年內已發行普通股加權平均數目 | 2,643,658,030 | 2,541,850,770 |
| Effect of dilution — weighted average number of ordinary shares: | 攤薄影響 — 普通股加權平均數目： | | |
| Warrants | 認股權證 | 6,274,247 | 11,189,109 |
| Share options | 購股權 | 57,972,145 | 81,218,978 |
| Contingent consideration shares | 或然代價股份 | — | 16,609,419 |
| Convertible bonds | 可換股債券 | 227,335,563 | 230,595,837 |
| | | 2,935,239,985[#] | 2,881,464,113[*] |

[#] Because the Group was loss-making for the year ended 31 December 2019, the warrants, share options and convertible bonds had no dilutive impact.

由於本集團於截至2019年12月31日止年度虧損，認股權證、購股權及可換股債券並無攤薄影響。

^{*} Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the year of RMB20,123,000 and the weighted average number of ordinary shares of 2,650,868,276 in issue during the year.

由於計及可換股債券之情況下，每股攤薄盈利金額增加，故可換股債券對年內之每股基本盈利具有反攤薄效應，在計算每股攤薄盈利時未予以考慮。因此，每股攤薄盈利之金額乃根據年內溢利人民幣20,123,000元及年內已發行普通股加權平均數2,650,868,276股計算。

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

| | | Buildings 建築物 RMB'000 人民幣千元 | Plant and machinery 廠房及機械 RMB'000 人民幣千元 | Furniture, fittings and equipment 傢俱、裝置及設備 RMB'000 人民幣千元 | Motor vehicles 汽車 RMB'000 人民幣千元 | Construction in progress 在建工程 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|----------------------------|--------------------------------------|--|---|--|--|---------------------------------|
| 31 December 2019 | 2019年12月31日 | | | | | | |
| At 1 January 2019 (restated): Cost | 於2019年1月1日(經重列): 成本 | 386,355 | 301,096 | 7,238 | 9,145 | 192,337 | 896,171 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (103,903) | (141,857) | (5,117) | (6,052) | - | (256,929) |
| Net carrying amount | 賬面淨值 | 282,452 | 159,239 | 2,121 | 3,093 | 192,337 | 639,242 |
| At 31 December 2018, net of accumulated depreciation and impairment | 於2018年12月31日· 扣除累計折舊及減值 | 282,452 | 162,931 | 2,133 | 3,992 | 192,337 | 643,845 |
| Effect of adoption of IFRS 16 | 採納國際財務報告準則 第16號的影響 | - | (3,692) | (12) | (899) | - | (4,603) |
| At 1 January 2019 (restated) | 於2019年1月1日(經重列) | 282,452 | 159,239 | 2,121 | 3,093 | 192,337 | 639,242 |
| Additions | 添置 | 89 | 3,935 | 623 | 694 | 793 | 6,134 |
| Disposals | 處置 | (115) | (90) | (80) | - | - | (285) |
| Depreciation provided during the year | 年內計提折舊 | (17,055) | (27,380) | (606) | (816) | - | (45,857) |
| Transfers | 轉移 | 12,114 | 41,522 | 96 | 7 | (53,739) | - |
| At 31 December 2019, net of accumulated depreciation and impairment | 於2019年12月31日· 扣除累計折舊及減值 | 277,485 | 177,226 | 2,154 | 2,978 | 139,391 | 599,234 |
| At 31 December 2019 Cost | 2019年12月31日 成本 | 398,443 | 346,340 | 7,138 | 9,832 | 139,391 | 901,144 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (120,958) | (169,114) | (4,984) | (6,854) | - | (301,910) |
| Net carrying amount | 賬面淨值 | 277,485 | 177,226 | 2,154 | 2,978 | 139,391 | 599,234 |

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

| | | Buildings | Plant and machinery | Furniture, fittings and equipment 傢俱、裝置及設備 | Motor vehicles | Construction in progress | Total |
|--|--------------------------|-------------------------|---------------------------|---|------------------------|--------------------------|------------------------|
| | | 建築物 RMB'000 人民幣千元 | 廠房及機械 RMB'000 人民幣千元 | 及設備 RMB'000 人民幣千元 | 汽車 RMB'000 人民幣千元 | 在建工程 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| 31 December 2018 | 2018年12月31日 | | | | | | |
| At 1 January 2018: | 於2018年1月1日: | | | | | | |
| Cost | 成本 | 343,288 | 262,625 | 5,541 | 9,162 | 165,815 | 786,431 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (88,336) | (119,897) | (4,316) | (5,422) | - | (217,971) |
| Net carrying amount | 賬面淨值 | 254,952 | 142,728 | 1,225 | 3,740 | 165,815 | 568,460 |
| At 1 January 2018, net of accumulated depreciation and impairment losses | 於2018年1月1日·扣除累計折舊及減值虧損 | 254,952 | 142,728 | 1,225 | 3,740 | 165,815 | 568,460 |
| Additions | 添置 | 6,394 | 30,752 | 1,160 | 396 | 48,572 | 87,274 |
| Acquisition of subsidiaries (note 33) | 收購附屬公司(附註33) | 77 | 4,406 | 192 | 938 | 22,881 | 28,494 |
| Disposals | 處置 | - | (160) | (5) | (24) | - | (189) |
| Depreciation provided during the year | 年內計提折舊 | (15,569) | (22,738) | (829) | (1,058) | - | (40,194) |
| Transfers | 轉移 | 36,598 | 7,943 | 390 | - | (44,931) | - |
| At 31 December 2018, net of accumulated depreciation and impairment losses | 於2018年12月31日·扣除累計折舊及減值虧損 | 282,452 | 162,931 | 2,133 | 3,992 | 192,337 | 643,845 |
| At 31 December 2018: | 於2018年12月31日: | | | | | | |
| Cost | 成本 | 386,355 | 305,597 | 7,257 | 10,256 | 192,337 | 901,802 |
| Accumulated depreciation and impairment losses | 累計折舊及減值虧損 | (103,903) | (142,666) | (5,124) | (6,264) | - | (257,957) |
| Net carrying amount | 賬面淨值 | 282,452 | 162,931 | 2,133 | 3,992 | 192,337 | 643,845 |

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13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The net carrying amount of the Group's fixed assets held under finance leases included in plant and machinery at 31 December 2019 was RMB3,750,000 (2018: RMB4,603,000).

At 31 December 2019, property, plant and equipment with a net book value of RMB424,508,000 (2018: RMB200,649,000) was pledged to secure general banking and other facilities granted to the Group (see note 28(a)).

At 31 December 2019, the Group has yet to obtain property ownership certificates for buildings with an aggregate net book value of RMB36,077,000 (2018: RMB38,423,000). The directors of the Company are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2019 and 2018.

13. 物業、廠房及設備 *(續)*

於2019年12月31日，本集團根據融資租賃持有的固定資產的賬面淨值(已計入廠房及機械)為人民幣3,750,000元(2018年：人民幣4,603,000元)。

於2019年12月31日，賬面淨值為人民幣424,508,000元(2018年：人民幣200,649,000元)的物業、廠房及設備已就取得授予本集團的一般銀行及其他融資(見附註28(a))予以抵押。

於2019年12月31日，本集團尚未就總賬面淨值為人民幣36,077,000元(2018年：人民幣38,423,000元)的建築物取得物業所有權證。本公司董事認為，於2019年及2018年12月31日，本集團擁有該等建築物的實益業權。

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財務報表附註

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14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 56 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery, motor vehicles and other equipment generally have lease terms between 3 and 10 years.

(a) Prepaid land lease payments (before 1 January 2019)

| | | RMB'000 人民幣千元 |
|--|------------------|------------------|
| Carrying amount at 1 January 2018 | 於2018年1月1日之賬面值 | 95,672 |
| Addition during the year | 年內添置 | 17,126 |
| Acquisition of subsidiaries (note 34) | 收購附屬公司(附註34) | 10,070 |
| Recognised in profit or loss during the year | 年內於損益確認 | (2,551) |
| Carrying amount at 31 December 2018 | 於2018年12月31日的賬面值 | 120,317 |

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | | Prepaid land lease payments | Plant and machinery | Total |
|------------------------|--------------|-----------------------------------|------------------------|------------------|
| | | Properties | 預付土地 租賃款項 | 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| As at 1 January 2019 | 於2019年1月1日 | 5,019 | 120,317 | 129,939 |
| Additions | 添置 | 407 | 84 | 598 |
| Depreciation charge | 折舊開支 | (3,228) | (3,570) | (7,758) |
| As at 31 December 2019 | 於2019年12月31日 | 2,198 | 116,831 | 122,779 |

At 31 December 2019, right-of-use assets (2018: prepaid land lease payments) with an aggregate carrying amount of RMB91,429,000 (2018: RMB86,840,000) were pledged to secure general banking facilities granted to the Group (see note 28(b)).

於2019年12月31日，賬面總值為人民幣91,429,000元(2018年：人民幣86,840,000元)的使用權資產(2018年：預付土地租賃付款)已就取得授予本集團的一般銀行融資(見附註28(b))予以抵押。

14. 租賃

本集團作為承租人

本集團有用於其業務營運的物業、廠房及機械、汽車及其他設備多個項目的租賃合約。已提前作出一次性付款以向業主收購租賃土地，租期為40至56年，而根據該等土地租賃的條款，將不會繼續支付任何款項。廠房及機械、汽車及其他設備的租期通常為3至10年。

(a) 預付土地租賃付款(於2019年1月1日前)

| | | RMB'000 人民幣千元 |
|--|------------------|------------------|
| Carrying amount at 1 January 2018 | 於2018年1月1日之賬面值 | 95,672 |
| Addition during the year | 年內添置 | 17,126 |
| Acquisition of subsidiaries (note 34) | 收購附屬公司(附註34) | 10,070 |
| Recognised in profit or loss during the year | 年內於損益確認 | (2,551) |
| Carrying amount at 31 December 2018 | 於2018年12月31日的賬面值 | 120,317 |

(b) 使用權資產

本集團於年內的使用權資產賬面值及變動如下：

| | | Prepaid land lease payments | Plant and machinery | Total |
|------------------------|--------------|-----------------------------------|------------------------|------------------|
| | | Properties | 預付土地 租賃款項 | 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| As at 1 January 2019 | 於2019年1月1日 | 5,019 | 120,317 | 129,939 |
| Additions | 添置 | 407 | 84 | 598 |
| Depreciation charge | 折舊開支 | (3,228) | (3,570) | (7,758) |
| As at 31 December 2019 | 於2019年12月31日 | 2,198 | 116,831 | 122,779 |

於2019年12月31日，賬面總值為人民幣91,429,000元(2018年：人民幣86,840,000元)的使用權資產(2018年：預付土地租賃付款)已就取得授予本集團的一般銀行融資(見附註28(b))予以抵押。

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14. LEASES (Continued)

The Group as a lessee (Continued)

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

| | | 2019 2019年 Lease liabilities 租賃負債 RMB'000 人民幣千元 | 2018 2018年 Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元 |
|---|------------------------|---|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 10,048 | 13,142 |
| New Leases | 新租賃 | 514 | - |
| Additions as a result of acquisition of a subsidiary (note 34(b)) | 因收購一家附屬公司而添置 (附註34(b)) | - | 4,282 |
| Accretion of interest recognised during the year | 年內已確認利息增幅 | 1,942 | 1,654 |
| Payment | 付款 | (5,969) | (14,138) |
| Carrying amount at 31 December | 於12月31日的賬面值 | 6,535 | 4,940 |
| Analysed into: | 分析為: | | |
| Current portion | 流動部分 | 3,174 | 714 |
| Non-current portion | 非流動部分 | 3,361 | 4,226 |

The maturity analysis of lease liabilities (2018: finance lease payables) is disclosed in note 41(d) to the financial statements.

No pledged deposits (2018: RMB4,800,000) were placed as security for the obligations under lease liabilities (2018: finance leases) as at 31 December 2019 (see note 23).

14. 租賃(續)

本集團作為承租人(續)

(c) 租賃負債

年內租賃負債的賬面值及變動如下:

| | | 2019 2019年 Lease liabilities 租賃負債 RMB'000 人民幣千元 | 2018 2018年 Finance lease payables 融資租賃 應付款項 RMB'000 人民幣千元 |
|---|------------------------|---|--|
| Carrying amount at 1 January | 於1月1日的賬面值 | 10,048 | 13,142 |
| New Leases | 新租賃 | 514 | - |
| Additions as a result of acquisition of a subsidiary (note 34(b)) | 因收購一家附屬公司而添置 (附註34(b)) | - | 4,282 |
| Accretion of interest recognised during the year | 年內已確認利息增幅 | 1,942 | 1,654 |
| Payment | 付款 | (5,969) | (14,138) |
| Carrying amount at 31 December | 於12月31日的賬面值 | 6,535 | 4,940 |
| Analysed into: | 分析為: | | |
| Current portion | 流動部分 | 3,174 | 714 |
| Non-current portion | 非流動部分 | 3,361 | 4,226 |

租賃負債(2018年: 融資租賃應付款項)的到期日分析披露於財務報表附註41(d)。

於2019年12月31日, 並無已抵押存款(2018年: 人民幣4,800,000元)就租賃負債(2018年: 融資租賃)下的責任存放作抵押品(見附註23)。

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14. LEASES (Continued)

The Group as a lessee (Continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

| | | 2019 2019年 RMB'000 人民幣千元 |
|--|-----------|-----------------------------------|
| Interest on lease liabilities | 租賃負債利息 | 1,942 |
| Depreciation charge of right-of-use assets | 使用權資產折舊開支 | 7,758 |
| Total amount recognised in profit or loss | | 9,700 |

14. 租賃(續)

本集團作為承租人(續)

(d) 於損益中確認的租賃相關款項如下：

15. INTERESTS IN ASSOCIATES

15. 聯營公司權益

| | | Note 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|------------------------------------|----------|------------|-----------------------------------|-----------------------------------|
| Share of net assets | 應佔淨資產 | | 68,108 | 82,519 |
| Goodwill on acquisition | 收購產生的商譽 | | 102,129 | 102,129 |
| | | | 170,237 | 184,648 |
| Accumulated impairment of goodwill | 商譽累計減值 | | (102,129) | — |
| | | | 68,108 | 184,648 |
| Amounts due from associates | 應收聯營公司款項 | 22 | 15,261 | 5,038 |
| Amounts due to associates | 應付聯營公司款項 | 22 | (32,801) | (103,709) |
| | | | 50,568 | 85,977 |

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15. INTERESTS IN ASSOCIATES (Continued)

Particulars of the associates are as follows:

| Name of associate 聯營公司名稱 | Particulars of registered share capital/issued and paid in capital 註冊資本/已發行及繳足股本的詳情 | Place of incorporation and business 註冊成立及經營地點 | Proportion of ownership interest attributable to the Group 本集團應佔所有權權益百分比 | | Principal activities 主要業務 |
|--|--|--|---|----------------|---|
| | | | Direct 直接 | Indirect 間接 | |
| Deda Holdings Limited 德達控股有限公司 | Issued and paid in capital of USD1,000 已發行及繳足股本1,000美元 | BVI 英屬處女群島 | 30% | - | Investment holding 投資控股 |
| Hong Kong Fujjian Investments Limited 香港福艦投資有限公司 | Issued and paid in capital of HK\$1.0 已發行及繳足股本1.0港元 | Hong Kong 香港 | - | 30% | Investment holding 投資控股 |
| Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan") 四川省保和富山再生資源開發有限公司(「保和富山」) | Registered capital of RMB100 million 註冊資本人民幣100,000,000元 | The PRC 中國 | - | 30% | Industrial park operation and development 經營及發展工業園 |
| Sichuan JX E-commerce Trading Co., Ltd.* ("JX E-commerce") 四川金循環電子商務有限公司(「金循環電子商務」)* | Registered capital of RMB100 million 註冊資本人民幣100,000,000元 | The PRC 中國 | - | 25% | Operation of renewable metal electronic commerce platform 經營再生金屬電子商務平台 |

* On 25 October 2017, a subsidiary of the Group, Fuqing Zhongjin, entered into an equity transfer agreement with Sichuan Xijulong Investment Co, Ltd. ("Xijulong"), a company controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, who are connected persons of the Company by virtue of them being the daughters of Mr. Yu Jianqiu, pursuant to which Fuqing Zhongjin agreed to purchase a 25% equity interest of JX E-commerce from Xijulong for a cash consideration of RMB125,000,000, which was determined with reference to the valuation of JX E-commerce as at 30 June 2017 performed by an external valuer. The acquisition of JX E-commerce was completed on 6 November 2017 (the "Acquisition Date").

As at the Acquisition Date, the share of fair value of JX E-commerce's net assets was RMB22,871,000. The difference of RMB102,129,000 between the share of fair value of JX E-commerce's net assets and the consideration paid was recorded as goodwill.

15. 聯營公司權益(續)

聯營公司的詳情如下：

| Name of associate 聯營公司名稱 | Particulars of registered share capital/issued and paid in capital 註冊資本/已發行及繳足股本的詳情 | Place of incorporation and business 註冊成立及經營地點 | Proportion of ownership interest attributable to the Group 本集團應佔所有權權益百分比 | | Principal activities 主要業務 |
|--|--|--|---|----------------|---|
| | | | Direct 直接 | Indirect 間接 | |
| Deda Holdings Limited 德達控股有限公司 | Issued and paid in capital of USD1,000 已發行及繳足股本1,000美元 | BVI 英屬處女群島 | 30% | - | Investment holding 投資控股 |
| Hong Kong Fujjian Investments Limited 香港福艦投資有限公司 | Issued and paid in capital of HK\$1.0 已發行及繳足股本1.0港元 | Hong Kong 香港 | - | 30% | Investment holding 投資控股 |
| Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan") 四川省保和富山再生資源開發有限公司(「保和富山」) | Registered capital of RMB100 million 註冊資本人民幣100,000,000元 | The PRC 中國 | - | 30% | Industrial park operation and development 經營及發展工業園 |
| Sichuan JX E-commerce Trading Co., Ltd.* ("JX E-commerce") 四川金循環電子商務有限公司(「金循環電子商務」)* | Registered capital of RMB100 million 註冊資本人民幣100,000,000元 | The PRC 中國 | - | 25% | Operation of renewable metal electronic commerce platform 經營再生金屬電子商務平台 |

* 於2017年10月25日，本集團附屬公司福清中金與四川省西九龍投資有限公司(「西九龍」，一間由俞燕燕女士及俞佳佳女士(因彼等為俞建秋先生之女兒而為本公司之關連人士)控制的公司)訂立股權轉讓協議，據此福清中金同意透過向西九龍收購金循環電子商務的25%股本權益，現金代價為人民幣125,000,000元，參考外部估值師對金循環電子商務於2017年6月30日的估值釐定。收購金循環電子商務於2017年11月6日(「收購日期」)完成。

於收購日期，分佔金循環電子商務淨資產公平值為人民幣22,871,000元。分佔金循環電子商務淨資產公平值與已付代價之間差額人民幣102,129,000元入賬列為商譽。

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15. INTERESTS IN ASSOCIATES (Continued)

During the year, JX E-commerce has recorded a net loss of RMB21,966,000 and net assets value of RMB70,195,000 at 31 December 2019. The recoverable amount of JX E-commerce has been assessed as lower than the carrying amount. Accordingly, an impairment loss of RMB102,129,000 has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2019.

The following table illustrates the summarised financial information in respect of the material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

15. 聯營公司權益(續)

年內，金循環電子商務於2019年12月31日錄得淨虧損人民幣21,966,000元及資產淨值人民幣70,195,000元。金循環電子商務的可收回金額經評估為低於賬面值。因此，已於截至2019年12月31日止年度的綜合損益表中確認減值虧損人民幣102,129,000元。

就會計政策的任何差異而調整及與綜合財務報表內的賬面值對賬的重大聯營公司財務資料概要說明如下：

| | | Baohe Fushan 保和富山 | | JX E-commerce 金循環電子商務 | |
|--|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 | 2018* 2018年* RMB'000 人民幣千元 |
| Current assets | 流動資產 | 234,948 | 64,587 | 165,671 | 129,568 |
| Non-current assets, excluding goodwill | 非流動資產，不包括商譽 | 29,187 | 196,073 | 1,918 | 22,417 |
| Goodwill on acquisition of the associate | 收購聯營公司所產生的商譽 | - | - | 102,129 | 102,129 |
| Current liabilities | 流動負債 | (95,552) | (28,103) | (97,394) | (59,824) |
| Non-current liabilities | 非流動負債 | - | (33,486) | - | - |
| Net assets | 淨資產 | 168,583 | 199,071 | 70,195 | 194,290 |
| Net assets, excluding goodwill | 淨資產，不包括商譽 | 168,583 | 199,071 | 70,195 | 92,161 |
| Reconciliation to the Group's interest in the associate: | 與本集團於聯營公司的權益對賬： | | | | |
| Proportion of the Group's ownership | 本集團所有權比例 | 30% | 30% | 25% | 25% |
| Group's share of net assets of the associate, excluding goodwill | 本集團應佔聯營公司淨資產，不包括商譽 | 50,575 | 59,721 | 17,549 | 23,040 |
| Goodwill on acquisition of the associate | 收購聯營公司所產生的商譽 | - | - | - | 102,129 |
| Carrying amount of the investment | 投資之賬面值 | 50,575 | 59,721 | 17,549 | 125,169 |
| Revenue | 營業額 | - | 1,887 | 13,786 | 1,220 |
| Profit/(loss) and total comprehensive income for the year | 年內溢利/(虧損)及全面收益總額 | 1,512 | 27,391 | (21,966) | 82 |

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16. GOODWILL

16. 商譽

| | | RMB'000 人民幣千元 |
|--|---------------------------|------------------|
| At 1 January 2018 | 於2018年1月1日 | |
| Cost | 成本 | 39,308 |
| Accumulated impairment | 累計減值 | (16,081) |
| Net carrying amount | 賬面淨值 | 23,227 |
| Cost at 1 January 2018, net of accumulated impairment | 於2018年1月1日的成本，扣除累計減值 | 23,227 |
| Acquisition of subsidiaries (note 34) | 收購附屬公司(附註34) | 662,551 |
| At 31 December 2018 | 於2018年12月31日 | 685,778 |
| At 31 December 2018 | 於2018年12月31日 | |
| Cost | 成本 | 701,859 |
| Accumulated impairment | 累計減值 | (16,081) |
| Net carrying amount | 賬面淨值 | 685,778 |
| Cost at 1 January 2019, net of accumulated impairment (note 7) | 於2019年1月1日的成本，扣除累計減值(附註7) | 685,778 |
| Impairment during the year | 年內減值 | (407,883) |
| Cost and net carrying amount at 31 December 2019 | 於2019年12月31日的成本及賬面淨值 | 277,895 |
| At 31 December 2019 | 於2019年12月31日 | |
| Cost | 成本 | 701,859 |
| Accumulated impairment | 累計折舊 | (423,964) |
| Net carrying amount | 賬面淨值 | 277,895 |

16. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the recycled copper product cash-generating units in Xiangbei, Baohe Xinshiji, Baohe Taiyue, Zhaofeng, Rongsheng and Chengxin for impairment testing.

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a zero-growth rate. The growth rate used do not exceed the long-term average growth rates for the business in which the CGUs operate. The cash flows are discounted using pre-tax discount rates from approximately 8.33% to 9.00% at 31 December 2019 (2018: 8.33%). Key assumptions used for the value in use calculations are the gross margins, growth rates and the availability of VAT refunds. Management determined the budgeted gross margins and growth rates based on past performance and its expectation for market development. The values assigned to the key assumptions are consistent with external information sources. No government grant is assumed to be received in the value in use calculations.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

16. 商譽(續)

商譽減值測試

透過業務合併所收購商譽乃分配至湘北、保和新世紀、保和泰越、兆豐、融晟及晟鑫的再生銅產品現金產生單位作減值測試。

現金產生單位的可收回金額乃根據使用價值計算釐定。該等計算使用基於管理層批准的五年期財務預算的現金流量預測。超過五年期的現金流量使用零增長率推斷。所使用的增長率不超過現金產生單位經營業務的長期平均增長率。現金流量使用2019年12月31日約8.33%至9.00%(2018年: 8.33%)的稅前折現率貼現。計算使用價值的主要假設為毛利率、增長率及增值稅退稅的可用性。管理層根據過往表現及其對市場發展的預期釐定預算毛利率及增長率。分配予關鍵假設的數值與外部信息來源一致。於計算使用價值時假設並無收取政府補助。

分配至各現金產生單位的商譽的賬面值如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--------------------------|---------|-----------------------------------|-----------------------------------|
| Recycled copper products | 再生銅產品 | | |
| — Xiangbei | — 湘北 | 22,766 | 22,766 |
| — Baohe Xinshiji | — 保和新世紀 | 213 | 213 |
| — Baohe Taiyue | — 保和泰越 | 248 | 248 |
| — Zhaofeng | — 兆豐 | 63,564 | 63,564 |
| — Rongsheng | — 融晟 | 1,195 | 290,977 |
| — Chengxin | — 晟鑫 | 189,909 | 308,010 |
| | | 277,895 | 685,778 |

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16. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Based on the results of the valuation, the recoverable amounts of the CGUs of Rongsheng and Chengxin amounted to RMB284,000,000 and RMB322,000,000, respectively, as being lower than the respective carrying amounts of RMB573,782,000 and RMB440,101,000. Accordingly, an impairment loss of RMB407,883,000 (2018: Nil) has been recognised in profit or loss for the year ended 31 December 2019. Except for Rongsheng and Chengxin, the recoverable amounts of other CGUs based on the value in use calculations are higher than their carrying amounts as at 31 December 2019 and 2018. Accordingly, no impairment loss on goodwill regarding those CGUs has been recognised in profit or loss.

After the impairment loss recognised for the year, management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the revised carrying amount to exceed its recoverable amount.

16. 商譽(續)

商譽減值測試(續)

根據評估結果，融晟及晟鑫的現金產生單位的可收回金額分別為人民幣284,000,000元及人民幣322,000,000元，低於各自的賬面值人民幣573,782,000元及人民幣440,101,000元。因此，截至2019年12月31日止年度減值虧損人民幣407,883,000元(2018年：無)已於損益中確認。除融晟及晟鑫外，其他現金產生單位的可收回金額(按使用價值計算)高於其於2019年及2018年12月31日的賬面值。因此，該等現金產生單位的商譽減值虧損未於損益中確認。

於年內確認減值虧損後，管理層認為可收回金額所依據的主要假設的任何合理可能變動均不會導致經修訂賬面值超過其可收回金額。

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17. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

17. 遞延稅項

遞延稅項負債及資產於年內之變動如下：

遞延稅項負債

| | | 2019 2019年 Depreciation/ amortisation allowances in excess of related depreciation/ amortisation 超出有關 折舊額/ 攤銷額的 折舊/ 攤銷撥備 RMB'000 人民幣千元 |
|--|--------------------------|---|
| At 1 January 2019 | 於2019年1月1日 | 2,070 |
| Deferred tax credited to the statement of profit or loss during the year (note 11) | 年內計入損益表的遞延稅項 (附註11) | (236) |
| Gross deferred tax liabilities at 31 December 2019 | 於2019年12月31日 遞延稅項負債總額 | 1,834 |

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17. DEFERRED TAX (Continued)

Deferred tax assets

17. 遞延稅項(續)

遞延稅項資產

| | | 2019 2019年 Losses available for offsetting against future taxable profits 可用於抵銷 未來應課稅 溢利的虧損 | Total 總計 |
|---|--|---|-----------------------------|
| | Provision and accruals 撥備及應計費用 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| At 1 January 2019 Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11) | 於2019年1月1日 年內計入/(扣除自) 損益表的遞延稅項 (附註11) | 19,079 (7,639) | 2,629 5,101 |
| Gross deferred tax assets at 31 December 2019 | 於2019年12月31日的 遞延稅項資產總值 | 9,703 | 7,639 |
| | | | 21,708 (4,366) 17,342 |

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17. DEFERRED TAX (Continued) Deferred tax liabilities

17. 遞延稅項(續) 遞延稅項負債

| | | 2018 2018年 Depreciation/ amortisation allowances in excess of related depreciation/ amortisation 超出有關 折舊額/ 攤銷額的 折舊/ 攤銷撥備 RMB'000 人民幣千元 |
|---|---------------------------------|---|
| At 1 January 2018 | 於2018年1月1日 | 2,033 |
| Deferred tax charged to the consolidated statement of profit or loss during the year (note 11) | 年內自綜合損益表扣除的遞延稅項(附註11) | 37 |
| Gross deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2018 | 於2018年12月31日於綜合財務狀況表確認的遞延稅項負債總額 | 2,070 |

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31 December 2019 2019年12月31日

17. DEFERRED TAX (Continued)

Deferred tax assets

17. 遞延稅項(續)

遞延稅項資產

| | | 2018 2018年 | 2018 2018年 | Total |
|--|-----------------------|---------------------------|---|---------|
| | | Provision and accruals | Losses available for offsetting against future taxable profits | |
| | | 撥備及 應計費用 | 可用於抵銷 未來應課稅 溢利的虧損 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | 20,602 | 7,206 | 27,808 |
| Deferred tax charged to the consolidated statement of profit or loss during the year (note 11) | 年內自綜合損益表扣除的遞延稅項(附註11) | (1,523) | (4,577) | (6,100) |
| Gross deferred tax assets at 31 December 2018 | 於2018年12月31日的遞延稅項資產總值 | 19,079 | 2,629 | 21,708 |

For presentation purposes, deferred tax assets and liabilities have been offset in the consolidated statement of financial position. Deferred tax assets of RMB16,605,000 and deferred tax liabilities of RMB1,097,000 (2018: net deferred tax assets of RMB19,638,000) were recognised in the consolidated statement of financial position as at 31 December 2019.

The Group has tax losses arising in Mainland China of RMB68,658,000 (2018: RMB104,762,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

就呈列而言，遞延稅項資產及負債已於綜合財務狀況表內抵銷。於2019年12月31日，於綜合財務狀況表內確認遞延稅項資產人民幣16,605,000元及遞延稅項負債人民幣1,097,000元(2018年：遞延稅項資產淨值人民幣19,638,000元)。

本集團亦於中國大陸產生稅項虧損人民幣68,658,000元(2018年：人民幣104,762,000元)，該等虧損將於一至五年屆滿，可用作抵銷未來應課稅溢利。

由於產生有關虧損的附屬公司已錄得虧損一段時間，且不大可能有應課稅溢利以抵銷稅項虧損及可扣減暫時差額，故概無就該等虧損及可扣減暫時差額確認遞延稅項資產。

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17. DEFERRED TAX (Continued)

Deferred tax assets have not been recognised in respect of the following items:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------------------------|---------|-----------------------------------|-----------------------------------|
| Tax losses | 稅項虧損 | 68,658 | 104,762 |
| Deductible temporary differences | 可扣稅暫時差額 | 43,479 | 94,571 |
| | | 112,137 | 199,333 |

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and associates established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB79,530,000 at 31 December 2019 (2018: RMB79,068,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

17. 遞延稅項 (續)

並未就以下項目確認遞延稅項資產：

根據中國企業所得稅法，對在中國大陸成立的外商投資企業向外國投資者宣派的股息徵收10%的預扣稅。該項規定自2008年1月1日起生效，且適用於2007年12月31日後的盈利。倘中國大陸與外國投資者所屬司法權區訂有稅務條約，則可能採用較低的預扣稅。本集團之適用稅率為5%或10%。因此，本集團須負責為其於中國大陸成立的附屬公司就自2008年1月1日起產生的盈利所分派的股息繳付預扣稅。

於2019年12月31日，並無就本集團在中國大陸成立的附屬公司及聯營公司須繳交預扣稅的未匯出盈利確認遞延稅項。董事認為，該等附屬公司於可見將來不大可能分派該等盈利。於2019年12月31日，與未確認遞延稅項負債的中國大陸附屬公司投資相關的暫時差額總額約為人民幣79,530,000元(2018年：人民幣79,068,000元)。

本公司向其股東派付的股息毋須繳納所得稅。

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18. INVENTORIES

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|------------------|--------|-----------------------------------|-----------------------------------|
| Raw materials | 原材料 | 114,248 | 130,155 |
| Work in progress | 在製品 | 9,650 | 9,339 |
| Finished goods | 製成品 | 129,090 | 66,202 |
| Goods in transit | 付運中之貨品 | 310,811 | 226,829 |
| | | 563,799 | 432,525 |

At 31 December 2019, the Group's inventories with a carrying amount of RMB163,566,000 (2018: RMB10,000,000) were pledged as security for the Group's bank borrowings, as further detailed in note 28(a) to the financial statements.

於2019年12月31日，本集團賬面值為人民幣163,566,000元(2018年：人民幣10,000,000元)的存貨已作為本集團銀行借款的抵押，詳見財務報表附註28(a)。

19. TRADE AND BILLS RECEIVABLES

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|-------------------|--------|-----------------------------------|-----------------------------------|
| Trade receivables | 貿易應收款項 | 1,272,188 | 1,008,234 |
| Impairment | 減值 | (84,226) | (129,341) |
| | | 1,187,962 | 878,893 |
| Bills receivables | 應收票據 | 1,075 | 438 |
| | | 1,189,037 | 879,331 |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團主要以信貸方式與客戶訂立貿易條款，惟通常要求新客戶預先付款。信貸期一般為3個月，且對各客戶均設有最高信用額度。本集團力求嚴格控制其未收回應收款項，並設有信貸控制部門，以盡量減低信貸風險。高級管理層定期審查逾期結餘。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信貸增強措施。貿易應收款項不計息。

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19. TRADE AND BILLS RECEIVABLES (Continued)

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Factoring Arrangement") and transferred certain trade receivables to a financial institution. Under the Factoring Arrangement, the Group is required to reimburse the bank for any loss, including the loss arising in default of the trade debtors. Subsequent to the transfer, the Group has retained the substantial risks and rewards of the trade receivables and accordingly, it continued to recognise the full carrying amounts of the trade receivables. Factoring loan is recognised for any consideration received for the Factoring Arrangement. The carrying amount of the assets that the Group continued to recognise as at 31 December 2019 was RMB332,023,000 (2018: Nil) and that of the associated liabilities as at 31 December 2019 was RMB261,100,000 (2018: Nil).

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

19. 貿易應收款項及應收票據(續)

作為日常業務的一部分，本集團訂立一項貿易應收款項保理安排（「保理安排」），並將若干貿易應收款項轉讓予金融機構。根據保理安排，本集團須向銀行補償任何虧損，包括貿易債務人違約產生的虧損。轉讓後，本集團已保留貿易應收款項的重大風險及回報，因此，其繼續確認貿易應收款項的全部賬面值。就保理安排收取的任何代價將確認為保理貨款。本集團於2019年12月31日繼續確認的資產賬面值為人民幣332,023,000元（2018年：無），而相關負債於2019年12月31日的賬面值為人民幣261,100,000元（2018年：無）。

於報告期末，貿易應收款項及應收票據的賬齡分析（基於發票日期及扣除虧損撥備）如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------|---------|-----------------------------------|-----------------------------------|
| Within 30 days | 30天內 | 760,171 | 426,325 |
| 31 to 60 days | 31至60天 | 135,710 | 208,843 |
| 61 to 180 days | 61至180天 | 140,831 | 150,201 |
| Over 180 days | 超過180天 | 152,325 | 93,962 |
| | | 1,189,037 | 879,331 |

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

貿易應收款項及應收票據減值虧損撥備的變動如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|----------|-----------------------------------|-----------------------------------|
| At beginning of year | 年初 | 129,341 | 198,946 |
| Reversal of provision for bad debts, net | 壞賬撥備撥回淨額 | (45,115) | (69,605) |
| At end of year | 年末 | 84,226 | 129,341 |

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19. TRADE AND BILLS RECEIVABLES (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using provision matrices:

As at 31 December 2019

19. 貿易應收款項及應收票據 (續)

於各報告日期使用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率基於具類似虧損模式（即按客戶類型及評級）的各客戶群分組的過期天數。該計算反映概率加權結果、貨幣時間價值以及於報告日期可獲得的有關過往事項、當前狀況及未來經濟狀況預測的合理及可支持資料。一般而言，貿易應收款項如逾期超過一年並且毋須受限於強制執行活動則予以撇銷。

以下載列有關本集團貿易應收款項使用撥備矩陣的信貸風險的資料：

於2019年12月31日

| | | Past due 逾期 | | | | | | Total 總計 |
|-------------------------------------|-------------------|----------------|-------------------------------|---------------------------|---------------------------|-----------------------------|---------------------------------|-------------|
| | | Current 即期 | Less than 1 month 少於1個月 | 1 to 2 months 1至2個月 | 2 to 6 months 2至6個月 | 6 to 12 months 6至12個月 | Over 12 months 超過 12個月 | |
| Group A | A組 | | | | | | | |
| Expected credit loss rate | 預期信貸虧損率 | 0.56% | 1.00% | 1.27% | 2.05% | 18.23% | 100% | 3.69% |
| Gross carrying amount (RMB'000) | 賬面總值 (人民幣千元) | 285,939 | 86,930 | 97,726 | 11,690 | 85,150 | 1,517 | 568,952 |
| Expected credit losses (RMB'000) | 預期信貸虧損 (人民幣千元) | 1,601 | 868 | 1,244 | 240 | 15,526 | 1,517 | 20,996 |
| Group B | B組 | | | | | | | |
| Expected credit loss rate | 預期信貸虧損率 | 6.50% | 7.39% | 7.94% | 8.58% | 9.35% | 100% | 8.99% |
| Gross carrying amount (RMB'000) | 賬面總值 (人民幣千元) | 410,578 | 4,193 | 42,399 | 137,031 | 97,002 | 12,033 | 703,236 |
| Expected credit losses (RMB'000) | 預期信貸虧損 (人民幣千元) | 26,696 | 310 | 3,366 | 11,760 | 9,065 | 12,033 | 63,230 |

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財務報表附註

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19. TRADE AND BILLS RECEIVABLES (Continued)

As at 31 December 2018

19. 貿易應收款項及應收票據(續)

於2018年12月31日

| | | Current | Past due 逾期 | | | | | Total |
|--------------------------------------|-------------------|---------|----------------------|------------------|------------------|-------------------|---------------------------------|---------|
| | | | Less than 1 month | 1 to 2 months | 2 to 6 months | 6 to 12 months | Over 12 months 超過 12個月 | |
| | | 即期 | 少於1個月 | 1至2個月 | 2至6個月 | 6至12個月 | 12個月 | 總計 |
| Group A | A組 | | | | | | | |
| Expected credit loss rate | 預期信貸虧損率 | 0.05% | 0.06% | 0.09% | 0.17% | 1.38% | 100% | 1.83% |
| Gross carrying amount (RMB' 000) | 賬面總值 (人民幣千元) | 27,855 | 66,660 | 40,548 | 33,602 | 34,003 | 3,144 | 205,812 |
| Expected credit losses (RMB' 000) | 預期信貸虧損 (人民幣千元) | 13 | 40 | 36 | 56 | 468 | 3,144 | 3,757 |
| Group B | B組 | | | | | | | |
| Expected credit loss rate | 預期信貸虧損率 | 9.75% | 10.46% | 11.29% | 12.26% | 13.42% | 100% | 15.65% |
| Gross carrying amount (RMB' 000) | 賬面總值 (人民幣千元) | 51,378 | 318,363 | 189,756 | 132,959 | 69,790 | 40,176 | 802,422 |
| Expected credit losses (RMB' 000) | 預期信貸虧損 (人民幣千元) | 5,008 | 33,308 | 21,425 | 16,304 | 9,363 | 40,176 | 125,584 |

The Group categorised the customers by making reference to their historical repayment records into the following groups:

Group A: independent customers that had good track records with the Group

Group B: remaining independent customers

本集團按客戶的歷史還款記錄將客戶分類為以下組別：

A組：與本集團有良好往績記錄的獨立客戶

B組：餘下獨立客戶

NOTES TO FINANCIAL STATEMENTS

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19. TRADE AND BILLS RECEIVABLES (Continued)

During the year, the Group entered into factoring agreements with a factoring company. According to the agreements, the factoring company acquired certain trade receivables with an aggregate amount of RMB36,592,000 before impairment (the "Factored Trade Receivables") from the Group for a cash consideration of RMB28,500,000 in aggregate. The Factored Trade Receivables were derived from the sales of the Group recorded in 2014 to 2018 (the "Previous Sales"). The remaining balance of RMB8,092,000 was recovered from the management personnel of the Group's subsidiaries that were involved in the Previous Sales (the "Relevant Subsidiaries"). Those management personnel were also the sellers who sold the Relevant Subsidiaries to the Group, and they had undertaken to compensate the Group for any irrecoverable trade receivables resulting from sales made within certain period of time since the acquisition of the Relevant Subsidiaries. Those management personnel included a director and substantial shareholder of the Company, who held less than 12% of the Company's shareholding, and certain such compensation was made by his son on his behalf.

For the year ended 31 December 2019, the Group recorded a reversal of provision for doubtful debts, net, amounting to RMB45,115,000. Included in the reversal was a reversal of the loss allowance of RMB36,592,000 against the Factored Trade Receivables which were fully impaired in previous years.

19. 貿易應收款項及應收票據(續)

年內，本集團與一家保理公司訂立保理協議。根據協議，保理公司以總現金代價人民幣28,500,000元收購本集團若干貿易應收款項(未計減值前之總賬面值為人民幣36,592,000元)(「保理貿易應收款項」)。保理貿易應收款項產生於本集團於2014年至2018年所錄得之銷售(「過往銷售」)。餘額人民幣8,092,000元由參與過往銷售的本集團附屬公司(「相關附屬公司」)的管理人員支付。該等管理人員(亦為本集團先前所收購相關附屬公司的賣方)已承諾向本集團賠償自收購相關附屬公司起一定期間內因出售而產生的任何無法收回的應收賬款。該等管理人員包括本公司一名董事兼主要股東，其持有本公司不足12%股權，若干有關賠償由其兒子代其支付。

截至2019年12月31日止年度，本集團錄得撥回呆賬撥備淨額人民幣45,115,000元。撥回包括對銷過往年度已全數減值的保理貿易應收款項的虧損撥備人民幣36,592,000元。

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS 20. 預付款、其他應收款項及其他資產

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| Advance payments to suppliers | 墊付供應商款項 | 1,842,131 | 1,334,435 |
| Government grants receivable | 應收政府補助 | 157,431 | 98,927 |
| VAT input accrued | 暫估進項稅 | 82,773 | 76,761 |
| Prepayments for property, plant and equipment and prepaid land lease payments | 物業、廠房及設備預付款及 預付土地租賃付款 | 24,441 | 29,528 |
| Other deposits, prepayments and receivables | 其他按金、預付款及應收款項 | 26,002 | 27,996 |
| | | 2,132,778 | 1,567,647 |
| Less: non-current portion | 減：非即期部分 | (24,441) | (29,946) |
| Current portion | 即期部分 | 2,108,337 | 1,537,701 |

An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2019 and 2018, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2019 and 2018 was minimal.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

通過考量具已公佈信用評級的可比公司的違約概率，於各報告日期進行減值分析。於2019年及2018年12月31日，預期信貸虧損乃參考本集團的歷史虧損記錄採用虧損率法估計。調整損失率以反映當前狀況及未來經濟狀況預測（如適用）。於2019年及2018年12月31日應用的損失率屬微不足道。

計入上述結餘中的金融資產與近期概無違約記錄及逾期付款的應收款項有關。於2019年及2018年12月31日，虧損撥備被評估為微不足道。

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財務報表附註

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21. DERIVATIVE FINANCIAL INSTRUMENT

21. 衍生金融資產

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---------------------|---------|-----------------------------------|-----------------------------------|
| Unlisted put option | 未上市認沽期權 | 107,451 | - |

Under the equity transfer agreement for the acquisition of JX E-commerce (note 15), the Group was granted a right to resell the entire equity interests to Xijiulong at a consideration equivalent to the net investment cost paid by the Group for the acquisition, if JX E-commerce fails to complete a qualified initial public offering within 3 years from the Acquisition Date. As at 31 December 2019, the fair value of the right to resell was estimated by the Company, with assistance from an independent professional valuer, as approximately RMB107,451,000.

On 27 March 2020, the Group has entered into a loan agreement with Xijiulong, pursuant to which, Xijiulong committed to place a short-term loan of RMB125,000,000 to the Group with interest bearing at 4.35% per annum and repayable on 20 November 2020. Furthermore, according to the agreement, the principal amount of the loan will be offset against the obligation of Xijiulong for repurchasing the 25% equity interest in JX E-commerce at a consideration of RMB125,000,000 upon the exercise of the put option. Further details are set out in notes 15 to the consolidated financial statements.

根據收購金循環電子商務的股權轉讓協議(附註15)，倘金循環電子商務未能於收購日期起3年內完成合資格首次公開發售，本集團獲授權利將全部股權轉售予西九龍，代價相當於本集團為收購而支付的投資成本淨額。於2019年12月31日，本公司在獨立專業估值師的協助下所估計轉售權的公平值約為人民幣107,451,000元。

於2020年3月27日，本集團與西九龍訂立貸款協議，據此，西九龍承諾向本集團提供短期貸款人民幣125,000,000元，按年利率4.35%計算並須於2020年11月20日償還。另外，根據協議，貸款本金額將用於抵銷西九龍於行使認沽期權後按代價人民幣125,000,000元購回金循環電子商務的25%股權的責任。進一步詳情載於綜合財務報表附註15。

22. AMOUNTS DUE FROM/TO RELATED PARTIES AND ASSOCIATES

The amounts due from/to related parties and associates are unsecured, interest-free and are repayable on demand.

22. 應收／應付關聯方及聯營公司款項

應收／應付關聯方及聯營公司款項為無抵押、不計息及須按要求償還。

NOTES TO FINANCIAL STATEMENTS

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23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

23. 現金及現金等值項目以及已抵押存款

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|----------------|-----------------------------------|-----------------------------------|
| Cash and bank balances | 現金及銀行結餘 | 64,703 | 112,935 |
| Time deposits | 定期存款 | 42,982 | 51,812 |
| | | 107,685 | 164,747 |
| Less: Pledged time deposits: | 減：已抵押定期存款： | | |
| Deposits with guarantee companies | 於擔保公司的保證金 | (1,575) | (4,375) |
| Deposits with banks | 銀行存款 | (12,900) | (12,900) |
| Deposits with other companies | 於其他公司的保證金 | (28,507) | (29,737) |
| Non-current deposits with lessors of finance leases | 於融資租賃公司的非即期保證金 | - | (4,800) |
| | | 64,703 | 112,935 |

Pledged deposits with banks were mainly placed as security for bills payable of the Group.

於銀行的已抵押存款主要為就本集團的應付票據存放作抵押品。

Pledged deposits were placed with other companies for the purpose of obtaining bank loans of RMB46,000,000 (2018: RMB40,000,000), which were secured by the property, plant and equipment of such companies (see note 28(b)).

就取得銀行貸款人民幣46,000,000元(2018年：人民幣40,000,000元)而於其他公司存放已抵押保證金，有關銀行貸款由該等公司的物業、廠房及設備擔保(見附註28(b))。

Pledged deposits were placed with lessors of finance leases as security for the obligations under finance leases.

存放於融資租賃公司的已抵押保證金乃就融資租賃下的責任存放作抵押品。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB61,850,000 (2018: RMB100,189,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks and companies with no recent history of default.

24. TRADE AND BILLS PAYABLES

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------|--------|-----------------------------------|-----------------------------------|
| Trade payables | 貿易應付款項 | 534,092 | 517,555 |
| Bills payable | 應付票據 | 25,800 | 25,800 |
| | | 559,892 | 543,355 |

The bills payable is secured by the pledge of the Group time deposits amounting to RMB12,900,000 (2018: RMB12,900,000).

23. 現金及現金等值項目以及已抵押存款(續)

於報告期末，本集團以人民幣(「人民幣」)計值的現金及銀行結餘為人民幣61,850,000元(2018年：人民幣100,189,000元)。人民幣不可自由兌換為其他貨幣，惟根據中國大陸的外匯管理條例及結匯、售匯及付匯管理條例，本集團獲准通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金按基於每日銀行存款利率的浮動利率賺取利息。短期定期存款的存儲期限介於一日至三個月不等，視乎本集團的即期現金需求而定，並按各短期定期存款利率賺取利息。銀行結餘及已抵押存款乃存於無近期拖欠記錄且信譽良好的銀行及公司。

24. 貿易應付款項及應付票據

應付票據以本集團之定期存款人民幣12,900,000元(2018年：人民幣12,900,000元)作抵押。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

24. TRADE AND BILLS PAYABLES (Continued)

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

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------|---------|-----------------------------------|-----------------------------------|
| Within 30 days | 30天內 | 78,738 | 155,146 |
| 31 to 60 days | 31至60天 | 453,224 | 32,121 |
| 61 to 180 days | 61至180天 | 9,154 | 111,767 |
| Over 180 days | 超過180天 | 18,776 | 244,321 |
| | | 559,892 | 543,355 |

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

貿易應付款項不計息，通常按30天的期限結算。

25. NOTE PAYABLES

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|----------------------------------|--------------|-----------------------------------|-----------------------------------|
| Note payables, at amortised cost | 按攤銷成本計量的應付票據 | 30,457 | 17,524 |

The note payables with an aggregate principal amount of HK\$34,000,000 (equivalent to RMB30,457,000) (2018: HK\$20,000,000 (equivalent to RMB17,524,000)) are unsecured and interest-bearing at 13% (2018:12%) per annum with 1-year maturity period repayable on 2 May 2020 (2018: 6 April 2019).

本金總額為34,000,000港元(相當於人民幣30,457,000元)(2018年: 20,000,000港元(相當於人民幣17,524,000元))的應付票據為無抵押，按13%(2018年:12%)的年利率計息，且於1年內到期，於2020年5月2日(2018年:2019年4月6日)償還。

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財務報表附註

31 December 2019 2019年12月31日

26. OTHER PAYABLES AND ACCRUALS

26. 其他應付款項及應計費用

| | Note | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|------|-----------------------------------|-----------------------------------|
| | 附註 | | |
| Salaries, wages, bonus and other accrued benefits | | 5,215 | 3,106 |
| Payables for the purchase of property, plant and equipment | | 42,871 | 59,961 |
| VAT payable | | 497,426 | 343,211 |
| Other taxes payable | | 50,248 | 60,272 |
| Contract liabilities | (a) | 225,500 | 30,578 |
| Others | | 52,173 | 42,521 |
| | | 873,433 | 539,649 |

Note:

附註：

(a) Details of contract liabilities are as follows:

(a) 合約負債詳情如下：

| | 31 December 2019 2019年12月31日 RMB'000 人民幣千元 | 31 December 2018 2018年12月31日 RMB'000 人民幣千元 | 1 January 2018 2018年1月1日 RMB'000 人民幣千元 |
|--|---|---|---|
| Short-term advances received from customers | | | |
| Sale of goods | 225,500 | 30,578 | 3,780 |

Contract liabilities include short-term advances received to deliver copper related products. The increase in contract liabilities in 2019 and 2018 was mainly due to the increase in short-term advances received from customers in relation to the sales of copper related products at the end of the year.

合約負債包括已收取以交付銅相關產品的短期墊款。2019年及2018年的合約負債增加，主要是由於於年底就銷售銅相關產品而向客戶收取的短期墊款增加。

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財務報表附註

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27. FINANCE LEASE PAYABLES

The Group leases certain of its plant and machinery. These leases were classified as finance leases prior to IFRS 16 becoming effective on 1 January 2019 and had remaining lease terms ranging from one to five years.

At 31 December 2018, the total future minimum lease payments under finance leases and their present values were as follows:

27. 融資租賃應付款項

本集團租賃若干廠房及機械。該等租賃於國際財務報告準則第16號於2019年1月1日生效之前分類為融資租賃，其剩餘租賃年期介乎一至五年。

於2018年12月31日，融資租賃項下的未來最低租賃款項總額及其現值如下：

| | | Minimum lease payments 最低租賃付款 RMB'000 人民幣千元 | Present value of the minimum lease payments 最低租賃付款現值 RMB'000 人民幣千元 |
|---|-------------|--|---|
| Amounts payable: | 應付款項： | | |
| Within one year | 一年內 | 2,573 | 714 |
| In the second year | 於第二年 | 2,508 | 866 |
| In the third to fifth years, inclusive | 於第三至第五年(包括) | 5,939 | 3,360 |
| | | 11,020 | 4,940 |
| Future finance charges | 未來融資費用 | (6,080) | |
| Total net finance lease payables | 應付融資租賃淨額總額 | 4,940 | |
| Portion classified as current liabilities | 分類為流動負債的部分 | (714) | |
| Non-current portion | 非即期部分 | 4,226 | |

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS

28. 計息銀行及其他借款

| | | 2019 2019年 | | | 2018 2018年 | | |
|--|-----------------------|--|-------------------------------------|------------------|--|-------------------------------------|------------------|
| | | Effective interest rate (%) 實際利率 (%) | Maturity 到期 | RMB'000 人民幣千元 | Effective interest rate (%) 實際利率 (%) | Maturity 到期 | RMB'000 人民幣千元 |
| Current | 即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | 7.46 | 2020 2020年 | 261,020 | 7.3 | 2019 2019年 | 232,901 |
| Other borrowings — secured (note (b)) | 其他借款 — 有抵押 (附註(b)) | 6.91 | on demand/ 2020 按要求/ 2020年 | 196,875 | 10.4 | 2019 2019年 | 391 |
| Factoring loan — secured | 保理貸款 — 有抵押 | 7.30 | 2020 2020年 | 261,100 | — | — | — |
| Entrusted loans — secured (note (d)) | 委託貸款 — 有抵押 (附註(d)) | 9.68 | on demand/ 2020 按要求/ 2020年 | 306,116 | 10 | on demand/ 2019 按要求/ 2019年 | 299,116 |
| | | | | 1,025,111 | | | 532,408 |
| Non-current | 非即期 | | | | | | |
| Bank loans — secured | 銀行貸款 — 有抵押 | — | | — | 9.88 | 2020 2020年 | 16,000 |
| Other borrowings — secured | 其他借款 — 有抵押 | — | | — | 10.4 | 2020 2020年 | 140 |
| | | | | — | | | 16,140 |
| | | | | 1,025,111 | | | 548,548 |

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

28. 計息銀行及其他借款 (續)

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| Analysed into: | 分析為： | | |
| Bank loans and overdrafts repayable: | 應償還銀行貸款及透支： | | |
| Within one year or on demand | 一年內或按要求 | 261,020 | 232,901 |
| In the second year | 於第二年 | - | 16,000 |
| | | 261,020 | 248,901 |
| Other borrowings and entrusted loans repayable: | 償還其他借款及委託貸款： | | |
| Within one year or on demand | 一年內或按要求 | 764,091 | 299,507 |
| In the second year | 於第二年 | - | 140 |
| | | 764,091 | 299,647 |
| | | 1,025,111 | 548,548 |

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (a) The Group's facilities amounted to RMB759,894,000 (2018: RMB394,818,000), of which RMB725,994,000 (2018: RMB232,800,000) had been utilised as at the end of the reporting period.

Certain of the Group's interest-bearing bank and other borrowings are secured by:

- (i) mortgages over the Group's property, plant and equipment, which had an aggregate carrying value at the end of the reporting period of RMB424,508,000 (2018: RMB200,649,000);
- (ii) mortgages over the Group's prepaid land lease payments, which had an aggregate carrying value at the end of the reporting period of approximately RMB91,429,000 (2018: RMB86,840,000);
- (iii) the pledge of inventories amounting to RMB163,566,000 (2018: RMB10,000,000);
- (iv) the pledge of trade receivable amounting to RMB332,023,000 (2018: Nil)
- (v) the pledge of the Group's time deposits with guarantee companies, banks, other companies and lessors of finance lease amounting to RMB30,082,000 (2018: RMB38,912,000);
- (vi) the pledge of property, plant and equipment of a third party;
- (vii) the pledge of 310,317,000 ordinary shares (2018: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, key management personnel of the Group, representing 11.8% (2018: 11.9%) of the issued share capital of the Company as at 31 December 2019;
- (viii) At 31 December 2018, bank loans of RMB31,000,000 were secured by a prepayment for lease payment of Baohe Fushan; and
- (ix) At 31 December 2019, bank loans of RMB15,500,000 (2018: RMB10,000,000) were secured by property, plant and equipment of Sichuan Gushan Vegetable Fat Chemistry Co., Ltd ("Gushan Vegetable")

- (b) The default of convertible bonds and entrusted loan had caused cross-default of certain other borrowings amounting to RMB166,400,000 as at 31 December 2019. The respective balance of RMB135,420,000 was reclassified from non-current liabilities to current liabilities.

- (c) All borrowings are in RMB.

28. 計息銀行及其他借款(續)

附註：

- (a) 本集團的融資為人民幣759,894,000元(2018年：人民幣394,818,000元)，其中人民幣725,994,000元(2018年：人民幣232,800,000元)已於報告期末使用。

本集團若干計息銀行及其他借款以下各項作抵押：

- (i) 本集團物業、廠房及設備的抵押，於報告期末的總賬面值為人民幣424,508,000元(2018年：人民幣200,649,000元)；
- (ii) 本集團預付土地租賃款項的抵押，於報告期末的總賬面值為約人民幣91,429,000元(2018年：人民幣86,840,000元)；
- (iii) 存貨的抵押為人民幣163,566,000元(2018年：人民幣10,000,000元)；
- (iv) 人民幣332,023,000(2018年：無)的貿易應收款項的抵押；
- (v) 本集團於擔保公司、銀行、其他公司及融資租賃公司為數人民幣30,082,000元(2018年：人民幣38,912,000元)的定期存款的抵押；
- (vi) 一名第三方的物業、廠房及設備抵押；
- (vii) 本集團重要管理層人員黃偉萍先生所持有的本公司310,317,000股普通股(2018年：310,317,000股普通股)的抵押，該等股份相當於本公司於2019年12月31日已發行股本11.8%(2018年：11.9%)；
- (viii) 於2018年12月31日，銀行貸款人民幣31,000,000元由保和富山之預付租賃付款擔保；及
- (ix) 於2019年12月31日，銀行貸款人民幣15,500,000元(2018年：人民幣10,000,000元)由四川古杉油脂化學有限公司(「古杉油脂」)之物業、廠房及設備擔保。

- (b) 於2019年12月31日，可換股債券及委託貸款的違約已導致人民幣166,400,000元的若干其他借款交叉違約。有關結餘人民幣135,420,000元已由非流動負債分類為流動負債。

- (c) 所有借款均以人民幣計值。

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28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes: *(Continued)*

- (d) At 31 December 2019, entrusted loans are repayable within one year or on demand, and were interest-bearing at 4.2% to 10% (2018: 9% to 12%) per annum.

During the year ended 31 December 2016, the Group had defaulted in its repayment of entrusted loans which matured in August and September 2016 ("the loans payable"). The loans payable of RMB299,116,000 were secured by 310,317,000 ordinary shares (2016: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, key management personnel of the Group, representing 11.8% (2018: 11.9%) of the issued share capital of the Company as at 31 December 2019. At 31 December 2019, the negotiation to settle the outstanding entrusted loans of RMB299,116,000 (2018: RMB299,116,000) was still ongoing. The abovementioned defaulted loans were recorded in current liabilities as at 31 December 2019.

On 16 July 2020, the Company has entered into a non-legally binding framework agreement with the entrusted party. Under the framework agreement, it is intended, among others, that the entrusted party will subscribe for shares of the Company for a consideration of more than RMB300 million. The share subscription consideration will be settled by the repayment of entrusted loans amounting to RMB299 million as at 31 December 2019 owed by the Group to entrusted party.

28. 計息銀行及其他借款 *(續)*

附註：(續)

- (d) 於2019年12月31日，委託貸款應於一年內或按要求償還，並按4.2%至10% (2018年：9%至12%)的年利率計息。

於截至2016年12月31日止年度，本集團未能償還其於2016年8月及9月到期的委託貸款(「應付貸款」)。應付貸款人民幣299,116,000元由本集團重要管理層人員黃偉萍先生所持有的本公司310,317,000股普通股(2016年：310,317,000股普通股)提供抵押，該等股份相當於本公司於2019年12月31日已發行股本11.8%(2018年：11.9%)。於2019年12月31日，有關清償尚未償還委託貸款人民幣299,116,000元(2018年：人民幣299,116,000元)之磋商仍在進行中。上述違約貸款於2019年12月31日計入流動負債。

於2020年7月16日，本公司與受託人訂立無法律約束力的框架協議。根據框架協議，受託人擬(其中包括)將以人民幣300百萬元以上的代價認購本公司股份。股份認購代價將通過償還本集團於2019年12月31日結欠受託人人民幣299百萬元的委託貸款結算。

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29. CONVERTIBLE BONDS

(a) The convertible bonds issued on 12 April 2017 ("the April 2017 CBs"):

On 12 April 2017, the Company issued the April 2017 CBs with an aggregate principal amount of HK\$250,000,000 (equivalent to approximately RMB221,793,000) in two tranches (tranche I amounted to HK\$135,000,000 and tranche II amounted to HK\$115,000,000 at face value). The Company incurred transactions cost of approximately HK\$7,500,000 (equivalent to approximately RMB6,654,000) for the issue of the April 2017 CBs. For details, please refer to the Company's announcement on 9 April 2017. Major terms of the April 2017 CBs are set out below:

- (i) The April 2017 CBs carry 12% coupon interest per annum payable in arrears quarterly. Unless redeemed or repurchased early, the original maturity date of the April 2017 CBs is the first anniversary of the issue date (the "Original Maturity Date"), subject to the bondholder's right to extend the maturity date initially for a period of up to one year (the "Extended Maturity") and also for a period of up to one year after the Extended Maturity by notice in writing to the Company (the "Further Extended Maturity"). If the April 2017 CBs are not fully converted before the maturity date, the Company will redeem all the outstanding convertible bonds plus the interest accrued but unpaid to the bondholder.
- (ii) If the average closing share price of the Company during any six consecutive months within the period commencing from the issuance date on 12 April 2017 to the maturity date has never, at any point of time, reached or exceeded the conversion price, the Company shall, upon redemption of the April 2017 CBs, compensate the bondholder in cash so that the bondholder is guaranteed an annualised return of 13% for the period commencing from issuance date to the first anniversary of issuance date and an annualised return of 16% for the period commencing from the day following the first anniversary of the issuance date to the date of redemption.

29. 可換股債券

(a) 於2017年4月12日發行的可換股債券(「2017年4月可換股債券」):

於2017年4月12日，本公司按面值分兩批發行本金額合共250,000,000港元(相當於約人民幣221,793,000元)的2017年4月可換股債券(第I批金額為135,000,000港元及第II批金額為115,000,000港元)。本公司就發行2017年4月可換股債券產生交易成本約7,500,000港元(相當於約人民幣6,654,000元)。有關詳情，請參閱本公司日期為2017年4月9日的公告。2017年4月可換股債券的主要條款載列如下：

- (i) 2017年4月可換股債券按年票面利率12%計算，每季度支付。除非提早贖回或購回，2017年4月可換股債券原到期日為發行日期第一週年日(「原到期日」)，惟債券持有人有權初步延長到期日達一年(「延長到期日」)，及透過向本公司發出書面通知於延長到期日後再延長一年(「進一步延長到期日」)。倘2017年4月可換股債券於到期日前未獲悉數轉換，本公司將贖回所有尚未償還的可換股債券另加應計但未付予債券持有人的利息。
- (ii) 倘本公司股份於自發行日期(即2017年4月12日)至到期日期間的任何連續六個月內任何時間的平均收市價未曾保持在兌換價或以上，則本公司在贖回2017年4月可換股債券時，須以現金形式補償債券持有人，以保證該債券持有人從發行日期至發行日期起計一週年之日止期間有年化13%的回報及從發行日期起計一週年翌日至贖回日止期間有年化16%的回報。

29. CONVERTIBLE BONDS (Continued)

(a) The convertible bonds issued on 12 April 2017 ("the April 2017 CBs"): (Continued)

- (iii) Commencing from the third month after the issue date to the maturity date, the Company may with the consent from the bondholder, request for early redemption of the outstanding tranche I of the April 2017 CBs in the principal amount of HK\$135,000,000, in whole or in part. Upon redemption due to such event, the Company shall compensate the bondholder in cash so that such bondholder is guaranteed an annualised return of 12% for the period commencing from the issue date to the date of early redemption.
- (iv) If the aggregate shareholding of the management level shareholders in the Company is less than 30% of the entire share capital of the Company on a fully diluted basis, or on any trading day, the average closing price of the Company is lower than 50% of the closing price of the Company on the issue date, the bondholder may request for early redemption.
- (v) The bondholder has the right to convert the principal amount of the April 2017 CBs into ordinary shares of HK\$0.1 each of the Company from the first business day following the first anniversary of the issue date up to and including the day preceding the Extended Maturity or Further Extended Maturity at an initial conversion price of HK\$3.0 per share but subject to adjustments at any time during the term of the April 2017 CBs, subject to the minimum public float requirement.

29. 可換股債券(續)

(a) 於2017年4月12日發行的可換股債券(「2017年4月可換股債券」): (續)

- (iii) 從發行日期後第三個月至到期日止，本公司可在獲債券持有人同意後要求提前贖回全部或部分本金額為135,000,000港元的尚未償還第1批2017年4月可換股債券。由於有關事件贖回後，本公司應以現金補償可換股債券持有人，以保證有關可換股債券持有人於發行日期至提早贖回日期止期間獲得12%的年化回報。
- (iv) 倘按全面攤薄基準，本公司管理層股東的總持股量低於本公司全部股本的30%，或於任何交易日，本公司平均收市價低於本公司於發行日收市價的50%，則債券持有人可要求提早贖回。
- (v) 於2017年4月可換股債券年期內任何時間，債券持有人有權於發行日期第一週年後首個營業日直至及包括延長到期日或進一步延長到期日前之日以初步兌換價每股3.0港元(可予調整)將2017年4月可換股債券的本金額轉換為本公司每股面值0.1港元的普通股，惟公眾持股量不可低於最低要求。

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29. CONVERTIBLE BONDS (Continued)

(a) The convertible bonds issued on 12 April 2017 ("the April 2017 CBs"): (Continued)

The April 2017 CBs contain two components, the liability and equity components. The initial fair value of the two components was determined based on gross proceeds at issuance. The initial fair value less allocated transaction costs of the liability component was estimated to be approximately RMB214,020,000 as at the issuance date using the Monte Carlo Model and Binomial Option Pricing Model, taking into account the terms and conditions of the April 2017 CBs. In subsequent periods, the liability component is measured at amortised cost using the effective interest rate method. The effective interest rate of the liability component of the April 2017 CBs is 16% per annum. The residual amount less allocated transaction costs representing the value of the equity component of approximately RMB1,119,000, was presented in equity under the heading "convertible bonds equity reserve".

The fair value of the liability component was determined using the Monte Carlo Model and Binomial Option Pricing Model and the major inputs into the model are as follows:

| | | At issue date 於發行日期 |
|---------------------|-------|------------------------|
| Stock price | 股份價格 | HK\$3.09 港元 |
| Exercise price | 行使價 | HK\$3.00 港元 |
| Expected volatility | 預計波幅 | 39% |
| Dividend yield | 孳息率 | 0% |
| Option life | 購股權年期 | 12 months 個月 |
| Risk free rate | 無風險息率 | 0.97% |

Pursuant to the terms and conditions, commencing from the third month after the issue date to the maturity date, the Company may notify the bondholder for early redemption of the outstanding Convertible Bonds in the principal amount of HK\$135,000,000. In the event of such early redemption, the Company would compensate the bondholder an annualised return of 12%, which is equal to the interest rate, for the period commencing from the issue date to the date of early redemption.

29. 可換股債券(續)

(a) 於2017年4月12日發行的可換股債券(「2017年4月可換股債券」): (續)

2017年4月可換股債券包括負債及權益兩部分。兩部分之初始公平值乃按發行時的所得款項總額釐定。負債部分之初始公平值減已分配交易成本乃經考慮2017年4月可換股債券之條款及條件後於發行日期根據蒙特卡羅定價模式及二項式期權定價模型估算為約人民幣214,020,000元。於其後期間，負債部分採用實際利率法按攤銷成本計量。2017年4月可換股債券的負債部分的實際利率為每年16%。餘下金額減已分配交易成本(即權益部分的價值)約人民幣1,119,000元於「可換股債券權益儲備」下權益呈列。

負債部分之公平值乃根據蒙特卡羅定價模式及二項式期權定價模型釐定，模型內的主要輸入數據如下：

根據條款及條件，自發行日期後第三個月起至到期日，本公司可通知債券持有人提前贖回本金額為135,000,000港元的尚未兌換的可換股債券。倘發生有關提前贖回，本公司將自發行日期起至提早贖回日期期間補償債券持有人年化12% (其相當於利率) 的回報。

29. CONVERTIBLE BONDS (Continued)**(a) The convertible bonds issued on 12 April 2017 ("the April 2017 CBs"):** (Continued)

The Company redeemed the April 2017 CBs Tranche I in the principal amount of HK\$135,000,000 on 11 August 2017.

The Board of Directors (the "Board") announces that tranche II of the April 2017 CBs in the principal amount of HK\$35,000,000, together with the interest accrued thereon, has been repaid by the Company on 12 April 2018. In addition, the Company is notified by the bondholder on 11 April 2018 that the bondholder has transferred the Tranche II CBs in the principal amount of HK\$80,000,000 (the "Remaining Tranche II Convertible Bonds") to Peaceful Wealth International Limited ("Peaceful" or the "Transferee") and the Transferee has exercised its right to extend the maturity date of the Remaining Tranche II Convertible Bonds for one (1) year in accordance with the terms and conditions of the April 2017 CBs.

Moreover, the Company is notified by the bondholder on 11 April 2019 that it has exercised its right to further extend the maturity date of the Remaining Tranche II Convertible Bonds for one (1) year (i.e., 12 April 2020) in accordance with the terms and conditions of the April 2017 CBs. On 13 April 2020, the Company has entered into a subscription agreement with Peaceful. According to the subscription agreement, Peaceful subscribed for a note issued by the Company in a principal amount of HK\$92,300,000, interest-bearing at 12% per annum and with a maturity date on 13 April 2021, which was settled through the outstanding liabilities owed by the Company to Peaceful under the Remaining Tranche II Convertible bonds.

29. 可換股債券 (續)**(a) 於2017年4月12日發行的可換股債券(「2017年4月可換股債券」):** (續)

本公司已於2017年8月11日贖回本金額為135,000,000港元的2017年4月可換股債券(第I批)。

董事會(「董事會」)宣佈，本公司已於2018年4月12日償還本金額35,000,000港元的第II批2017年4月可換股債券連同應計利息。此外，本公司於2018年4月11日獲債券持有人告知，債券持有人已向富康國際有限公司(「富康」或「承讓人」)轉讓本金額80,000,000港元的第II批可換股債券(「餘下第II批可換股債券」)，及承讓人已行使其權利，根據2017年4月可換股債券條款及條件延長餘下第II批可換股債券的到期日一(1)年。

此外，本公司於2019年4月11日獲債券持有人告知，債券持有人已行使其權利，根據2017年4月可換股債券條款及條件進一步延長餘下第II批可換股債券的到期日一(1)年(即2020年4月12日)。於2020年4月13日，本公司與富康訂立認購協議。根據認購協議，富康認購本公司所發行、本金額為92,300,000港元按年息12%計息及於2021年4月13日到期的票據。票據已透過本公司於餘下第II批可換股債券項下欠結富康的未償還負債結算。

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29. CONVERTIBLE BONDS (Continued)

(a) The convertible bonds issued on 12 April 2017 ("the April 2017 CBs"): (Continued)

The convertible bonds have been split into the liability and equity components as follows:

| | | Tranche I | | Tranche II | | Remaining Tranche II | | Total |
|--|------------------------|---------------------|------------------|---------------------|------------------|----------------------|------------------|-----------|
| | | 第I批 | 第II批 | 第II批 | 餘下第II批 | 第II批 | 第II批 | |
| | | Liability component | Equity component | Liability component | Equity component | Liability component | Equity component | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At the date of issue | 於發行日期 | 115,571 | 604 | 98,449 | 515 | - | - | 215,139 |
| Interest charge | 利息費用 | 8,747 | - | 11,067 | - | - | - | 19,814 |
| Interest paid | 已付利息 | (4,671) | - | (8,569) | - | - | - | (13,240) |
| Exchange adjustment | 匯兌調整 | (4,578) | - | (5,776) | - | - | - | (10,354) |
| Repayment | 還款 | (115,069) | (604) | - | - | - | - | (115,673) |
| At 31 December 2017 and 1 January 2018 | 於2017年12月31日及2018年1月1日 | - | - | 95,171 | 515 | - | - | 95,686 |
| Interest charge | 利息費用 | - | - | 4,104 | - | 5,809 | - | 9,913 |
| Interest paid | 已付利息 | - | - | (3,174) | - | (5,809) | - | (8,983) |
| Exchange adjustment | 匯兌調整 | - | - | (4,046) | - | 6,058 | - | 2,012 |
| Repayment | 還款 | - | - | (28,017) | (157) | - | - | (28,174) |
| Transfer to the Remaining Tranche II Convertible Bonds | 轉入餘下第II批可換股債券 | - | - | (64,038) | (358) | 64,038 | 358 | - |
| At 31 December 2018 and 1 January 2019 | 於2018年12月31日及2019年1月1日 | - | - | - | - | 70,096 | 358 | 70,454 |
| Interest charge | 利息費用 | - | - | - | - | 8,453 | - | 8,453 |
| Exchange adjustment | 匯兌調整 | - | - | - | - | 1,715 | - | 1,715 |
| At 31 December 2019 | 於2019年12月31日 | - | - | - | - | 80,264 | 358 | 80,622 |

29. 可換股債券(續)

(a) 於2017年4月12日發行的可換股債券(「2017年4月可換股債券」): (續)

可換股債券已分拆為如下負債及權益部分:

29. CONVERTIBLE BONDS (Continued)**(b) The convertible bonds issued on 11 August 2017 ("the August 2017 CBs"):**

On 11 August 2017, the Company issued the August 2017 CBs with an aggregate principal amount of HK\$600,000,000 (equivalent to approximately RMB511,416,000) at face value. The Company incurred transactions cost of approximately HK\$18,000,000 (equivalent to approximately RMB15,343,000) for the issue of the August 2017 CBs. For details, please refer to the Company's announcement on 31 July 2017. Major terms of the August 2017 CBs are set out below:

- (i) The August 2017 CBs carry 8% coupon interest per annum payable in arrears quarterly. Unless redeemed or repurchased early, the original maturity date of the August 2017 CBs is the second anniversary of the issue date (the "Maturity Date"). If the August 2017 CBs are not fully converted before the Maturity Date, the Company will redeem all the outstanding convertible bonds at nominal value plus the interest accrued but unpaid to the bondholder.
- (ii) If the average closing share price of the Company during any six consecutive months within the period commencing from the issue date to the Maturity Date has never, at any point of time, reached or exceeded the conversion price of the August 2017 CBs, the Company shall, upon redemption of the August 2017 CBs amounting to HK\$400,000,000, compensate the bondholder in cash so that the bondholder of such HK\$400,000,000 August 2017 CBs is guaranteed an annualised return of 12% for the period commencing from the issue date to the date of redemption.
- (iii) The bondholder has the right to convert the principal amount of the August 2017 CBs into ordinary shares of HK\$0.1 each of the Company on any business day from the issue date up to and including the Maturity Date at an initial conversion price of HK\$3.0 per share but subject to adjustments at any time during the term of the August 2017 CBs, subject to the minimum public float requirement.

29. 可換股債券(續)**(b) 於2017年8月11日發行的可換股債券(「2017年8月可換股債券」):**

於2017年8月11日，本公司按面值發行本金額合共600,000,000港元(相當於約人民幣511,416,000元)的2017年8月可換股債券。本公司就發行2017年8月可換股債券產生交易成本約18,000,000港元(相當於約人民幣15,343,000元)。有關詳情，請參閱本公司日期為2017年7月31日的公告。2017年8月可換股債券的主要條款載列如下：

- (i) 2017年8月可換股債券按年票面利率8%計算，每季度支付。除非提早贖回或購回，2017年8月可換股債券原到期日為發行日期第二週年日(「到期日」)。倘2017年8月可換股債券於到期日前未獲悉數轉換，本公司將按面值贖回所有尚未償還的可換股債券另加應計但未付予債券持有人的利息。
- (ii) 倘本公司股份於自發行日期至到期日期間的任何連續六個月內任何時間的平均收市價未曾保持在2017年8月可換股債券兌換價或以上，則本公司在贖回400,000,000港元2017年8月可換股債券時，須以現金形式補償債券持有人，以保證該400,000,000港元2017年8月可換股債券的持有人於發行日期至贖回日期止期間獲得12%的年化回報。
- (iii) 於2017年8月可換股債券年期內任何時間，債券持有人有權於發行日期直至及包括到期日之前之任何營業日以初步兌換價每股3.0港元(可予調整)將2017年8月可換股債券的本金額轉換為本公司每股面值0.1港元的普通股，惟公眾持股量不可低於最低要求。

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29. CONVERTIBLE BONDS (Continued)

(b) The convertible bonds issued on 11 August 2017 ("the August 2017 CBs"): (Continued)

The August 2017 CBs contain two components, the liability and equity components. The initial fair value of the two components was determined based on gross proceeds at issuance. The initial fair value less allocated transaction costs of the host liability was estimated to be approximately RMB448,959,000 as at the issuance date using the Monte Carlo Model and Discounted Cash Flow Method, taking into account the terms and conditions of the August 2017 CBs. In subsequent periods, the liability component is measured at amortised cost using the effective interest rate method. The effective interest rate of the liability component of the August 2017 CBs is 15.1% (2018: 12.0%) per annum. The redemption compensation right is initially and subsequently measured at fair value of RMB6,933,000. The residual amount less allocated transaction costs representing the value of the equity component of approximately RMB40,181,000, was presented in equity under the heading "convertible bonds equity reserve".

Fair value of the liability component was determined using the Monte Carlo Model and Discounted Cash Flow Method and the major inputs into the model are as follows:

| | | At issue date 於發行日期 |
|---------------------|-------|------------------------|
| Stock price | 股份價格 | HK\$2.98 港元 |
| Exercise price | 行使價 | HK\$2.99 港元 |
| Expected volatility | 預期波幅 | 29.27% |
| Dividend yield | 孳息率 | 0% |
| Option life | 購股權年期 | 24 months 個月 |
| Risk free rate | 無風險息率 | 0.89% |

The Group had defaulted in its repayment of the August 2017 CBs which had matured on 11 August 2019. In September 2019, the Group has repaid a principal amount of HK\$10,000,000. At 31 December 2019, the negotiation of extension of the August 2017 CBs was ongoing.

29. 可換股債券(續)

(b) 於2017年8月11日發行的可換股債券(「2017年8月可換股債券」): (續)

2017年8月可換股債券包括負債及權益兩部分。兩部分之初始公平值乃按發行時的所得款項總額釐定。主負債之初始公平值減已分配交易成本乃經考慮2017年8月可換股債券之條款及條件後於發行日期根據蒙特卡羅定價模式及貼現現金流量法估算為約人民幣448,959,000元。於其後期間，負債部分採用實際利率法按攤銷成本計量。2017年8月可換股債券的負債部分的實際利率為每年15.1%(2018年: 12.0%)。贖回補償權初始及其後按公平值人民幣6,933,000元計量。餘下金額減已分配交易成本(即權益部分的價值)約人民幣40,181,000元於「可換股債券權益儲備」下權益呈列。

負債部分之公平值乃根據蒙特卡羅定價模式及貼現現金流量法釐定，模型內的主要輸入數據如下：

本集團未能償還於2019年8月11日到期的2017年8月可換股債券。於2019年9月，本集團已償還本金額10,000,000港元。於2019年12月31日，延長2017年8月可換股債券的談判正在進行中。

29. CONVERTIBLE BONDS (Continued)

(b) The convertible bonds issued on 11 August 2017 ("the August 2017 CBs"): (Continued)

On 22 April 2020, the Company and the bondholders entered into the extension deed to extend the original maturity date on 11 August 2019 of the August 2017 CBs with a remaining principal amount of HK\$590,000,000 for one year to 11 August 2020, with all other terms and conditions of the August 2017 CBs remained unchanged. The extension was completed on 7 May 2020.

On 28 April 2020, the Company has entered into a subscription agreement with Prosper Rich Investment Limited ("Prosper Rich"), one of the bondholders of the August 2017 CBs, with principal amount of HK\$200,000,000 as at 31 December 2019. According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date (as described above) under the August 2017 CBs, interest-bearing at 14% per annum and the maturity date of the note would be one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the August 2017 CBs owed to Huarong, being one of the bondholders, in the principal amount of HK\$390,000,000 upon the maturity date.

On 9 July 2020, the Company has entered into a non-legally binding letter of intent with Huarong, pursuant to which, it is intended, among others, that Huarong shall commence its internal procedures to consider a possible extension of the convertible bond owed by the Group with principal amount of HK\$390,000,000 to 11 August 2021.

On 11 August 2020, the Group defaulted on the August 2017 CBs and the Group was in negotiation with the convertible bond holders for extension.

29. 可換股債券(續)

(b) 於2017年8月11日發行的可換股債券(「2017年8月可換股債券」): (續)

於2020年4月22日，本公司與債券持有人訂立延期契據，將本金額剩餘590,000,000港元的2017年8月可換股債券的原到期日2019年8月11日延長一年至2020年8月11日，2017年8月可換股債券的所有其他條款及條件保持不變。延期於2020年5月7日完成。

於2020年4月28日，本公司與2017年8月可換股債券(於2019年12月31日的本金額為200,000,000港元)的債券持有人之一亨富投資有限公司(「亨富」)訂立認購協議。根據認購協議，本公司將發行本金額相等於本集團於2017年8月可換股債券的經修訂到期日(如上所述)欠結亨富的未償還負債、按年息14%計息的票據，而票據的到期日將為發行日期後一年。票據認購的最終簽立須待於到期日贖回或轉換欠結華融(債券持有人之一)本金額為390,000,000港元的2017年8月可換股債券方可作實。

於2020年7月9日，本公司與華融訂立不具法律約束力的意向函，據此擬定(其中包括)華融將啟動其內部程序，考慮可能延長本集團欠付本金額為390,000,000港元的可換股債券至2021年8月11日。

於2020年8月11日，本集團未償還2017年8月可換股債券，且本集團與可換股債券持有人磋商延期。

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29. CONVERTIBLE BONDS (Continued)

(b) The convertible bonds issued on 11 August 2017 ("the August 2017 CBs"): (Continued)

The convertible bonds have been split into the liability and equity components as follows:

29. 可換股債券(續)

(b) 於2017年8月11日發行的可換股債券(「2017年8月可換股債券」): (續)

可換股債券已分拆為如下負債及權益部分:

| | | Liability component 負債部分 | | |
|---|----------------------------|---|---|--|
| | | Host liability 主負債 (At amortised cost) (按攤銷成本) RMB'000 人民幣千元 | Redemption compensation right 贖回補償權 (At fair value) (按公平值) RMB'000 人民幣千元 | Equity component 權益部分 (Residual amount) (餘下金額) RMB'000 人民幣千元 |
| At the date of issue | 於發行日期 | 448,959 | 6,933 | 40,181 |
| Interest expense | 利息開支 | 27,038 | - | - |
| Interest paid | 已付利息 | (13,417) | - | - |
| Change in fair value | 公平值變動 | - | (7,048) | - |
| Exchange adjustment | 匯兌調整 | (9,144) | 115 | - |
| At 31 December 2017 and 1 January 2018 | 於2017年12月31日及 2018年1月1日 | 453,436 | - | 40,181 |
| Interest expense | 利息費用 | 70,847 | - | - |
| Interest paid | 已付利息 | (40,526) | - | - |
| Exchange adjustment | 匯兌調整 | 23,001 | - | - |
| At 31 December 2018 and 1 January 2019 | 於2018年12月31日及 2019年1月1日 | 506,758 | - | 40,181 |
| Interest expense | 利息開支 | 63,428 | - | - |
| Interest paid | 已付利息 | (17,318) | - | - |
| Repayment | 償還 | (8,805) | - | - |
| Exchange adjustment | 匯兌調整 | 12,197 | - | - |
| At 31 December 2019 | 於2019年12月31日 | 556,260 | - | 40,181 |

30. DEFERRED GOVERNMENT GRANTS

The amount represents government grants received from the Provincial Finance Bureau, Hunan Province. These government grants are assets related and are amortised over the useful life of the related assets, which is ten years since July 2014.

30. 遞延政府補助

該款項指收到來自湖南省財政廳的政府補助。該等政府補助乃資產相關及於有關資產可使用年期即自2014年7月起計10年內攤銷。

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31. SHARE CAPITAL

31. 股本

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|--|-----------------------------------|-----------------------------------|
| Authorised: 100,000,000,000 ordinary shares at HK\$0.1 each | 法定： 100,000,000,000股 每股0.1港元的普通股 | 8,071,000 | 8,071,000 |
| Issued and fully paid 2,631,603,838 (2018: 2,614,994,419) ordinary shares | 已發行及已繳足 2,631,603,838股(2018年： 2,614,994,419股)普通股 | 211,741 | 210,244 |

A summary of movements in the Company's share capital is as follows:

本公司股本變動概述如下：

| | | Number of shares in issue 已發行 股份數目 | Total amount 總額 RMB'000 人民幣千元 |
|---|----------------------------|---|---|
| | | Notes 附註 | |
| At 1 January 2018 | 於2018年1月1日 | | 2,466,900,969 |
| Exercise of share options | 行使購股權 | (a) | 17,282,000 |
| Issuance of ordinary shares | 發行普通股 | (b) | 75,980,000 |
| Exercise of warrants | 行使認股權證 | (c) | 18,101,372 |
| Issuance of consideration shares | 發行代價股份 | (d) | 36,730,078 |
| At 31 December 2018 and 1 January 2019 | 於2018年12月31日及 2019年1月1日 | | 2,614,994,419 |
| Issuance of ordinary shares | 發行普通股 | (e) | 16,609,419 |
| At 31 December 2019 | 於2019年12月31日 | | 2,631,603,838 |

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31. SHARE CAPITAL (Continued)

Notes:

- (a) The subscription rights attaching to 17,282,000 share options were exercised at the subscription price of HK\$1.13 per share, resulting in the issue of 17,282,000 shares for a total cash consideration, before expenses, of HK\$19,528,000 (equivalent to RMB15,750,000). An amount of RMB5,374,000 was transferred from the share-based payment reserve to share premium upon the exercise of the share options.
- (b) On 4 October 2018, 75,980,000 ordinary shares were issued at HK\$4.80 each to an independent third party, Hongkong Fule International Investment Limited ("Hongkong Fule"), which resulted in proceeds of HK\$364,704,000 (equivalent to RMB320,922,000).
- (c) 18,101,372 shares were issued for cash at a weighted average subscription price of HK\$1.39 per share pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of HK\$25,197,000 (equivalent to RMB20,355,000).
- (d) On 17 September 2018, the Company issued 36,730,078 ordinary shares to the suppliers pursuant to an agreement as disclosed in the announcement dated 15 August 2017. RMB3,206,000 and RMB90,813,000 had been transferred from consideration share reserve to share capital and share premium respectively.
- (e) On 9 October 2019, the Company issued 16,609,419 ordinary shares at HK\$4.80 each to Sure Victor Global Limited ("Sure Victor"), a seller of a subsidiary acquired in the prior year, under the earn-out arrangement as disclosed in note 34. RMB1,497,000 and RMB70,390,000 had been transferred from contingent consideration liabilities to share capital and share premium respectively.

31. 股本(續)

附註：

- (a) 17,282,000份購股權所附認購權已按每股1.13港元的認購價行使，導致以19,528,000港元(相等於人民幣15,750,000元)的現金總代價(不包括開支)發行17,282,000股股份。一筆人民幣5,374,000元的款項乃於購股權獲行使後由以股份為基礎的付款儲備轉撥至股份溢價。
- (b) 於2018年10月4日，75,980,000股普通股乃按每股4.80港元的價格發行予獨立第三方香港富樂國際投資有限公司(「香港富樂」)，獲得364,704,000港元(相等於人民幣320,922,000元)的所得款項。
- (c) 根據本公司認股權證的行使情況，本公司按每股1.39港元的加權平均認購價發行18,101,372股股份，總現金代價(不包括開支)為25,197,000港元(相等於人民幣20,355,000元)。
- (d) 於2018年9月17日，根據日期為2017年8月15日的公告內所披露的協議，本公司向供應商發行36,730,078股普通股。人民幣3,206,000元及人民幣90,813,000元已分別由代價股份儲備轉撥至股本及股份溢價。
- (e) 於2019年10月9日，本公司根據附註34所披露之獲利計酬安排，向定凱環球有限公司(「定凱」，於上一年度所收購附屬公司的賣方)發行16,609,419股每股4.80港元的普通股。人民幣1,497,000元及人民幣70,390,000元已分別由或有代價負債轉移至股本及股份溢價。

32. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 28 January 2014 and has come into effect upon the Company's listing on 21 February 2014 whereby the directors of the Company, are authorised, at their discretion, to invite any director or employee of the Group and any other person who in the sole discretion of the directors has contributed or will contribute to the Group to take up options to subscribe for shares of the Company.

- (a) The key terms and conditions related to the grants under the share option scheme are as follows; all options are to be settled by the physical delivery of shares.

32. 購股權計劃

本公司設有購股權計劃，其於2014年1月28日採納及於本公司於2014年2月21日上市後生效，據此，本公司董事獲得授權，可酌情邀請其全權認為已或將對本集團作出貢獻的本集團任何董事或僱員及任何其他人士承購購股權，以認購本公司股份。

- (a) 與根據購股權計劃授出購股權有關的主要條款及條件如下，所有購股權將透過實際交付股份結算。

| Grant date/ employees entitled 授出日期/ 有權獲授之僱員 | Number of instruments in thousands 工具數目 (千份) | Vesting conditions 歸屬條件 | Contractual life of options 購股權合約年期 |
|---|--|---|---|
| Options granted to executive directors 授予執行董事的購股權 | | | |
| — On 2 July 2014 — 於2014年7月2日 | 24,000 | One third on the first anniversary, one third on the second anniversary, and the remaining on the third anniversary of the grant 三分之一於授出的第一週年、三分之一 於第二週年及其餘於第三週年 | 10 years 10年 |
| — On 7 May 2015 — 於2015年5月7日 | 8,000 | Same as above 同上 | 10 years 10年 |
| — On 31 May 2016 — 於2016年5月31日 | 1,000 | Same as above 同上 | 10 years 10年 |
| Options granted to employees 授予僱員的購股權 | | | |
| — On 2 July 2014 — 於2014年7月2日 | 89,000 | Same as above 同上 | 10 years 10年 |
| — On 7 May 2015 — 於2015年5月7日 | 94,360 | Same as above 同上 | 10 years 10年 |
| — On 31 May 2016 — 於2016年5月31日 | 26,930 | Same as above 同上 | 10 years 10年 |

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32. SHARE OPTION SCHEME (Continued)

(a) (Continued)

32. 購股權計劃(續)

(a) (續)

| Grant date/ employees entitled 授出日期/ 有權獲授之僱員 | Number of instruments in thousands 工具數目 (千份) | Vesting conditions 歸屬條件 | Contractual life of options 購股權合約年期 |
|---|--|--|---|
| Options granted to certain eligible participants | | | |
| 授予若干合資格參與者的購股權 | | | |
| — On 23 July 2015 — 於2015年7月23日 | 7,600 | On the first anniversary of the date upon which the share options are accepted subject to the grantees remaining as eligible persons at the date of vesting 於購股權獲接納的第一週年當日，惟承授人於歸屬日期仍為合資格人士 | Six months commencing from the expiry of the first anniversary of the date of acceptance and expiring on the last day 接納日期起計第一週年屆滿開始直至最後一日屆滿之六個月 |
| — On 31 May 2016 — 於2016年5月31日 | 5,200 | On the first anniversary of the date of the grant, subject to their respective predetermined annual sales targets were achieved 於授出日期起計第一個週年當日，惟須達成預先釐定的各年度銷售目標 | 10 years 10年 |
| — On 12 December 2017 — 於2017年12月12日 | 29,564 | On 31 March 2019, subject to the grantees achieving the pre-determined performance target for the period from 1 December 2017 to 31 December 2019 and the grantees remaining as eligible persons at the date of vesting 於2019年3月31日，惟承授人須完成指定由2017年12月1日至2019年12月31日的業績目標且承授人於歸屬日期仍為合資格人士 | 6.3 years 6.3年 |
| Total share options 購股權總數 | 285,654 | | |

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share options is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Option Pricing Model.

就授出之購股權收取之回報服務之公平值乃參考已授出購股權之公平值計量。已授出購股權之公平值估計乃根據二項式期權定價模式計量。購股權之合約年期乃用作該模式之輸入數據。提早行使之預期已納入二項式期權定價模式。

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32. SHARE OPTION SCHEME (Continued)

(b) Fair value of share options and assumptions

32. 購股權計劃(續)

(b) 購股權之公平值及假設

| | | 2 July 2014 | | 7 May 2015 | | 23 July 2015 | 31 May 2016 | | 12 December 2017 | |
|---------------------------------------|--|--------------------------|-----------------|--------------------------|-----------------|-------------------------------|--------------------------|-----------------|-------------------------------|-------------------------------|
| | | Share options granted to | | Share options granted to | | Share options granted to | Share options granted to | | Share options granted to | |
| | | 2014年7月2日 | | 2015年5月7日 | | 2015年7月23日 | 2016年5月31日 | | 2017年12月12日 | |
| | | 購股權授予 | | 購股權授予 | | 購股權授予 | 購股權授予 | | 購股權授予 | |
| | | Executive directors | Other employees | Executive directors | Other employees | Certain eligible participants | Executive directors | Other employees | Certain eligible participants | Certain eligible participants |
| | | 執行董事 | 其他僱員 | 執行董事 | 其他僱員 | 若干合資格參與者 | 執行董事 | 其他僱員 | 若干合資格參與者 | 若干合資格參與者 |
| Fair value at measurement date (HK\$) | 於計量日期之公平值(港元) | 0.44 | 0.39 | 0.71 | 0.58 | 0.22 | 1.22 | 1.17 | 1.45 | 1.45 |
| Share price (HK\$) | 股價(港元) | 1.07 | 1.07 | 1.68 | 1.68 | 1.67 | 3.05 | 3.05 | 3.05 | 3.70 |
| Exercise price (HK\$) | 行使價(港元) | 1.13 | 1.13 | 1.68 | 1.68 | 2.16 | 3.66 | 3.66 | 3.66 | 3.70 |
| Expected volatility | 預期波幅 | 45.54% | 45.54% | 46.20% | 46.20% | 49.43% | 50.00% | 50.00% | 50.00% | 41.61% |
| Historical volatility | 過往波幅 | 45.54% | 45.54% | 46.20% | 46.20% | 49.43% | 50.00% | 50.00% | 50.00% | 41.61% |
| Expected life | 預期年期 | 10 years | 10 years | 10 years | 10 years | 1.5 years | 10 years | 10 years | 10 years | 6.3 years |
| | | 10年 | 10年 | 10年 | 10年 | 1.5年 | 10年 | 10年 | 10年 | 6.3年 |
| Expected dividends | 預期股息 | 3% | 3% | 3% | 3% | 3% | 1.47% | 1.47% | 1.47% | 0.92% |
| Risk-free interest rate | 無風險利率 | 2.059% | 2.059% | 1.745% | 1.745% | 0.239% | 1.286% | 1.286% | 1.286% | 1.647% |
| | (based on Hong Kong Exchange Fund Notes) | | | | | | | | | |
| | (以香港外匯基金票據利率為基準) | | | | | | | | | |
| Exercise multiple | 行使倍數 | 2.8 | 2.2 | 2.8 | 2.2 | - | 2.8 | 2.2 | - | - |
| Postvesting exit rate | 歸屬後流失率 | 0% | 5.44% | 0% | 16.12% | - | 9.22% | 9.22% | - | - |

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

購股權之預期年期乃基於過往三年的歷史數據計算，未必為可能出現的行使模式的指標。預期波幅反映過往波動性代表未來趨勢之假設，亦未必代表實際結果。

已授出購股權概無其他性質納入公平值的計量。

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32. SHARE OPTION SCHEME (Continued)

(b) Fair value of share options and assumptions (Continued)

The following share options were outstanding under the scheme during the year:

32. 購股權計劃(續)

(b) 購股權之公平值及假設(續)

年內根據計劃尚未行使以下購股權：

| | | 2019 2019年 | | 2018 2018年 | |
|----------------------------|-----------------|---|--|---|--|
| | | Number of options 購股權數目 '000 千股 | Weighted- average exercise price 加權平均 行使價 HK\$ 港元 | Number of options 購股權數目 '000 千股 | Weighted- average exercise price 加權平均 行使價 HK\$ 港元 |
| Outstanding at 1 January | 於1月1日未獲行使 | 161,602 | 2.34 | 187,998 | 2.25 |
| Exercised during the year | 年內行使 | – | – | (17,282) | (1.13) |
| Lapsed during the year | 年內失效 | (28,110) | (3.66) | (9,114) | (1.83) |
| Outstanding at 31 December | 於12月31日未獲行使 | 133,492 | 2.13 | 161,602 | 2.34 |
| Exercisable at 31 December | 於12月31日 可予行使 | 133,492 | 2.13 | 120,149 | 1.98 |

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32. SHARE OPTION SCHEME (Continued)

The share price at the date of exercise for share options exercised in the prior year was HK\$5.00 per share.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2019

| Number of share options 購股權數目 '000 千股 | Exercise price 行使價 HK\$ per share 每股港元 | Exercise period 行使期 (dd/mm/yyyy) (日/月/年) |
|---|---|---|
| 11,928 | 1.13 | 2-07-2014 to 1-07-2024 2014年7月2日至2024年7月1日 |
| 87,870 | 1.68 | 7-05-2015 to 6-05-2025 2015年5月7日至2025年5月6日 |
| 31,590 | 3.66 | 31-05-2016 to 30-05-2026 2016年5月31日至2026年5月30日 |
| 2,104 | 3.70 | 12-12-2017 to 11-11-2022 2017年12月12日至2022年11月11日 |
| 133,492 | | |

32. 購股權計劃(續)

上一年度於購股權行使日期所行使之股價為每股5.00港元。

於報告期末尚未行使的購股權的行使價及行使期如下：

2019年

| Exercise price 行使價 HK\$ per share 每股港元 | Exercise period 行使期 (dd/mm/yyyy) (日/月/年) |
|---|---|
| 1.13 | 2-07-2014 to 1-07-2024 2014年7月2日至2024年7月1日 |
| 1.68 | 7-05-2015 to 6-05-2025 2015年5月7日至2025年5月6日 |
| 3.66 | 31-05-2016 to 30-05-2026 2016年5月31日至2026年5月30日 |
| 3.70 | 12-12-2017 to 11-11-2022 2017年12月12日至2022年11月11日 |

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32. SHARE OPTION SCHEME (Continued) 2018

| Number of share options 購股權數目 '000 千股 | Exercise price 行使價 HK\$ per share 每股港元 | Exercise period 行使期 (dd/mm/yyyy) (日/月/年) |
|---|---|---|
| 11,928 | 1.13 | 2-07-2014 to 1-07-2024 2014年7月2日至2024年7月1日 |
| 88,470 | 1.68 | 7-05-2015 to 6-05-2025 2015年5月7日至2025年5月6日 |
| 31,640 | 3.66 | 31-05-2016 to 30-05-2026 2016年5月31日至2026年5月30日 |
| 29,564 | 3.70 | 12-12-2017 to 11-11-2022 2017年12月12日至2022年11月11日 |
| 161,602 | | |

The 17,282,000 share options exercised during the prior year resulted in the issue of 17,282,000 ordinary shares of the Company and new share capital of RMB1,394,000 (before issue expenses), as further detailed in note 30 to the financial statements.

At the end of the reporting period, the Company had 133,492,000 share options outstanding under the scheme, representing approximately 5.1% of the Company's shares in issue as at the date of approval of these financial statements. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 133,492,000 additional ordinary shares of the Company and additional share capital of HK\$13,349,200 and share premium of HK\$271,155,240 (before issue expenses).

32. 購股權計劃(續) 2018年

於上一年度行使17,282,000份購股權導致發行本公司17,282,000股普通股及新增股本人民幣1,394,000元(扣除發行開支前)，詳情載於財務報表附註30。

於報告期末，本公司於計劃項下尚未行使的購股權為133,492,000份，相當於該等財務報表獲批准日期本公司已發行股份約5.1%。根據本公司現有資本架構，悉數行使尚未行使的購股權將導致發行133,492,000股本公司額外普通股及額外股本13,349,200港元及股份溢價271,155,240港元(扣除發行開支前)。

33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 92 to 93 of the financial statements.

(i) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the Company and certain subsidiaries with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to the financial statements.

(ii) Capital reserve

The capital reserve comprises mainly capital contributions from shareholders in respect of the contingent considerations for the acquisition of Jinxin and Xiangbei in November 2010 and August 2011 amounted to RMB33,226,000 and RMB11,555,000 respectively borne by the shareholders and deemed capital contribution of RMB77,700,000 being the amount due to the shareholders waived by the shareholders on 31 December 2012.

(iii) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

(iv) Statutory reserves

In accordance with the Wholly Foreign Owned Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

33. 儲備

本集團於本年度及過往年度的儲備金額及變動於財務報表第92至93頁的綜合權益變動表呈列。

(i) 匯兌儲備

匯兌儲備包括換算並非以人民幣為功能貨幣的本公司及若干附屬公司的財務報表所產生的所有外幣差額。該儲備根據財務報表附註2.4所載的會計政策處理。

(ii) 資本儲備

資本儲備主要包括股東就於2010年11月及2011年8月收購金鑫及湘北的或然代價(分別為人民幣33,226,000元及人民幣11,555,000元,由股東承擔)注資,以及股東於2012年12月31日豁免應付股東款項人民幣77,700,000元,已視作注資。

(iii) 股份溢價

股份溢價賬的應用受開曼群島公司法管轄。根據開曼群島公司法,本公司股份溢價賬的資金可分派予本公司股東,惟緊隨建議分派股息之日後,本公司須有能力於日常業務過程中清償到期債務。

(iv) 法定儲備

根據適用於中國附屬公司的外資企業法,該等附屬公司須撥款至法定儲備金(「法定儲備金」)。根據適用的中國會計準則及法規所釐定的除稅後溢利的至少10%必須分配至法定儲備金,直至法定儲備金的累計總額已達到該等附屬公司註冊資本的50%。經相關中國機構批准後,法定儲備金可用作抵銷任何累計虧損或增加該等附屬公司的註冊資本。法定儲備金不可用於向股東作出股息分派。

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33. RESERVES (Continued)

(v) Share-based payment reserve

Share-based payment reserve represents the portion of the fair value of unexercised share options granted to employees of the Group at grant date that has been recognised in accordance with the accounting policy adopted for equity-settled share option expense in note 2.4 to the financial statements.

The amount will either be transferred to the share premium account when the option is exercised, or be released directly to retained profits if the option is lapsed or forfeited.

(vi) Warrant reserve

Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon the exercise of the warrants, the warrant reserve will be transferred to share capital and share premium.

On 19 January 2015, the Company issued 133,650,000 warrants to 7 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.30 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers in aggregate, agree to supply 49,500 tons of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton. For details, please refer to the Company's announcement on 19 December 2014.

On 24 February 2015, the Company issued 102,000,000 warrants to 3 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.50 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers, in aggregate, agree to supply 30,000 tons of copper scrap raw materials to the Group from 1 February 2015 to 31 January 2016 at a fixed discount of RMB2,000 per ton. For details, please refer to the Company's announcement on 5 February 2015.

33. 儲備(續)

(v) 以股份為基礎的付款儲備

以股份為基礎的付款儲備指已授予本集團僱員而未行使的購股權於授出日期的公平值部分，該公平值已按照財務報表附註2.4就權益結算購股權開支所採用的會計政策確認。

該金額將於購股權獲行使時轉撥至股份溢價賬，或倘購股權失效或被充公，則直接轉撥至保留溢利。

(vi) 認股權證儲備

認股權證儲備源自發行認股權證減認股權證發行所產生的開支。認股權證獲行使後，認股權證儲備將轉撥至股本及股份溢價。

於2015年1月19日，本公司按發行價每股認股權證0.001港元向7名認購方發行133,650,000份認股權證。每份認股權證將賦予其持有人按認購價每股1.30港元認購本公司一股股份。認股權證將根據歸屬條件分階段歸屬。歸屬條件為供應商將根據彼等各自年度供應協議項下的交易進行，據此，各供應商同意於2015年以固定折讓每噸人民幣1,000元向本集團合計供應廢舊銅原材料49,500噸。詳情請參閱本公司日期為2014年12月19日的公告。

於2015年2月24日，本公司按發行價每股認股權證0.001港元向3名認購方發行102,000,000份認股權證。每份認股權證將賦予其持有人按認購價每股1.50港元認購本公司一股股份。認股權證將根據歸屬條件分階段歸屬。歸屬條件為供應商將根據彼等各自年度供應協議項下的交易進行，據此，各供應商同意於2015年2月1日起至2016年1月31日以固定折讓每噸人民幣2,000元向本集團合計供應廢舊銅原材料30,000噸。詳情請參閱本公司日期為2015年2月5日的公告。

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33. RESERVES (Continued)

(vi) Warrant reserve (Continued)

No warrant was issued in 2016, 2017, 2018 and 2019. During the year ended 31 December 2019, no (2018: 18,101,000) warrants were exercised. As a result, RMB8,519,000 was released from the warrant reserve, RMB1,462,000 and RMB27,412,000 were credited to share capital and share premium respectively in the prior year. As at 31 December 2019, there were 9,613,000 (2018: 9,613,000) warrants outstanding and to be expired on 18 January 2020.

(vii) Consideration share reserve

Consideration share reserve arises from the issue of consideration shares less cash consideration incurred pertaining to the consideration shares issued. Upon the allotment of the consideration shares, the consideration share reserve will be transferred to share capital and share premium.

On 15 August 2017, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an Annual Procurement Agreement ("the APA#1"), pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 15 August 2017 to 14 August 2018. For each ton of copper scrap raw materials supplied under the APA#1, the Company will pay up to RMB3,000 by way of issuance of a maximum number of 1,172 consideration shares at an issue price of HK\$3.00 per consideration share and settle the remainder in cash. For details, please refer to the Company's announcement on 15 August 2017.

As the targeted amount of supply of copper scrap raw materials from the suppliers is 56,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the APA#1 is 65,632,000 shares.

33. 儲備(續)

(vi) 認股權證儲備(續)

於2016年、2017年、2018年及2019年，概無發行任何認股權證。截至2019年12月31日止年度，概無(2018年：18,101,000份)認股權證獲行使。因此，人民幣8,519,000元自認股權證儲備撥出，且於上一年度人民幣1,462,000元及人民幣27,412,000元分別計入股本及股份溢價。於2019年12月31日，9,613,000份(2018年：9,613,000份)認股權證已發行在外且將於2020年1月18日屆滿。

(vii) 代價股份儲備

代價股份儲備來源於發行代價股份並扣除代價股份發行所產生現金代價。配發代價股份後，代價股份儲備將撥至股本及股份溢價。

於2017年8月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議(「年度供應協議#1」)，據此，各供應商同意從2017年8月15日至2018年8月14日供應目標數量的廢舊銅原材料予本集團。對於根據年度供應協議#1所提供的每噸廢舊銅原材料，本公司將以按發行價每股代價股份3.00港元發行最多1,172股代價股份的方式支付至多人民幣3,000元，並以現金支付剩下結餘。詳情請參閱本公司日期為2017年8月15日的公告。

由於來自供應商的廢舊銅原材料的目標供應總量為56,000噸，本公司根據年度供應協議#1可能發行的最高代價股份數目為65,632,000股。

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33. RESERVES (Continued)

(vii) Consideration share reserve (Continued)

On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an Annual Procurement Agreement ("the APA#2"), pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019. For each ton of copper scrap raw materials supplied under the APA#2, the Company will pay up to RMB3,000 by way of issuance of a maximum number of 734 consideration shares at an issue price of HK\$5.00 per consideration share and settle the remainder in cash. For details, please refer to the Company's announcement on 15 June 2018.

As the targeted amount of supply of copper scrap raw materials from the suppliers is 160,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the APA#2 is 117,440,000 shares. The outstanding consideration shares will be allotted and issued to the subscribers in one lot within 10 business days from 15 June 2019. A supplemental agreement was signed, the outstanding consideration shares allotted and issued to the subscribers in one lot would be deferred by 6 months or a date mutually agreed by both parties.

During the year, the Group purchased 24,636 tons (2018: 36,541 tons) of copper scrap raw materials from these suppliers and accordingly, the Group recognised consideration share reserve of RMB73,910,000 (2018: RMB109,625,000).

(viii) Convertible bonds equity reserve

Convertible bonds equity reserve arises from the residual amount of the net proceeds of convertible bonds less the fair value of the liability component and the derivative component at the date of issuance. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share capital and share premium). Where the conversion option remains unexercised at the expiry date, the balance will be released to the retained earnings/accumulated losses.

33. 儲備(續)

(vii) 代價股份儲備(續)

於2018年6月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議（「年度供應協議#2」），據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本集團。對於根據年度供應協議#2所提供的每噸廢舊銅原材料，本公司將以按發行價每股代價股份5.00港元發行最多734股代價股份的方式支付至多人民幣3,000元，並以現金支付剩下結餘。詳情請參閱本公司日期為2018年6月15日的公告。

由於來自供應商的廢舊銅原材料的目標供應總量為160,000噸，本公司根據年度供應協議#2可能發行的最高代價股份數目為117,440,000股。未發行代價股份將於2019年6月15日起10個營業日內一次性配發及發行予認購方。本公司已簽訂補充協議，未發行代價股份將推遲六個月或由雙方共同協定的日期一次性分配及發行予認購方。

本年度，本集團向該等供應商購買24,636噸（2018年：36,541噸）廢舊銅原材料，因此本集團確認代價股份儲備人民幣73,910,000元（2018年：人民幣109,625,000元）。

(viii) 可換股債券權益儲備

可換股債券權益儲備產生自可換股債券所得款項淨額減發行日期負債部分及衍生工具部分公平值的餘額。權益部分將存留於權益內並分開呈列，直至轉換權獲行使（在此情況下，權益部分的相應部分將轉撥至股本及股份溢價）。倘轉換權於屆滿日期仍未行使，則結餘將撥至保留盈利／累計虧損。

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34. BUSINESS COMBINATIONS

- (a) On 27 March 2018, the Group acquired 100% interest in Silver Eminent Limited ("Silver Eminent") and its subsidiaries ("Silver Eminent Group"). Silver Eminent is engaged in trading of copper products through Zhaofeng, its subsidiary in the PRC. The acquisition was made as part of the Group's strategy to expand its market share of recycled copper products in the PRC. The purchase consideration for the acquisition was in the form of cash amounting to RMB139,161,000 (equivalent to HK\$158,824,000), of which RMB63,567,000 (equivalent to HK\$79,412,000) was paid in March 2018 with the remaining amount subject to earn-out arrangement as further discussed below and by way of allotment and issuance of consideration shares, which are also subject to earn-out arrangement as further detailed below, with an estimated value of RMB467,000 at the acquisition date.

The fair values of the identifiable assets and liabilities of Silver Eminent Group as at the date of acquisition were as follows:

34. 業務合併

- (a) 於2018年3月27日，本集團收購銀赫集團有限公司（「銀赫」）及其附屬公司（「銀赫集團」）100%權益。銀赫通過其中國附屬公司兆豐從事銅產品買賣。是次收購為本集團擴大其於中國再生銅產品市場份額戰略的一部分。收購的購買代價為現金人民幣139,161,000元（相當於158,824,000港元）（其中人民幣63,567,000元（相當於79,412,000港元）於2018年3月支付，餘額視乎下文進一步討論的獲利計酬安排）以及於收購日期配發及發行估計價值為人民幣467,000元的代價股份（亦視乎下文進一步詳述的獲利計酬安排）。

於收購日期，銀赫集團之可識別資產及負債之公平值如下：

| | | Fair value recognised on acquisition 收購時確認 之公平值 RMB'000 人民幣千元 |
|---|-----------------------|---|
| Property, plant and equipment | 物業、廠房及設備 | 17 |
| Inventories | 存貨 | 432 |
| Trade and other receivables, gross | 貿易及其他應收款項總額 | 106,775 |
| Provision for impairment of trade and other receivables | 貿易及其他應收款項減值撥備 | - |
| Cash and cash equivalents | 現金及現金等值項目 | 15 |
| Trade and other payables | 貿易及其他應付款項 | (106,769) |
| Total identifiable net assets at fair value | 按公平值計之可識別淨資產總額 | 470 |
| Goodwill on acquisition | 收購所產生商譽 | 63,564 |
| Consideration | 代價 | 64,034 |
| Consideration | 代價 | |
| — Satisfied by cash | — 以現金結算 | 63,567 |
| — Shares subject to earn-out payment (note) | — 根據獲利計酬發行的股份（附註） | 467 |
| | | 64,034 |

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34. BUSINESS COMBINATION (Continued)

(a) (Continued)

Note:

As part of the sale and purchase agreement, contingent consideration, in the form of cash and shares ("Contingent Shares"), is payable, which is dependent on net profits of Silver Eminent Group during the 36-month period subsequent to the acquisition. The initial amounts recognised were based on the closing market price of the Company on the Stock Exchange at the date of acquisition and the probability to meet the net profit target and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders 90 days after each financial statement approval date. At the date of approval of these financial statements, no further significant changes to the consideration were expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

- Sales volume growth ranging from 6% to 15% from 2018 to 2020; and
- Pre-tax discount rate at 9.00% (2018: 8.33%).

A significant increase (decrease) in the net profit of Silver Eminent Group would result in a significant increase (decrease) in the fair value of the contingent consideration liability. A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in the fair value of the contingent consideration liability.

34. 業務合併(續)

(a) (續)

附註：

作為買賣協議的一部分，現金及股份（「或然股份」）形式的或然代價屬應付，取決於收購後36個月期間銀赫集團的純利。初始金額根據收購日期本公司股份於聯交所的收市價及達成純利目標的概率確認，並且於第3級公平值計量範圍內。代價於到期時進行最終計量並將於各財務報表獲批准之日後90天支付於予前股東。於批准該等財務報表之日期，預期不會對代價作出進一步重大變動。

或然代價之公平值計量的重大不可觀察估值輸入數據如下：

- 從2018年到2020年，銷量增長率介乎6%至15%；及
- 稅前貼現率為9.00%（2018年：8.33%）。

銀赫集團之純利大幅增加（減少）將導致或然代價負債之公平值大幅增加（減少）。貼現率大幅增加（減少）將導致或然代價負債之公平值大幅減少（增加）。

34. BUSINESS COMBINATION (Continued)

(a) (Continued)

Based on the sale and purchase agreement dated 15 December 2017, the contingent consideration will be satisfied by the issuance of Contingent Shares in three tranches in the following manner:

- (i) If Silver Eminent Group achieves net profits of RMB25,000,000 for the year ended 31 December 2018, a maximum of 11,610,000 Contingent Shares shall be issued;
- (ii) If Silver Eminent Group achieves net profits of RMB55,000,000 for the two years ending 31 December 2019, a maximum of 37,305,000 Contingent Shares shall be issued; and
- (iii) If Silver Eminent Group achieves net profits of RMB90,000,000 for the three years ended 31 December 2020, a maximum of 41,796,000 Contingent Shares shall be issued.

Assuming the maximum number of Contingent Shares is being allotted and issued to the seller, 41,796,000 shares will be issued under the sale and purchase agreement, representing approximately 1.69% of the issued share capital of the Company as at the acquisition date and approximately 1.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Contingent Shares. The Contingent Shares to be issued will rank pari passu in all respects with the shares then in issue on the relevant issue date.

The fair values of the trade and other receivables as at the date of acquisition amounted to RMB106,775,000. The gross contractual amount of trade and other receivables was RMB106,775,000. No trade and other receivables are expected to be uncollectible.

34. 業務合併(續)

(a) (續)

根據日期為2017年12月15日的買賣協議，或然代價將以下列方式分三批次發行或然股份支付：

- (i) 倘銀赫集團於截至2018年12月31日止年度實現純利人民幣25,000,000元，則最多將發行11,610,000股或然股份；
- (ii) 倘銀赫集團於截至2019年12月31日止兩個年度實現純利人民幣55,000,000元，則最多將發行37,305,000股或然股份；及
- (iii) 倘銀赫集團於截至2020年12月31日止三個年度實現純利人民幣90,000,000元，則最多將發行41,796,000股或然股份。

假設將向賣方配發及發行最高數目的或然股份，則根據買賣協議將發行41,796,000股股份，相當於本公司於收購日期已發行股本約1.69%以及經配發及發行或然股份擴大後本公司已發行股本約1.67%。將予發行之或然股份將與於相關發行日期當時已發行的股份在所有方面享有同等地位。

貿易及其他應收款項於收購日期之公平值為人民幣106,775,000元。貿易及其他應收款項的合約總額為人民幣106,775,000元。預期貿易及其他應收款項均可收回。

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財務報表附註

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34. BUSINESS COMBINATION (Continued)

(a) (Continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

| | | RMB'000 人民幣千元 |
|---|---------------------------|------------------|
| Cash consideration | 現金代價 | 63,567 |
| Cash and bank balances acquired | 所收購的現金及銀行結餘 | (15) |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | 計入投資活動所得現金流量之現金及現金等值項目淨流出 | 63,552 |

Since the acquisition, Silver Eminent Group contributed RMB129,862,000 to the Group's revenue and caused a loss of RMB10,595,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the prior year, the revenue and the profit of the Group for the prior year would have been RMB20,802,029,000 and RMB20,549,000, respectively.

- (b) On 4 April 2018, the Group acquired a 100% interest in Value Link and its subsidiaries ("Value Link Group"). Value Link is engaged in production of copper products through Rongsheng, its subsidiary in the PRC. The acquisition was made as part of the Group's strategy to expand its market share of recycled copper products in the PRC. The purchase consideration for the acquisition was in the form of cash amounting to RMB115,309,000 (equivalent to HK\$131,601,000), by way of allotment and issuance of Contingent Shares estimated at RMB61,266,000 at the acquisition date and by way of assumption of a loan issued by Sure Victor Global Limited ("Sure Victor"), the seller, to China Rongsheng Metal Limited, a subsidiary of Value Link, at the prevailing benchmark interest rate as specified by the People's Bank of China ("PBOC") per annum for a term commencing from the completion date to 31 March 2021, approximately RMB115,309,000 at the acquisition date. Both the Contingent Shares and the loan are subject to an earn-out arrangement as further detailed below.

34. 業務合併(續)

(a) (續)

有關收購附屬公司的現金流量分析如下：

自收購以來，銀赫集團為本集團的收益貢獻人民幣129,862,000元，及為截至2018年12月31日止年度的綜合溢利帶來虧損人民幣10,595,000元。

倘合併於上一度初作實，則本集團上一年度的收益及溢利將分別為人民幣20,802,029,000元及人民幣20,549,000元。

- (b) 於2018年4月4日，本集團收購尚領及其附屬公司(「尚領集團」)100%權益。尚領通過其中國附屬公司融晟從事銅產品生產。是次收購為本集團擴大其於中國再生銅產品市場份額戰略的一部分。收購的購買代價為現金人民幣115,309,000元(相當於131,601,000港元)，透過於收購日期配發及發行估計金額為人民幣61,266,000元的或然股份以及通過承擔由定凱環球有限公司(「定凱」，賣方)於收購日期按中國人民銀行(「中國人民銀行」)指定的現行基準年利率向尚領之附屬公司中國融晟金屬有限公司發行金額約為人民幣115,309,000元(年期為自完成日期起至2021年3月31日)的貸款支付。或然股份及貸款均受下文進一步詳述的獲利計酬安排規限。

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財務報表附註

31 December 2019 2019年12月31日

34. BUSINESS COMBINATION (Continued)

(b) (continued)

The fair values of the identifiable assets and liabilities of Value Link Group as at the date of acquisition were as follows:

34. 業務合併(續)

(b) (續)

於收購日期，尚領集團之可識別資產及負債之公平值如下：

| | | Fair value recognised on acquisition 收購時確認 之公平值 RMB'000 人民幣千元 |
|---|-----------------------|---|
| Property, plant and equipment | 物業、廠房及設備 | 5,506 |
| Inventories | 存貨 | 54,714 |
| Trade and other receivables, gross | 貿易及其他應收款項總額 | 20,542 |
| Provision for impairment of trade and other receivables | 貿易及其他應收款項減值撥備 | - |
| Cash and cash equivalents | 現金及現金等值項目 | 168 |
| Trade and other payables | 貿易及其他應付款項 | (75,741) |
| Obligation under finance leases | 融資租賃下責任 | (4,282) |
| Total identifiable net assets at fair value | 按公平值計之可識別淨資產總額 | 907 |
| Goodwill on acquisition | 收購所產生商譽 | 290,977 |
| Consideration | 代價 | 291,884 |
| Consideration | 代價 | |
| — Satisfied by cash | — 以現金結算 | 115,309 |
| — Shares subject to earn-out payment (note (i)) | — 根據獲利計酬發行的股份(附註(i)) | 61,266 |
| — Loan subject to earn-out payment (note (ii)) | — 根據獲利計酬發行的貸款(附註(ii)) | 115,309 |
| | | 291,884 |

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34. BUSINESS COMBINATION (Continued)

(b) (continued)

Notes:

- (i) As part of the sale and purchase agreement, Contingent Shares are to be settled as payable, which is dependent on net profits of Value Link Group during the 36-month period subsequent to the acquisition. The initial amounts recognised were based on the closing market price of the Company on the Stock Exchange at the date of acquisition and the probability to meet the net profit target and is within level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders 90 days after each financial statement approval date. At the date of approval of these financial statements, no further significant changes to the consideration were expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

- Sales growth ranging from 6 to 15% from 2018 to 2020; and
- Pre-tax discount rate at 9.00% (2018: 8.33%).

A significant increase (decrease) in the discount rate would result in a significant decrease (increase) in the fair value of the contingent consideration liability.

Based on the sale and purchase agreement dated 7 February 2018, the Contingent Shares will be issued in three tranches in the following manner:

- (a) If Value Link Group achieves net profits of RMB45,000,000 for the year ended 31 December 2018, a maximum of 23,621,000 Contingent Shares shall be issued;
- (b) If Value Link Group achieves net profits of RMB105,000,000 for the two years ended 31 December 2019, a maximum of 55,116,000 Contingent Shares shall be issued; and
- (c) If Value Link Group achieves net profits of RMB180,000,000 for the three years ending 31 December 2020, a maximum of 94,485,000 Contingent Shares shall be issued.

Assuming the maximum number of Contingent Shares is being allotted and issued to the seller, 94,485,000 shares will be issued under the sale and purchase agreement, representing approximately 3.83% of the issued share capital of the Company as at the acquisition date and approximately 3.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Contingent Shares. The Contingent Shares to be issued will rank pari passu in all respects with the shares then in issue on the relevant issue date.

- (ii) If Value Link Group fails to achieve an aggregate net profit of approximately RMB69,857,000 for the three years ending 31 December 2020, Sure Victor shall unconditionally waive a maximum of 100% of the loan.

34. 業務合併(續)

(b) (續)

附註:

- (i) 作為買賣協議的一部分，將予結算的或然股份屬應付，取決於收購後36個月期間尚領集團的純利。初始金額根據收購日期本公司股份於聯交所的收市價及達成純利目標的概率釐定，並且於第3級公平值計量範圍內。代價於到期時進行最終計量並將於各財務報表獲批准之日後90天支付予前股東。於批准該等財務報表之日期，預期不會對代價作出進一步重大變動。

或然代價之公平值計量的重大不可觀察估值輸入數據如下:

- 從2018年到2020年，銷量增長率介乎6%至15%；及
- 稅前貼現率為9.00%(2018年: 8.33%)。

貼現率大幅增加(減少)將導致或然代價負債之公平值大幅減少(增加)。

根據日期為2018年2月7日的買賣協議，或然股份將以下列方式分三批次發行:

- (a) 倘尚領集團於截至2018年12月31日止年度實現純利人民幣45,000,000元，則最多將發行23,621,000股或然股份；
- (b) 倘尚領集團於截至2019年12月31日止兩個年度實現純利人民幣105,000,000元，則最多將發行55,116,000股或然股份；及
- (c) 倘尚領集團於截至2020年12月31日止三個年度實現純利人民幣180,000,000元，則最多將發行94,485,000股或然股份。

假設將向賣方配發及發行最高數目的或然股份，則根據買賣協議將發行94,485,000股股份，相當於本公司於收購日期已發行股本約3.83%以及經配發及發行或然股份擴大後本公司已發行股本約3.69%。將予發行之或然股份將與於相關發行日期當時已發行的股份在所有方面享有同等地位。

- (ii) 倘尚領集團未能於截至2020年12月31日止三個年度實現純利總額約人民幣69,857,000元，則定凱將無條件豁免最多100%的貸款。

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34. BUSINESS COMBINATION (Continued)

(b) (continued)

The fair values of the trade and other receivables as at the date of acquisition amounted to RMB20,542,000. The gross contractual amount of trade and other receivables was RMB20,542,000. No trade and other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

| | | RMB'000 人民幣千元 |
|---|---------------------------|------------------|
| Cash consideration | 現金代價 | 115,309 |
| Cash and bank balances acquired | 所收購的現金及銀行結餘 | (168) |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | 計入投資活動所得現金流量之現金及現金等值項目淨流出 | 115,141 |

Since the acquisition, Value Link Group contributed RMB1,006,694,000 to the Group's revenue and RMB43,848,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the prior year, the revenue and the profit of the Group for the prior year would have been RMB20,874,046,000 and RMB17,498,000, respectively.

(c) On 19 October 2018, the Group acquired a 100% interest in Sky Harvest and its subsidiaries ("Sky Harvest Group"). Sky Harvest Group is engaged in production of copper products through Chengxin, its subsidiary in the PRC. The acquisition was made as part of the Group's strategy to expand its market share of recycled copper products in the PRC. The purchase consideration for the acquisition was in the form of cash amounting to RMB88,532,000 (equivalent to HK\$100,000,000), by way of allotment and issue of Contingent Shares estimated at RMB195,428,000 (equivalent to HK\$223,040,000) at the acquisition date and by way of assumption of a loan issued by Advance Splendid Limited ("Advance Splendid"), the seller, to China Sanmei Copper Limited, a subsidiary of Sky Harvest, at the prevailing benchmark interest rate as specified by the PBOC per annum for a term commencing from the completion date to 31 March 2021, approximately RMB70,826,000 (equivalent to HK\$80,000,000) at the acquisition date. Both the Contingent Shares and the loan are subject to an earn-out arrangement as further detailed below.

34. 業務合併(續)

(b) (續)

貿易及其他應收款項於收購日期的公平值達人民幣20,542,000元。貿易及其他應收款項的總合約金額為人民幣20,542,000元。預期貿易及其他應收款項均可收回。

有關收購附屬公司的現金流量分析如下：

| | | RMB'000 人民幣千元 |
|---|---------------------------|------------------|
| Cash consideration | 現金代價 | 115,309 |
| Cash and bank balances acquired | 所收購的現金及銀行結餘 | (168) |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | 計入投資活動所得現金流量之現金及現金等值項目淨流出 | 115,141 |

自收購以來，尚領集團為本集團的收益貢獻人民幣1,006,694,000元，及為截至2018年12月31日止年度的綜合溢利貢獻人民幣43,848,000元。

倘合併於上一年度初作實，則本集團上一年度的收益及溢利將分別為人民幣20,874,046,000元及人民幣17,498,000元。

(c) 於2018年10月19日，本集團收購天豐及其附屬公司(「天豐集團」)100%權益。天豐集團通過其中國附屬公司晟鑫從事銅產品生產。是次收購為本集團擴大其於中國再生銅產品市場份額戰略的一部分。收購的購買代價為現金人民幣88,532,000元(相當於100,000,000港元)，通過於收購日期配發及發行估計金額為人民幣195,428,000元(相當於223,040,000港元)的或然股份以及通過承擔由錦晉創投有限公司(「錦晉」，賣方)於收購日期按中國人民銀行指定的現行基準利率向天豐之附屬公司中國三美銅業有限公司發行金額約為人民幣70,826,000元(相當於80,000,000港元)(年期為自完成日期起至2021年3月31日)的貸款支付。或然股份及貸款均受下文進一步詳述的獲利計酬安排規限。

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財務報表附註

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34. BUSINESS COMBINATION (Continued)

(c) (continued)

The fair values of the identifiable assets and liabilities of Sky Harvest Group as at the date of acquisition were as follows:

34. 業務合併(續)

(c) (續)

於收購日期，天豐集團之可識別資產及負債之公平值如下：

| | | Fair value recognised on acquisition 收購時確認 之公平值 RMB'000 人民幣千元 |
|---|-----------------------|---|
| Property, plant and equipment | 物業、廠房及設備 | 22,971 |
| Prepaid land lease payments | 預付土地租賃款項 | 10,070 |
| Inventories | 存貨 | 13 |
| Trade and other receivables, gross | 貿易及其他應收款項總額 | 13,318 |
| Provision for impairment of trade and other receivables | 貿易及其他應收款項減值撥備 | - |
| Cash and cash equivalents | 現金及現金等值項目 | 404 |
| Total identifiable net assets at fair value | 按公平值計之可識別淨資產總額 | 46,776 |
| Goodwill on acquisition | 收購所產生商譽 | 308,010 |
| Consideration | 代價 | 354,786 |
| Consideration | 代價 | |
| — Satisfied by cash | — 以現金結算 | 88,532 |
| — Shares subject to earn-out payment (note (i)) | — 根據獲利計酬發行的股份(附註(i)) | 195,428 |
| — Loan subject to earn-out payment (note (ii)) | — 根據獲利計酬發行的貸款(附註(ii)) | 70,826 |
| | | 354,786 |

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財務報表附註

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34. BUSINESS COMBINATION (Continued)

(c) (continued)

Notes:

- (i) As part of the sale and purchase agreement, Contingent Shares are to be issued, which is dependent on net profits of Sky Harvest Group during the 36-month period subsequent to the acquisition. The initial amount recognised was based on the closing market price of the Company on the Stock Exchange at the date of acquisition and the probability to meet the net profit target and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders 90 days after each financial statement approval date. At the date of approval of these financial statements, no further significant changes to the consideration were expected.

Significant unobservable valuation inputs for the fair value measurement of contingent consideration are as follows:

- Sales volume growth from 6% to 15% from 2019 to 2021; and
- Pre-tax discount rate is at 9.00% (2018: 8.33%).

A significant increase/(decrease) in the net profit of Sky Harvest Group would result in a significant increase (decrease) in the fair value of the contingent consideration liability. A significant increase/(decrease) in the discount rate would result in a significant decrease/(increase) in the fair value of the contingent consideration liability.

Based on the sale and purchase agreement dated 19 October 2018, the Contingent Shares will be issued in three tranches in the following manner:

- (a) If Sky Harvest Group achieves net profits of RMB35,000,000 for the year ended 31 December 2019, a maximum of 15,361,000 Contingent Shares shall be issued;
- (b) If Sky Harvest Group achieves net profits of RMB85,000,000 for the two years ending 31 December 2020, a maximum of 37,305,000 Contingent Shares shall be issued; and
- (c) If Sky Harvest Group achieves net profits of RMB150,000,000 for the three years ending 31 December 2021, a maximum of 65,833,000 Contingent Shares shall be issued.

Assuming the maximum number of Contingent Shares is being allotted and issued to the seller, 65,833,000 shares will be issued under the sale and purchase agreement, representing approximately 2.52% of the issued share capital of the Company as at the acquisition date and approximately 2.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Contingent Shares. The Contingent Shares to be issued will rank pari passu in all respects with the shares then in issue on the relevant issue date.

34. 業務合併(續)

(c) (續)

附註：

- (i) 作為買賣協議的一部分，將發行或然股份，取決於收購後36個月期間天豐集團的純利。初始金額根據收購日期本公司股份於聯交所的收市價及達成純利目標的概率釐定，並且於第3級公平值計量範圍內。代價於到期時進行最終計量並將於各財務報表獲批准之日後90天支付予前股東。於批准該等財務報表之日期，預期不會對代價作出進一步重大變動。

或然代價之公平值計量的重大不可觀察估值輸入數據如下：

- 從2019年到2021年，銷量增長率介乎6%至15%；及
- 稅前貼現率為9.00%(2018年：8.33%)。

天豐集團之純利大幅增加(減少)／將導致或然代價負債之公平值大幅增加／(減少)。貼現率大幅增加／(減少)將導致或然代價負債之公平值大幅減少／(增加)。

根據日期為2018年10月19日的買賣協議，或然股份將以下列方式分三批次發行：

- (a) 倘天豐集團於截至2019年12月31日止年度實現純利人民幣35,000,000元，則最多將發行15,361,000股或然股份；
- (b) 倘天豐集團於截至2020年12月31日止兩個年度實現純利人民幣85,000,000元，則最多將發行37,305,000股或然股份；及
- (c) 倘天豐集團於截至2021年12月31日止三個年度實現純利人民幣150,000,000元，則最多將發行65,833,000股或然股份。

假設將向賣方配發及發行最高數目的或然股份，則根據買賣協議將發行65,833,000股股份，相當於本公司於收購日期已發行股本約2.52%以及經配發及發行或然股份擴大後本公司已發行股本約2.46%。將予發行之或然股份將與於相關發行日期當時已發行的股份在所有方面享有同等地位。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

34. BUSINESS COMBINATION (Continued)

(c) (continued)

Notes: (continued)

- (ii) If Sky Harvest Group fails to achieve an aggregate net profit of approximately RMB53,028,000 for the three years ending 31 December 2021, Advance Splendid shall unconditionally waive a maximum of 100% of the loan.

The fair values of the trade and other receivables as at the date of acquisition amounted to RMB13,318,000. The gross contractual amount of trade and other receivables was RMB13,318,000. No trade and other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

| | | RMB'000 人民幣千元 |
|---|---------------------------|------------------|
| Cash consideration | 現金代價 | 88,532 |
| Cash and bank balances acquired | 所收購的現金及銀行結餘 | (404) |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | 計入投資活動所得現金流量之現金及現金等值項目淨流出 | 88,128 |

Since the acquisition, Sky Harvest Group contributed nil to the Group's revenue and profit of RMB450,000 to the consolidated profit for the year ended 31 December 2018.

Had the combination taken place at the beginning of the prior year, the revenue and the profit of the Group for the prior year would have been RMB20,642,565,000 and RMB19,956,000 respectively.

34. 業務合併(續)

(c) (續)

附註：(續)

- (ii) 倘天豐集團未能於截至2021年12月31日止三個年度實現純利總額約人民幣53,028,000元，則錦晉將無條件豁免最多100%的貸款。

貿易及其他應收款項於收購日期之公平值為人民幣13,318,000元。貿易及其他應收款項的合約總額為人民幣13,318,000元。預期貿易及其他應收款項均可收回。

有關收購附屬公司的現金流量分析如下：

| | | RMB'000 人民幣千元 |
|---|---------------------------|------------------|
| Cash consideration | 現金代價 | 88,532 |
| Cash and bank balances acquired | 所收購的現金及銀行結餘 | (404) |
| Net outflow of cash and cash equivalents included in cash flows from investing activities | 計入投資活動所得現金流量之現金及現金等值項目淨流出 | 88,128 |

自收購以來，天豐集團為本集團的收益貢獻零元，及為截至2018年12月31日止年度的綜合溢利貢獻溢利人民幣450,000元。

倘合併於上一年度初作實，則本集團上一年度的收益及溢利將分別為人民幣20,642,565,000元及人民幣19,956,000元。

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) Certain additions of property, plant and equipment were not paid at the end of the reporting period and were recorded as net payables of RMB18,430,000 (2018: RMB30,433,000).
- (ii) During the year, the Group had non-cash addition to right-of-use assets and lease liabilities of RMB598,000 and RMB514,000, respectively, in respect of lease arrangements for buildings, and plant and equipment (2018: Nil).

35. 綜合現金流量表附註

(a) 主要非現金交易

- (i) 若干物業、廠房及設備之添置於報告期末尚未支付及以應付款項淨額人民幣18,430,000元(2018年：人民幣30,433,000元)入賬。
- (ii) 年內，本集團就樓宇、廠房及設備的租賃安排擁有的非現金使用權資產及租賃負債的增加分別為人民幣598,000元及人民幣514,000元(2018年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities 2019

35. 綜合現金流量表附註(續)

(b) 融資活動產生之負債變動 2019年

| | | Interest-bearing | | Liability | | Amounts due | | | Total |
|--|-----------------|---------------------------|---|--------------------------------|---------------------------------------|---------------|----------------|------------------|-----------|
| | | bank and other borrowings | Lease Liabilities/ finance lease payables | component of convertible bonds | (from)/to associates/ related parties | Note payables | Other accruals | Pledged deposits | |
| | | 計息銀行及其他借款 | 租賃負債/ 融資租賃應付款項 | 可換股債券負債部分 | 聯營公司/ 關聯方款項 | 應付票據 | 其他應計費用 | 已抵押存款 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2019 | 於2019年1月1日 | 548,548 | 4,940 | 576,854 | 98,666 | 17,524 | 1,836 | 51,812 | 1,300,180 |
| Effect of adoption of IFRS 16 | 採納國際財務報告第16號的影響 | - | 5,108 | - | - | - | - | - | 5,108 |
| At 1 January 2019 (restated) | 於2019年1月1日(經重列) | 548,548 | 10,048 | 576,854 | 98,666 | 17,524 | 1,836 | 51,812 | 1,305,288 |
| Proceeds from interest-bearing bank and other borrowings | 計息銀行及其他借款所得款項 | 767,253 | - | - | - | - | - | - | 767,253 |
| Repayment of interest-bearing bank and other borrowings | 償還計息銀行及其他借款 | (290,690) | - | - | - | - | - | - | (290,690) |
| New note payables | 新應付票據 | - | - | - | - | 31,698 | - | - | 31,698 |
| Repayment of note payables | 償還應付票據 | - | - | - | - | (19,677) | - | - | (19,677) |
| Repayment of convertible bonds | 償還可換股債券 | - | - | (8,805) | - | - | - | - | (8,805) |
| Repayment of lease liabilities | 償還租賃負債 | - | (4,027) | - | - | - | - | - | (4,027) |
| Decrease in pledged deposits | 已抵押存款減少 | - | - | - | - | - | - | (8,830) | (8,830) |
| Guarantee fees and other charges | 擔保費用及其他開支 | - | - | - | - | - | (57) | - | (57) |
| Repayment to related parties and associates, net | 向關聯方及聯營公司還款淨額 | - | - | - | (75,523) | - | - | - | (75,523) |
| Interest expenses paid | 已付利息開支 | (59,312) | (1,942) | (17,318) | - | - | - | - | (78,572) |
| Total changes from financing cash flows | 融資現金流量變動總額 | 417,251 | (5,969) | (26,123) | (75,523) | 12,021 | (57) | (8,830) | 312,770 |
| Exchange adjustments | 匯兌調整 | - | - | 13,912 | - | 912 | - | - | 14,824 |
| Other changes: | 其他變動: | | | | | | | | |
| New leases | 新租賃 | - | 514 | - | - | - | - | - | 514 |
| Finance costs | 財務成本 | 74,013 | 1,942 | 71,881 | - | - | 57 | - | 147,893 |
| Reclassification to other payables | 重新分類至其他應付款項 | (14,701) | - | - | - | - | - | - | (14,701) |
| Total other changes | 其他變動總額 | 59,312 | 2,456 | 85,793 | - | 912 | 57 | - | 148,530 |
| At 31 December 2019 | 於2019年12月31日 | 1,025,111 | 6,535 | 636,524 | 23,143 | 30,457 | 1,836 | 42,982 | 1,766,588 |

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities (Continued)

2018

| | | Interest-bearing bank and other borrowings | Finance lease payables | Liability component of convertible bonds | Amounts due (from)/to associates/ related parties (應收)/應付聯營公司/關聯方款項 | Note payables | Other accruals | Pledged deposits | Total |
|--|-------------------|--|------------------------------|--|---|--------------------------|----------------------------|---------------------------|------------------------|
| | | 計息銀行及其他借款 RMB'000 人民幣千元 | 融資租賃應付款項 RMB'000 人民幣千元 | 可換股債券負債部分 RMB'000 人民幣千元 | 聯營公司/關聯方款項 RMB'000 人民幣千元 | 應付票據 RMB'000 人民幣千元 | 其他應計費用 RMB'000 人民幣千元 | 已抵押存款 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | 683,091 | 13,142 | 548,607 | (1,593) | - | 1,836 | 48,237 | 1,293,320 |
| Proceeds from interest-bearing bank and other borrowings | 計息銀行及其他借款所得款項 | 346,683 | - | - | - | - | - | - | 346,683 |
| Repayment of interest-bearing bank and other borrowings | 償還計息銀行及其他借款 | (481,227) | - | - | - | - | - | - | (481,227) |
| New note payable | 新應付票據 | - | - | - | - | 87,620 | - | - | 87,620 |
| Repayment of note payable | 償還應付票據 | - | - | - | - | (70,096) | - | - | (70,096) |
| Repayment of convertible bonds | 償還可換股債券 | - | - | (28,017) | - | - | - | - | (28,017) |
| Repayment of finance lease payables | 償還融資租賃應付款項 | - | (14,659) | - | - | - | - | - | (14,659) |
| Increase in pledged deposits | 已抵押存款增加 | - | - | - | - | - | - | 3,574 | 3,574 |
| Guarantee fees and other charges | 擔保費用及其他開支 | - | - | - | - | - | (86) | - | (86) |
| Advance from related parties and associates, net | 來自關聯方及聯營公司的墊款淨額 | - | - | - | 91,720 | - | - | - | 91,720 |
| Interest expenses paid | 已付利息開支 | (45,436) | (2,052) | (49,509) | - | - | - | - | (96,997) |
| Total changes from financing cash flows | 融資現金流量變動總額 | (179,980) | (16,711) | (77,526) | 91,720 | 17,524 | (86) | 3,574 | (161,485) |
| Exchange adjustments | 匯兌調整 | - | - | 25,013 | (8) | - | - | 1 | 25,006 |
| Other changes: | 其他變動: | | | | | | | | |
| New finance lease payables | 新融資租賃應付款項 | - | 2,573 | - | - | - | - | - | 2,573 |
| Finance costs | 財務成本 | 52,589 | 1,654 | 80,760 | - | - | 86 | - | 135,089 |
| Reclassification from/(to) other payables | 重新分類自/(至)其他應付款項 | (7,152) | - | - | 8,547 | - | - | - | 1,395 |
| Increase arising from acquisition of subsidiaries | 收購附屬公司產生的增加 | - | 4,282 | - | - | - | - | - | 4,282 |
| Total other changes | 其他變動總額 | 45,437 | 8,509 | 105,773 | 8,539 | - | 86 | 1 | 168,345 |
| At 31 December 2018 | 於2018年12月31日 | 548,548 | 4,940 | 576,854 | 98,666 | 17,524 | 1,836 | 51,812 | 1,300,180 |

35. 綜合現金流量表附註(續)

(b) 融資活動產生之負債變動(續)

2018年

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36. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in note 28(a) to the financial statements.

37. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|-------------------------------|----------|-----------------------------------|-----------------------------------|
| Contracted but provided for: | 已訂約且已撥備： | | |
| Property, plant and equipment | 物業、廠房及設備 | 27,818 | 18,841 |
| Land leases | 土地租賃 | 12,545 | 12,545 |
| | | 40,363 | 31,386 |

In addition, at 31 December 2019, the Group had outstanding purchase agreements with some of its suppliers and was required to purchase from the suppliers an aggregate of 44,507 metric tons (2018: 28,088 metric tons) of scrap copper with the price to be determined at the time of purchases based on market price.

此外，於2019年12月31日，本集團與部分供應商訂立未完成採購協議，並須按將於購買時基於市價釐定的價格向供應商購買合計44,507公噸(2018年：28,088公噸)廢銅。

(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its staff quarters and office premises under operating lease arrangements. Leases for staff quarters were negotiated for terms ranging from one to two years, and those for office premises were for terms ranging between two and five years.

(b) 於2018年12月31日的經營租賃承擔

本集團根據經營租賃安排租賃若干員工宿舍及辦公場所。員工宿舍及辦公場所租賃的租期經協商分別釐定為介乎一至兩年及兩至五年。

| | | 2018 2018年 RMB'000 人民幣千元 |
|---|-----------|-----------------------------------|
| Within one year | 一年內 | 3,152 |
| After one year but less than five years | 一年以上但五年以內 | 2,274 |
| | | 5,426 |

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財務報表附註

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38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

38. 關聯方交易

(a) 除於該等財務報表其他部分詳述的交易外，本集團於本年度與關聯方訂立以下交易：

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|---|-----------------------------------|-----------------------------------|
| Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited, a subsidiary of an associate | 綿陽金循環金融倉儲有限公司(一間聯營公司的附屬公司)所收取的交付成本 (i) | 12,357 | 9,509 |
| Interest expense on a loan from Epoch Keen Limited, a private company controlled by Mr. Yu Jianqiu | 來自俞建秋先生所控制的私人公司時建有限公司的貸款的利息開支 (ii) | 234 | 53 |
| Security provided by Baohe Fushan, an associate of the Group (note 28) | 由保和富山(本集團的聯營公司)提供的抵押(附註28) (iii) | — | 31,000 |
| Security provided by Gushan Vegetable, a private company controlled by Mr. Yu Jianqiu (note 28) | 由古杉油脂(由俞建秋先生控制之私人公司)提供的抵押(附註28) (iv) | 15,500 | 10,000 |

Notes:

- (i) The delivery cost is charged at a rate ranging from RMB28 to RMB390 per ton (2018: RMB28 to RMB390 per ton).
- (ii) The loan from Epoch Keen Limited which is unsecured, interest-bearing at 4.35% (2018: 4.35%) per annum and repayable on demand was settled during the year.
- (iii) At 31 December 2018, bank loans of RMB31,000,000 were secured by a prepayment for lease payment of Baohe Fushan.
- (iv) At 31 December 2019, bank loans of RMB15,500,000 (2018: RMB10,000,000) were secured by property, plant and equipment of Gushan Vegetable.

附註：

- (i) 交付成本為每噸人民幣28元至人民幣390元(2018年：每噸人民幣28元至人民幣390元)。
- (ii) 來自時建有限公司貸款為無抵押，按4.35%(2018年：4.35%)的年利率計息，並於年內按要求償還。
- (iii) 於2018年12月31日，銀行貸款人民幣31,000,000元由保和富山之預付租賃付款擔保。
- (iv) 於2019年12月31日，銀行貸款人民幣15,500,000元(2018年：10,000,000元)由古杉油脂之物業、廠房及設備擔保。

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38. RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions:

- (i) Entrusted loans of RMB299,116,000 were secured by an aggregate amount of 310,317,000 ordinary shares (2018: 310,317,000 ordinary shares) in the Company held by Ocean Through Limited, First Harvest Global Limited and Gold Wide Enterprises Limited, which are companies wholly owned by Mr. Huang Weiping, key management personnel of the Group.
- (ii) Convertible bonds of HK\$400,000,000 issued in August 2017 were secured by 278,000,000 ordinary shares in the Company held by Epoch Keen, a company wholly owned by Mr. Yu Jianqiu, the chairman and an executive director of the Company.
- (iii) During the year, the Group was granted unconditional government subsidies of RMB150,256,000 (2018: RMB132,172,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The subsidies were received through Boahe Fushan. Boahe Fushan has the discretionary right to allocate and distribute the government subsidies, with reference to the amounts of tax payments made by the entities.
- (iv) During the year, a director and substantial shareholder of the Company, who held less than 12% of the Company's shareholding, has compensated certain irrecoverable trade receivable balance of RMB4,849,000. The payment was made by his son on his behalf (note 19).

(c) Outstanding balances with related parties:

Details of the Group's amounts due to/from its associates as at the end of the reporting period are included in note 22 to the financial statements.

Details of the Group's amounts due to/from its related parties as at the end of the reporting period are included in note 22 to the financial statements.

38. 關聯方交易(續)

(b) 其他關聯方交易：

- (i) 委託貸款人民幣299,116,000元乃由洋達有限公司、肇豐環球有限公司及金博企業有限公司持有的本公司合共310,317,000股普通股(2018年：310,317,000股普通股)提供抵押，所有該等公司由本集團主要管理層人員黃偉萍先生全資擁有。
- (ii) 於2017年8月發行可換股債券400,000,000港元乃由本公司主席兼執行董事俞建秋先生全資擁有公司時建持有本公司278,000,000股普通股提供抵押。
- (iii) 年內，本集團獲得四川省綿陽市游仙區財政局批授的無條件政府補貼人民幣150,256,000元(2018年：人民幣132,172,000元)。該等補貼已透過保和富山收取。保和富山有權參照各實體的稅款金額分配及分發政府補貼。
- (iv) 年內，持有本公司股權不足12%的一名本公司董事及主要股東已補償若干不可收回的貿易應收款項結餘人民幣4,849,000元。該付款乃由其兒子代其支付(附註19)。

(c) 與關聯方之未償還結餘：

本集團於報告期末應付／應收聯營公司款項之詳情載於財務報表附註22。

本集團於報告期末應付／應收關聯方款項之詳情載於財務報表附註22。

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38. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group:

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Short-term employee benefits | 短期僱員福利 | 8,974 | 10,699 |
| Post-employment benefits | 離職後福利 | 126 | 102 |
| Equity-settled share option expense | 權益結算購股權開支 | 231 | 722 |
| Total compensation paid to key management personnel | 已付主要管理人員總薪酬 | 9,331 | 11,523 |

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

The related party transactions in respect of items (a)(i) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

38. 關聯方交易(續)

(d) 本集團主要管理人員薪酬：

有關董事及主要行政人員薪酬的進一步詳情載於財務報表附註9。

涉及上述(a)(i)項的關聯方交易亦構成上市規則第14A章所界定的持續關連交易。

NOTES TO FINANCIAL STATEMENTS

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39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

39. 按類別劃分的金融工具

各類金融工具於報告期末的賬面值如下：

金融資產

| | | 2019 2019年 | | |
|---|----------------------------|--|--|---------------------------------|
| | | Financial assets at fair value through profit or loss 按公平值計入 損益的金融 資產 RMB'000 人民幣千元 | Financial assets at amortised cost 按攤銷成本 計量的 金融資產 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Trade and bills receivables | 貿易應收款項及應收票據 | – | 1,189,037 | 1,189,037 |
| Financial assets included in prepayments, other receivables and other assets | 計入預付款、其他應收款項及 其他資產的金融資產 | – | 1,868,133 | 1,868,133 |
| Derivative financial instrument | 衍生金融工具 | 107,451 | – | 107,451 |
| Amounts due from associates | 應收聯營公司款項 | – | 15,261 | 15,261 |
| Amounts due from related parties | 應收關聯方款項 | – | 10 | 10 |
| Pledged deposits | 已抵押存款 | – | 42,982 | 42,982 |
| Cash and cash equivalents | 現金及現金等值項目 | – | 64,703 | 64,703 |
| | | 107,451 | 3,180,126 | 3,287,577 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

39. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

Financial liabilities

| Trade and bills payables | 貿易應付款項及應付票據 | |
|---|---------------------------|--|
| Note payables | 應付票據 | |
| Financial liabilities included in other payables and accruals (note 26) | 計入其他應付款項及應計費用的金融負債 (附註26) | |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | |
| Lease liabilities | 租賃負債 | |
| Amounts due to associates | 應付聯營公司款項 | |
| Amount due to a related party | 應付關聯方款項 | |
| Liability component of convertible bonds | 可換股債券的負債部分 | |
| Contingent consideration liabilities | 或然代價負債 | |

39. 按類別劃分的金融工具(續)

金融負債

| | 2019 2019年 | |
|---|---|---------------------------------|
| Financial liabilities at fair value through profit or loss 按公平值計入損益的金融負債 RMB'000 人民幣千元 | Financial liabilities at amortised cost 按攤銷成本計量的金融負債 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| – | 559,892 | 559,892 |
| – | 30,457 | 30,457 |
| – | 94,976 | 94,976 |
| – | 1,025,111 | 1,025,111 |
| – | 6,535 | 6,535 |
| – | 32,801 | 32,801 |
| – | 5,613 | 5,613 |
| – | 636,524 | 636,524 |
| 151,305 | – | 151,305 |
| 151,305 | 2,391,909 | 2,543,214 |

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39. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

Financial assets

39. 按類別劃分的金融工具(續)

金融資產

| | | 2018 2018年 | Total |
|---|----------------------------|--|------------------------|
| | | Financial assets at amortised cost 按攤銷成本 計量的 金融資產 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| Trade and bills receivables | 貿易應收款項及應收票據 | 879,331 | 879,331 |
| Financial assets included in prepayments, other receivables and other assets | 計入預付款、其他應收款項及 其他資產的金融資產 | 1,362,431 | 1,362,431 |
| Amounts due from associates | 應收聯營公司款項 | 5,038 | 5,038 |
| Amounts due from related parties | 應收關聯方款項 | 10 | 10 |
| Pledged deposits | 已抵押存款 | 51,812 | 51,812 |
| Cash and cash equivalents | 現金及現金等值項目 | 112,935 | 112,935 |
| | | 2,411,557 | 2,411,557 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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39. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

Financial liabilities

39. 按類別劃分的金融工具(續)

金融負債

| | | 2018 2018年 | | |
|---|---|---|---------------------------------|-----------|
| | Financial liabilities at fair value through profit or loss 按公平值計入損益的金融負債 RMB'000 人民幣千元 | Financial liabilities at amortised cost 按攤銷成本計量的金融負債 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 | |
| Trade and bills payables | 貿易應付款項及應付票據 | – | 543,355 | 543,355 |
| Note payables | 應付票據 | – | 17,524 | 17,524 |
| Financial liabilities included in other payables and accruals (note 26) | 計入其他應付款項及應計費用的金融負債(附註26) | – | 102,482 | 102,482 |
| Liability component of convertible bonds | 可換股債券的負債部分 | – | 576,854 | 576,854 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | – | 548,548 | 548,548 |
| Finance lease payables | 融資租賃應付款項 | – | 4,940 | 4,940 |
| Amounts due to associates | 應付聯營公司款項 | – | 103,709 | 103,709 |
| Amount due to a related party | 應付關聯方款項 | – | 5 | 5 |
| Contingent consideration liabilities | 或然代價負債 | 407,667 | – | 407,667 |
| | | 407,667 | 1,897,417 | 2,305,084 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

40. 金融工具公平值及公平值層級

除賬面值合理地與其公平值相若的金融工具外，本集團金融工具的賬面值及公平值如下：

| | | Carrying amounts 賬面值 | | Fair values 公平值 | |
|--|-------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
| Financial asset | 金融資產 | | | | |
| Derivative financial instrument | 衍生金融工具 | 107,451 | – | 107,451 | – |
| Financial liabilities | 金融負債 | | | | |
| Liability component of convertible bonds | 可換股債券的負債部分 | 636,524 | 576,854 | 636,524 | 576,854 |
| Contingent consideration liabilities | 或然代價負債 | 151,305 | 407,667 | 151,305 | 407,667 |

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, amounts due from/to associates, amounts due from/to related parties, the current portion of pledged deposits, and the current portion of note payables, interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

管理層已評估現金及現金等值項目、貿易應收款項及應收票據、貿易應付款項及應付票據、計入預付款、其他應收款項及其他資產的金融資產、計入其他應付款項及應計費用的金融負債、應收／應付聯營公司款項、應收／應付關聯方款項、已抵押存款的即期部分、應付票據的即期部分、計息銀行及其他借款以及租賃負債之公平值與其賬面值相若，原因為該等工具的到期日為短。

由財務經理領導的本集團財務部門負責釐定金融工具公平值計量的政策和程序。財務經理直接向財務總監及審核委員會報告。於各報告日期，財務部門分析金融工具價值的變動，並確定估值中應用的主要輸入數據。估值由財務總監審核和批准。每年兩次與審核委員會討論估值過程及結果，以進行中期及年度財務報告。

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Other than the calculation method of fair value of derivative financial instrument as disclosed in note 21 and contingent consideration liabilities as disclosed in note 34, the fair values of the non-current portion of pledged deposits, and the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk. The fair value of the unlisted put option has been determined by an independent valuer by determining the present value of the exercise price as at the end of the reporting date with reference to the annual risk free rate 2.28%.

40. 金融工具公平值及公平值層級 (續)

金融資產及負債的公平值計入自願交易方(強製或清算出售除外)之間的當前交易中該工具的可交易金額。以下方法和假設用於估計公平值：

除附註21所披露的衍生金融工具及附註34所披露或然代價負債公平值的計算方法外、已抵押存款非流動部分、及計息銀行及其他借款的非即期部分的公平值乃使用現時可用於具有類似條款、信貸風險及餘下年期的工具的利率貼現預期未來現金流量計算。於2019年12月31日，因本集團自身的計息銀行及其他借款的不履約風險而導致的公平值變動被評估為微不足道。可換股債券負債部分的公平值乃使用類似可換股債券的等值市場利率貼現預期未來現金流量並計及本集團自身的不履約風險估計。非上市認沽期權的公平值已由獨立估值師參考年度無風險利率2.28%通過釐定於報告日期結束的行使價的現值釐定。

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value:

As at 31 December 2019

40. 金融工具公平值及公平值層級 (續)

公平值層級

以下表格羅列本集團金融工具之公平值計量層級：

按公平值計量的負債：

於2019年12月31日

| | | Fair value measurement using 使用以下數據之公平值計量 | | | |
|---------------------------------|--------|--|--|--|---------|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | | 於活躍市場 的報價 (第1級) | 重大 可觀察 輸入數據 (第2級) | 重大 不可觀察 輸入數據 (第3級) | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Derivative financial instrument | 衍生金融工具 | - | - | 107,451 | 107,451 |

The movements in fair value measurements within Level 3 during the year are as follows:

年內第三級內公平值計量變動如下：

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| At 1 January | 於1月1日 | - | - |
| Total gain recognised in profit or loss | 於損益確認之收益總額 | 107,451 | - |
| At 31 December | 於12月31日 | 107,451 | - |

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value: (Continued)

As at 31 December 2018

40. 金融工具公平值及公平值層級 (續)

公平值層級 (續)

按公平值計量的負債：(續)

於2018年12月31日

| | Fair value measurement using 使用以下數據的公平值計量 | | | Total 總計 |
|--|---|--|---|-------------|
| | Quoted prices in active markets (Level 1) 於活躍市場 的報價 (第1級) RMB'000 人民幣千元 | Significant observable inputs (Level 2) 重大 可觀察 輸入數據 (第2級) RMB'000 人民幣千元 | Significant unobservable inputs (Level 3) 重大 不可觀察 輸入數據 (第3級) RMB'000 人民幣千元 | |
| Contingent consideration liabilities 或然代價負債 | - | - | 407,667 | 407,667 |

The movements in fair value measurements within Level 3 during the year are as follows:

年內第三級內公平值計量變動如下：

| | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| At 1 January 於1月1日 | 407,667 | - |
| Contingent consideration liabilities recognised upon business combinations 於業務合併後確認的或然代價負債 | - | 443,296 |
| Contingent consideration liabilities settled by issuance of ordinary shares 透過發行普通股結算的或然代價 負債 | (69,855) | - |
| Gains recognised in profit or loss Additions (note) 於損益確認之收益 添置(附註) | (240,395) 53,119 | (1,696) - |
| Interest Expenses 利息開支 | 9,447 | 5,861 |
| Gains recognised in other comprehensive income 於其他全面收入確認的收益 | (8,678) | (39,794) |
| At 31 December 於12月31日 | 151,305 | 407,667 |

Note: According to the sales and purchases agreement for an acquisition occurred in the prior year, Advance Splendid provided an additional loan amounting to HK\$60,000,000 during the year ended 31 December 2019.

附註：根據就去年的一項收購而訂立買賣協議，截至2019年12月31日止年度錦晉提供額外貸款60,000,000港元。

NOTES TO FINANCIAL STATEMENTS

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40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value: (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

Liabilities for which fair values are disclosed:

As at 31 December 2019

40. 金融工具公平值及公平值層級 (續)

公平值層級 (續)

按公平值計量的負債：(續)

年內，金融資產及金融負債第1級與第2級公平值計量之間並無轉移，第3級亦無轉入或轉出(2018年：無)。

公平值獲得披露的負債如下：

於2019年12月31日

| | | Fair value measurement using 使用以下數據的公平值計量 | | | |
|---|------------|--|--|---|------------------|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) 重大 可觀察 輸入數據 (第2級) | Significant unobservable inputs (Level 3) 重大 不可觀察 輸入數據 (第3級) | Total 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Liability component of convertible bonds | 可換股債券的負債部分 | - | - | 636,524 | 636,524 |

As at 31 December 2018

於2018年12月31日

| | | Fair value measurement using 使用以下數據的公平值計量 | | | |
|---|------------|--|--|---|------------------|
| | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) 重大 可觀察 輸入數據 (第2級) | Significant unobservable inputs (Level 3) 重大 不可觀察 輸入數據 (第3級) | Total 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Liability component of convertible bonds | 可換股債券的負債部分 | - | - | 576,854 | 576,854 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise pledged deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, convertible bonds, finance lease payables and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, commodity price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

(a) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's total interest-bearing borrowings at the end of the reporting period:

| | 2019 2019年 | | 2018 2018年 | |
|---|---|----------------------------------|---|----------------------------------|
| | Effective interest rate 實際利率 % | Amount 金額 RMB'000 人民幣千元 | Effective interest rate 實際利率 % | Amount 金額 RMB'000 人民幣千元 |
| Fixed rate borrowings: 定息借款： | | | | |
| Note payables 應付票據 | 13.00 | 30,457 | 12.00 | 17,524 |
| Bank loans and other borrowings 銀行貸款及其他借款 | 7.19 | 1,025,111 | 8.69 | 548,548 |
| Finance lease payables 融資租賃應付款項 | - | - | 27.79 | 4,940 |
| Lease liabilities 租賃負債 | 38.81 | 6,535 | - | - |
| Liability component of convertible bonds 可換股債券的負債部分 | 24.00 | 636,524 | 15.07 | 576,854 |
| Total fixed rate borrowings 定息借款總額 | | 1,698,627 | | 1,147,866 |

41. 金融風險管理目標及政策

本集團的主要金融工具包括已抵押存款、貿易應收款項及應收票據、計入預付款項、其他應收款項及其他資產的金融資產、現金及現金等值項目、貿易應付款項、計入其他應付款項及應計費用的金融負債、可換股債券、金融租賃應付款項以及計息銀行及其他借款。該等金融工具的主要目的是為本集團的營運籌集資金。

本集團金融工具產生的主要風險為利率風險、商品價格風險、信貸風險及流動資金風險。董事會審核及同意管理各項該等風險的政策，概述於下文。本集團有關衍生工具的會計政策載於財務報表附註2.4。

(a) 利率風險

本集團的利率風險主要源於計息借款。以浮息及定息放出的借款分別令本集團須承受現金流量利率風險及公平值利率風險。本集團由管理層監察的利率概況載於下文(i)。

(i) 利率概況

下表詳述本集團的總計息借款於報告期末的利率概況：



41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2019 and 2018, all of the Group's interest-bearing borrowings are fixed rate borrowings, no sensitivity analysis on interest rate risk is presented.

(b) Commodity price risk

The major raw materials used in the production of the Group's products is scrap copper. The Group is exposed to fluctuations in the price of copper which are influenced by global as well as regional supply and demand conditions.

Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group uses copper futures contracts to mitigate its exposure against price fluctuations of copper raw materials. The market value of futures contracts is based on quoted market price at settlement or the end of the reporting period. As at 31 December 2019 and 2018, the Group did not have outstanding copper futures contracts.

(c) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables.

Management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis.

41. 金融風險管理目標及政策(續)

(a) 利率風險(續)

(ii) 敏感度分析

於2019年及2018年12月31日，本集團所有計息借款均為定息借款，故並無呈列利率風險的敏感度分析。

(b) 商品價格風險

生產本集團產品所用的主要原材料為廢銅。本集團須承受因全球及地區性供求狀況而導致的銅價格波動的風險。

原材料價格波動可能對本集團的財務表現構成不利影響。本集團使用銅期貨合約減輕其所承受銅原材料價格波動的風險。期貨合約的市值是以結算時或報告期末的市場報價為基準。於2019年及2018年12月31日，本集團並無任何未平倉的銅期貨合約。

(c) 信貸風險

本集團信貸風險主要來自貿易及其他應收款項。

管理層設有信貸政策，確保所承受的該等信貸風險會受到持續監控。

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are normally due within 3 months from the date of transaction. The Group also provided advance payments to certain suppliers in order to secure the scrap copper supply. The Group also offers revolving credit to its customers and certain suppliers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on such factors as current market conditions and the customers' and suppliers' credit history and current ability to pay. Normally, the Group does not obtain collateral from those customers and suppliers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2019, the top three customers contributed 42% (2018: 56%) of the total trade receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

41. 金融風險管理目標及政策(續)

(c) 信貸風險(續)

就貿易及其他應收款項而言，本集團會對所有要求授予一定金額信貸的客戶進行個別信貸評估。此等評估著重客戶的過去到期還款紀錄以及目前的還款能力，並會考慮關於客戶以及客戶經營所在經濟環境的特定資料。貿易賬款一般自交易日期起計3個月內到期。本集團亦向若干供應商墊付款項以確保廢銅供應。本集團亦向客戶及若干供應商提供循環信貸(其規定可於任何一次借取的最高信貸額)，此乃根據現時市況及客戶及供應商的信貸紀錄和現時還款能力等因素釐定。一般而言，本集團不會要求該等客戶及供應商提供抵押品。

本集團承受的信貸風險主要受各債務人(而非債務人營運所屬行業或國家)的個別情況的影響，因此重大信貸集中風險主要產生自本集團承受個別客戶重大風險時。於2019年12月31日，前三大客戶佔貿易應收款項總額之42%(2018年：56%)。

最高風險及年末階段

下表顯示基於本集團的信貸政策的信貸質素及最高信貸風險，該信貸政策主要基於過往逾期資料(除非其他資料毋須付出不必要成本或努力即可獲得)以及於12月31日的年末階段分類。所呈列之金額為金融資產的賬面值總額。

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2019

41. 金融風險管理目標及政策 (續)

(c) 信貸風險 (續)

最高風險及年末階段 (續)

於2019年12月31日

| | | 12-month ECLs | | Lifetime ECLs | | |
|--|--------------------------|----------------|---------|---------------|---------------------|-----------|
| | | 12個月 預期信貸虧損 | | 全期預期信貸虧損 | | |
| | | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | | 第1階段 | 第2階段 | 第3階段 | 簡化方法 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Trade and bills receivables* | 貿易應收款項及應收票據* | - | - | - | 1,273,263 | 1,273,263 |
| Financial assets included in prepayments, other receivables and other assets** | 計入預付款、其他應收款項及其他資產的金融資產** | 1,868,133 | - | - | - | 1,868,133 |
| Derivative financial instrument | 衍生金融工具 | 107,451 | - | - | - | 107,451 |
| Amounts due from associates | 應收聯營公司款項 | 15,261 | - | - | - | 15,261 |
| Amounts due from related parties | 應收關聯方款項 | 10 | - | - | - | 10 |
| Pledged deposits | 已抵押存款 | | | | | |
| - Not yet past due | - 仍未逾期 | 42,982 | - | - | - | 42,982 |
| Cash and cash equivalents | 現金及現金等值項目 | | | | | |
| - Not yet past due | - 仍未逾期 | 64,703 | - | - | - | 64,703 |
| | | 2,098,540 | - | - | 1,273,263 | 3,371,803 |

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2018

| | 12-month ECLs | Lifetime ECLs | | | Total |
|--|----------------|---------------|---------|---------------------|-----------|
| | 12個月 預期信貸虧損 | 全期預期信貸虧損 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | |
| | 第1階段 | 第2階段 | 第3階段 | 簡化方法 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Trade and bills receivables* | - | - | - | 1,008,672 | 1,008,672 |
| Financial assets included in prepayments, other receivables and other assets** | 1,362,431 | - | - | - | 1,362,431 |
| Amounts due from associates | 5,038 | - | - | - | 5,038 |
| Amounts due from related parties | 10 | - | - | - | 10 |
| Pledged deposits | | | | | |
| - Not yet past due | 51,812 | - | - | - | 51,812 |
| Cash and cash equivalents | | | | | |
| - Not yet past due | 112,935 | - | - | - | 112,935 |
| | 1,532,226 | - | - | 1,008,672 | 2,540,898 |

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

* 就本集團採用減值簡化方法的貿易應收款項而言，基於撥備矩陣的資料於財務報表附註19披露。

** 計入預付款、其他應收款項及其他資產的金融資產的信貸質素於未逾期且概無信息表明該金融資產自初始確認後信貸風險顯著增加時被視為「正常」。否則，金融資產的信貸質素被視為「呆賬」類。

41. 金融風險管理目標及政策 (續)

(c) 信貸風險 (續)

最高風險及年末階段 (續)

於2018年12月31日

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

41. 金融風險管理目標及政策(續)

(d) 流動資金風險

本集團的政策是定期監察其流動資金需求及遵守借貸契約的情況，藉以確保其維持充足現金儲備和可隨時套現的有價證券及獲主要金融機構提供充足資金額度，以應付其短期及長期流動資金需求。

本集團於報告期末的金融負債根據合約未貼現付款的到期情況如下：

| | | 2019 2019年 | | | |
|--|------------------------|---|---|--|---------------------------------|
| | | Within 1 year or on demand 一年內 或按要求 RMB'000 人民幣千元 | More than 1 year but less than 2 years 一年以上 兩年以內 RMB'000 人民幣千元 | More than 2 years but less than 5 years 兩年以上 五年以內 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Trade and bills payables | 貿易應付款項及應付票據 | 559,892 | - | - | 559,892 |
| Note payables | 應付票據 | 31,792 | - | - | 31,792 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及 應計費用的金融負債 | 94,976 | - | - | 94,976 |
| Lease liabilities | 租賃負債 | 4,855 | 2,160 | 3,778 | 10,793 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 1,063,267 | - | - | 1,063,267 |
| Amounts due to associates | 應付聯營公司款項 | 32,801 | - | - | 32,801 |
| Amount due to a related party | 應付關聯方款項 | 5,613 | - | - | 5,613 |
| Liability component of convertible bonds liabilities | 可換股債券負債的 負債部分 | 724,614 | - | - | 724,614 |
| Contingent consideration liabilities | 或然代價負債 | - | 151,305 | - | 151,305 |
| | | 2,517,810 | 153,465 | 3,778 | 2,675,053 |

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

| | | 2018 2018年 | | | |
|--|------------------------|---|---|--|------------------|
| | | Within 1 year or on demand 一年內 或按要 求 | More than 1 year but less than 2 years 一年以上 兩年以內 | More than 2 years but less than 5 years 兩年以上 五年以內 | Total 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Trade and bills payables | 貿易應付款項及應付票據 | 543,355 | - | - | 543,355 |
| Note payables | 應付票據 | 19,627 | - | - | 19,627 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及 應計費用的金融負債 | 102,482 | - | - | 102,482 |
| Finance lease payables | 融資租賃應付款項 | 2,573 | 2,508 | 5,939 | 11,020 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 546,331 | 16,498 | - | 562,829 |
| Amounts due to associates | 應付聯營公司款項 | 103,709 | - | - | 103,709 |
| Amount due to a related party | 應付關聯方款項 | 5 | - | - | 5 |
| Liability component of convertible bonds liabilities | 可換股債券負債的 負債部分 | 626,689 | - | - | 626,689 |
| Contingent consideration liabilities | 或然代價負債 | - | 407,667 | - | 407,667 |
| | | 1,944,771 | 426,673 | 5,939 | 2,377,383 |

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to financing at a reasonable cost.

41. 金融風險管理目標及政策 (續)

(d) 流動資金風險 (續)

| | | 2018 2018年 | | | |
|--|------------------------|---|---|--|------------------|
| | | Within 1 year or on demand 一年內 或按要 求 | More than 1 year but less than 2 years 一年以上 兩年以內 | More than 2 years but less than 5 years 兩年以上 五年以內 | Total 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Trade and bills payables | 貿易應付款項及應付票據 | 543,355 | - | - | 543,355 |
| Note payables | 應付票據 | 19,627 | - | - | 19,627 |
| Financial liabilities included in other payables and accruals | 計入其他應付款項及 應計費用的金融負債 | 102,482 | - | - | 102,482 |
| Finance lease payables | 融資租賃應付款項 | 2,573 | 2,508 | 5,939 | 11,020 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 546,331 | 16,498 | - | 562,829 |
| Amounts due to associates | 應付聯營公司款項 | 103,709 | - | - | 103,709 |
| Amount due to a related party | 應付關聯方款項 | 5 | - | - | 5 |
| Liability component of convertible bonds liabilities | 可換股債券負債的 負債部分 | 626,689 | - | - | 626,689 |
| Contingent consideration liabilities | 或然代價負債 | - | 407,667 | - | 407,667 |
| | | 1,944,771 | 426,673 | 5,939 | 2,377,383 |

(e) 資本管理

本集團管理資本的主要目標為確保本集團持續經營的能力，根據風險大小來對產品和服務定價並按合理的成本獲得融資，繼續為股東及其他利益相關者帶來回報和利益。

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management (Continued)

The Group manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions affecting the Group. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defines net debt as total interest-bearing borrowings less cash. The Group defines "capital" as all components of equity.

The net debt-to-capital ratio was as follows:

| | | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------|-------------|-----------------------------------|-----------------------------------|
| Note payables | 應付票據 | 25 | 30,457 | 17,524 |
| Interest-bearing bank and other borrowings | 計息銀行及其他借款 | 28 | 1,025,111 | 548,548 |
| Finance lease payables | 融資租賃應付款項 | 27 | - | 4,940 |
| Lease liabilities | 租賃負債 | 14 | 6,535 | - |
| Liability component of convertible bonds | 可換股債券的負債部分 | 29 | 636,524 | 576,854 |
| Less: cash and cash equivalents | 減：現金及現金等值項目 | 23 | (64,703) | (112,935) |
| Net debt | 淨債務 | | 1,633,924 | 1,034,931 |
| Total equity | 總權益 | | 1,810,087 | 1,905,777 |
| Net debt-to-capital ratio | 淨債務資本比率 | | 90.3% | 54.3% |

Except for the banking facilities which require the fulfilment of certain covenants, neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements.

41. 金融風險管理目標及政策(續)

(e) 資本管理(續)

本集團管理其資本結構，以維持股東的較高回報(可透過較高借款水準達致)與穩健資本狀況所帶來的優勢及保障的平衡，並因應影響本集團的經濟狀況變動調整資本結構。截至2019年及2018年12月31日止年度資本管理的目標、政策或流程並無變動。

本集團以淨債務資本比率為基準監督資本結構。就此而言，本集團將淨債務定義為計息借款總額減去現金。本集團將「資本」定義為權益的所有組成部分。

淨債務資本比率如下：

| | Notes 附註 | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|-------------|-----------------------------------|-----------------------------------|
| Note payables | 25 | 30,457 | 17,524 |
| Interest-bearing bank and other borrowings | 28 | 1,025,111 | 548,548 |
| Finance lease payables | 27 | - | 4,940 |
| Lease liabilities | 14 | 6,535 | - |
| Liability component of convertible bonds | 29 | 636,524 | 576,854 |
| Less: cash and cash equivalents | 23 | (64,703) | (112,935) |
| Net debt | | 1,633,924 | 1,034,931 |
| Total equity | | 1,810,087 | 1,905,777 |
| Net debt-to-capital ratio | | 90.3% | 54.3% |

除需要履行若干契諾的銀行融資外，本公司及任何附屬公司概無受到外來施加的資本規定所規限。

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42. EVENTS AFTER REPORTING PERIOD

- (a) Since the outbreak of Coronavirus Disease 2019 ("COVID-19") in early of 2020, PRC has implemented a series of precautionary and control measures which have certain impacts on PRC's business and economic activities. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.
- (b) On 27 March 2020, the Group has entered into a loan agreement with Xijiulong to provide a short-term loan of RMB125 million to the Group. Further details are set out in notes 15 and 21 to the consolidated financial statements.
- (c) On 13 April 2020, the Company has entered into a subscription agreement with a convertible bonds holder, Peaceful. According to the subscription agreement, Peaceful subscribed for a note issued by the Company in the aggregate principal amount of HK\$92,300,000, interest-bearing at 12% per annum and with a maturity date on 13 April 2021, which was settled through the outstanding liabilities owed by the Company to Peaceful under the Remaining Tranche II Convertible bonds (note 29(a)).
- (d) Pursuant to a subscription agreement dated 14 April 2020 ("Subscription Agreement"), the Company proposed to issue 325,000,000 ordinary shares of HK\$0.1 at the price of HK\$2.68 per share to an independent third party, Taisei Business Solutions Pte. Ltd., a company incorporated in Singapore. The estimated net proceeds from the issue of these shares amounted to HK\$840,515,000 (equivalent to RMB752,933,000).

On 6 May 2020, the Company and Taisei Business entered into an amendment letter, pursuant to which the long stop date of the Subscription Agreement is extended to 30 June 2020, and Taisei Business has agreed to place not less than HK\$100,000,000 to the Company in cash as a non-refundable deposit ("Deposit") in relation to the share subscription.

Pursuant to the Subscription Agreement (and as amended by the amendment letter), the long stop date of the subscription was 30 June 2020. As the long stop date has passed, the subscription has lapsed, and the subscription will not proceed. As at the date of this report, the Company has not received the Deposit from the Subscriber.

42. 報告期後事項

- (a) 自2020年初爆發冠狀病毒2019 (「COVID-19」)以來，中國已實施一系列預防及控制措施，該等措施對中國商業及經濟活動產生若干影響。本集團將密切監察COVID-19的發展，評估其對本集團財務狀況及經營業績的影響並作出積極反應。
- (b) 於2020年3月27日，本集團與西九龍訂立貸款協議，以向本集團提供短期貸款人民幣125百萬元。進一步詳情載於綜合財務報表附註15及21。
- (c) 於2020年4月13日，本公司與可換股債券持有人富康訂立認購協議。根據認購協議，富康認購本公司所發行、本金總額為92,300,000港元按年息12%計息及於2021年4月13日到期的票據。票據已透過本公司於餘下第二批可換股債券(附註29(a))項下欠結富康的未償還負債結算。
- (d) 根據日期為2020年4月14日的認購協議(「認購協議」)，本公司建議按每股價格2.68港元向一名獨立第三方Taisei Business Solutions Pte.Ltd. (一間於新加坡註冊成立的公司)發行325,000,000股每股0.1港元的普通股。發行該等股份的估計所得款項淨額約為840,515,000港元(相等於人民幣752,933,000元)。

於2020年5月6日，本公司與Taisei Business訂立修訂函，據此，認購協議的最後終止日延長至2020年6月30日，且Taisei Business同意就股份認購以現金向本公司配售不少於100,000,000港元作為不可退還的保證金(「保證金」)。

根據認購協議(經修訂函修訂)，認購的最後終止日為2020年6月30日。由於最後終止日已過，認購已失效，認購將不會進行。於本報告日期，本公司尚未收到認購人的保證金。

42. EVENTS AFTER REPORTING PERIOD (Continued)

- (e) On 22 April 2020, the Company and the convertible bonds holders entered into the extension deed to extend the original maturity date on 11 August 2019 of the August 2017 CBs, with an aggregate remaining principal amount of HK\$590 million, for one year to 11 August 2020, with all other terms and conditions remained unchanged. The extension was completed on 7 May 2020.

On 28 April 2020, the Company has entered into a subscription agreement with a convertible bonds holder, Prosper Rich. According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date (i.e. 11 August 2020) under the August 2017 CBs, interest-bearing at 14% per annum and due for repayment one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the August 2017 CBs owed to a convertible bonds holder, Huarong International Holdings Limited ("Huarong") in the principal amount of HK\$390 million upon the maturity date of 11 August 2020.

On 9 July 2020, the Company has entered into a non-legally binding letter of intent with Huarong, pursuant to which, it is intended, among others, that Huarong shall commence its internal procedures to consider a possible extension of the convertible bond with principal amount of HK\$390 million to August 2021.

On 11 August 2020, the Company defaulted on the August 2017 CBs and was in negotiation with the convertible bond holders for extension of repayment date.

42. 報告期後事項(續)

- (e) 於2020年4月22日，本公司與可換股債券持有人訂立延期契據，將餘下本金總額達590,000,000港元的原到期日2019年8月11日延長一年至2020年8月11日，惟所有其他條款及條件維持不變。延期於2020年5月7日完成。

於2020年4月28日，本公司與可換股債券持有人亨富訂立認購協議。根據認購協議，本公司將發行本金額相等於本集團於2017年8月可換股債券的經修訂到期日(即2020年8月11日)欠結亨富的未償還負債、按年息14%計息及於發行日期後一年應還的票據。票據認購的最終簽立須待於到期日(即2020年8月11日)贖回或轉換欠結可換股債券持有人華融國際控股有限公司(「華融」)本金額為390,000,000港元的2017年8月可換股債券方可作實。

於2020年7月9日，本公司與華融訂立一份無法律約束力的意向書，據此，華融擬(其中包括)開始其內部程序，以考慮將本金額390,000,000港元的可換股債券可能延長至2021年8月。

於2020年8月11日，本公司未能償還2017年8月可換股債券並與可換股債券持有人磋商延長還款日。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

42. EVENTS AFTER REPORTING PERIOD (Continued)

- (f) On 1 July 2020, the Company has entered into a non-legally binding framework agreement with Mianyang Fule Investment Co., Ltd. ("Fule"), a state-owned enterprise in PRC. Under the framework agreement, it is intended, among others, that Fule will subscribe for shares of the Company for a consideration of more than RMB298 million. The intended uses of the proceeds from Fule will include, but not limited to, the repayment of advances in the principal amount of up to RMB298 million owed by the Group to Fule. On 20 July 2020, the Company and Fule entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue and Fule conditionally agreed to subscribe for 618,490,456 shares of the Company at a price of HK\$0.53 per share.
- (g) On 16 July 2020, the Company has entered into a non-legally binding framework agreement with Mianyang Science Technology City Development Investment (Group) Co. Ltd ("Kefa"), a state-owned enterprise in PRC. Under the framework agreement, it is intended, among others, that Kefa will subscribe for shares of the Company for a consideration of more than RMB300 million. The share subscription consideration will be settled by the repayment of entrusted loans amounting to RMB299 million as at 31 December 2019 owed by the Group to Kefa.

43. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, the Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, IAS 17, and related interpretations.

42. 報告期後事項(續)

- (f) 於2020年7月1日，本公司與中國國有企業綿陽富樂投資有限公司（「富樂」）訂立無法律約束力的框架協議。根據框架協議，富樂擬（其中包括）將以人民幣298,000,000元以上的代價認購本公司股份。富樂所得款項的擬定用途將包括但不限於償還本集團結欠富樂本金額最多人民幣298,000,000元的墊款。於2020年7月20日，本公司與富樂訂立認購協議，據此，本公司有條件地同意發行而富樂有條件地同意按認購價每股股份0.53港元認購618,490,566股本公司股份。
- (g) 於2020年7月16日，本公司與中國國有企業綿陽科技城發展投資(集團)有限公司（「科發」）訂立無法律約束力的框架協議。根據框架協議，科發擬（其中包括）將以人民幣300,000,000元以上的代價認購本公司股份。股份認購代價將通過償還本集團於2019年12月31日結欠科發人民幣299,000,000元的委託貸款結算。

43. 可比較款項

如財務報表附註2.2進一步闡釋，本集團於2019年1月1日使用經修訂追溯法採納國際財務報告準則第16號。根據該方法，財務報表內的可比較款項並無重列，並繼續根據先前準則國際會計準則第17號及相關詮釋的規定呈報。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

44. 本公司財務狀況表

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|
| NON-CURRENT ASSETS | 非流動資產 | | |
| Investments in subsidiaries | 於附屬公司的投資 | 887,314 | 815,426 |
| Interests in associates | 於聯營公司的投資 | 50,249 | 59,398 |
| | | 937,563 | 874,824 |
| CURRENT ASSETS | 流動資產 | | |
| Amounts due from subsidiaries | 應收附屬公司款項 | 1,238,538 | 1,238,421 |
| Amounts due from associates | 應收聯營公司款項 | 509 | - |
| Amounts due from related parties | 應收關聯方款項 | - | 10 |
| Other receivables | 其他應收款項 | - | 477 |
| Cash and cash equivalents | 現金及現金等值項目 | 2,099 | 8,540 |
| | | 1,241,146 | 1,247,448 |
| CURRENT LIABILITIES | 流動負債 | | |
| Trade and other payables | 貿易及其他應付款項 | 11,454 | 5,724 |
| Note payables | 應付票據 | 30,457 | 17,524 |
| Amounts due to subsidiaries | 應付附屬公司款項 | 212,613 | 204,343 |
| Amount due to a related party | 應付一名關聯方款項 | 5,613 | 5 |
| Liability component of convertible bonds | 可換股債券的負債部分 | 636,524 | 576,854 |
| | | 896,661 | 804,450 |
| Net current assets | 淨流動資產 | 344,485 | 442,998 |
| Total assets less current liabilities | 總資產減流動負債 | 1,282,048 | 1,317,822 |
| NET ASSETS | 淨資產 | 1,282,048 | 1,317,822 |
| CAPITAL AND RESERVES | 資本及儲備 | | |
| Share capital | 股本 | 211,741 | 210,244 |
| Reserves (note) | 儲備(附註) | 1,070,307 | 1,107,578 |
| TOTAL EQUITY | 總權益 | 1,282,048 | 1,317,822 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

44. 本公司財務狀況表(續)

附註：

本公司的儲備概述如下：

| | | Share premium | Exchange reserve | Capital reserve | Share-based payment reserve | Warrant reserve | Consideration share reserve | Convertible bonds equity reserve | Accumulated losses | Revaluation equity | Total |
|--|------------------|---------------|------------------|-----------------|-----------------------------|-----------------|-----------------------------|----------------------------------|--------------------|--------------------|-----------|
| | | 股份溢價 | 匯兌儲備 | 資本儲備 | 以股份為基礎的 付款儲備 | 認股權證 儲備 | 代價股份 儲備 | 可換股債券 權益儲備 | 累計虧損 | 重估權益 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2019 | 於2019年1月1日 | 1,468,419 | (16,310) | 289,836 | 80,475 | 3,560 | 64,576 | 40,539 | (833,117) | 9,600 | 1,107,578 |
| Loss for the year | 年內虧損 | - | - | - | - | - | - | - | (173,801) | (9,600) | (183,401) |
| Other comprehensive income for the year: | 年內其他全面收益： | | | | | | | | | | |
| Exchange differences on translation of the Company | 換算本公司產生的 匯兌差額 | - | 957 | - | - | - | - | - | - | - | 957 |
| Total comprehensive loss for the year | 年內全面虧損總額 | - | 957 | - | - | - | - | - | (173,801) | (9,600) | (182,444) |
| Issuance of ordinary shares | 發行普通股 | 70,390 | - | - | - | - | - | - | - | - | 70,390 |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | - | - | - | 873 | - | - | - | - | - | 873 |
| Lapse of share options | 購股權失效 | - | - | - | (313) | - | - | - | 313 | - | - |
| Consideration share arrangements | 代價股份安排 | - | - | - | - | - | 73,910 | - | - | - | 73,910 |
| At 31 December 2019 | 於2019年12月31日 | 1,538,809 | (15,353) | 289,836 | 81,035 | 3,560 | 138,486 | 40,539 | (1,006,605) | - | 1,070,307 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019/2019年12月31日

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: (Continued)

A summary of the Company's reserves is as follows: (continued)

| | | Share premium | Exchange reserve | Capital reserve | Share-based payment reserve | Warrant reserve | Consideration share reserve | Convertible bonds equity reserve | Accumulated losses | Revaluation equity | Total |
|--|------------------|---------------|------------------|-----------------|-----------------------------|-----------------|-----------------------------|----------------------------------|--------------------|--------------------|-----------|
| | | 股份溢價 | 匯兌儲備 | 資本儲備 | 為基礎的 以股份 付款儲備 | 認股權證 儲備 | 代價股份 儲備 | 可換股債券 權益儲備 | 累計虧損 | 重估權益 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2018 | 於2018年1月1日 | 1,016,229 | (16,409) | 289,836 | 81,270 | 12,079 | 48,970 | 40,696 | (602,371) | 9,600 | 879,900 |
| Loss for the year | 年內虧損 | - | - | - | - | - | - | - | (233,887) | - | (233,887) |
| Other comprehensive income for the year: | 年內其他全面收益： | | | | | | | | | | |
| Exchange differences on translation of the Company | 換算本公司產生的 匯兌差額 | - | 99 | - | - | - | - | - | - | - | 99 |
| Total comprehensive loss for the year | 年內全面虧損總額 | - | 99 | - | - | - | - | - | (233,887) | - | (233,788) |
| Issuance of ordinary shares | 發行普通股 | 314,235 | - | - | - | - | - | - | - | - | 314,235 |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | - | - | - | 7,563 | - | - | - | - | - | 7,563 |
| Lapse of share options | 購股權失效 | - | - | - | (2,984) | - | - | - | 2,984 | - | - |
| Exercise of share options | 行使購股權 | 19,730 | - | - | (5,374) | - | - | - | - | - | 14,356 |
| Issuance of consideration shares | 發行代價股份 | 90,813 | - | - | - | - | 15,606 | - | - | - | 106,419 |
| Exercise of warrants | 行使認股權證 | 27,412 | - | - | - | (8,519) | - | - | - | - | 18,893 |
| Redemption of convertible bonds | 贖回可換股債券 | - | - | - | - | - | - | (157) | 157 | - | - |
| At 31 December 2018 | 於2018年12月31日 | 1,468,419 | (16,310) | 289,836 | 80,475 | 3,560 | 64,576 | 40,539 | (833,117) | 9,600 | 1,107,578 |

44. 本公司財務狀況表 (續)

附註：(續)

本公司的儲備概述如下：(續)

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 August 2020.

45. 批准財務報表

該等財務報表已於2020年8月21日經董事會批准及授權刊發。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

31 December 2019 2019年12月31日

ASSETS AND LIABILITIES

資產及負債

| | | 2019 2019年 RMB'000 人民幣千元 | 2018 2018年 RMB'000 人民幣千元 | 2017 2017年 RMB'000 人民幣千元 | 2016 2016年 RMB'000 人民幣千元 | 2015 2015年 RMB'000 人民幣千元 |
|--|---------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Total assets | 總資產 | 5,200,642 | 4,703,524 | 3,398,835 | 2,278,476 | 2,335,311 |
| Total liabilities | 總負債 | (3,390,555) | (2,797,747) | (1,862,459) | (1,470,768) | (1,581,128) |
| Net assets | 淨資產 | 1,810,087 | 1,905,777 | 1,536,376 | 807,708 | 754,183 |
| Results | 業績 | | | | | |
| Profit/(loss) for the year | 年內溢利/(虧損) | (217,336) | 20,123 | 184,583 | (311,618) | (503,136) |
| Total comprehensive income/(loss) for the year | 年內全面收益/(虧損)總額 | (242,271) | (31,131) | 188,480 | (329,086) | (516,416) |



DIRECTORS

Executive Directors

Yu Jianqiu
Kwong Wai Sun Wilson
Huang Weiping
Zhu Yufen

Independent Non-executive Directors

Lee Ting Bun Denny
Pan Liansheng
Ren Ruxian

REGISTERED OFFICE

Cricket Square, Hutchins Drive PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

She Nos 1, 3 and 8
Shunhe Village Xiaojiangou Town
Youxian District Mianyang
Sichuan Province
China

PLACE OF BUSINESS IN HONG KONG

Unit 2-3, 44/F
Cosco Tower
183 Queen's Road Central
Hong Kong

COMPANY SECRETARY

Cheung Ying Kwan

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
Herbert Smith Freehills
As to PRC law
Chen & Co Law Firm

董事

執行董事

俞建秋
鄺偉信
黃偉萍
朱玉芬

獨立非執行董事

李廷斌
潘連勝
任汝嫻

註冊辦事處

Cricket Square, Hutchins Drive PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

中國總辦事處

中國
四川省
綿陽市游仙區
小觀溝鎮順河村
1、3及8社

香港營業地點

香港
皇后大道中183號
中遠大廈
44樓2-3室

公司秘書

張應坤

核數師

安永會計師事務所
執業會計師

法律顧問

有關香港法律
史密夫斐爾律師事務所
有關中國法律
瑛明律師事務所

CORPORATE INFORMATION

公司資料

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Lee Ting Bun Denny (*Chairperson*)
Pan Liansheng
Ren Ruxian

REMUNERATION COMMITTEE

Pan Liangsheng (*Chairperson*)
Lee Ting Bun Denny
Ren Ruxian

NOMINATION COMMITTEE

Ren Ruxian (*Chairperson*)
Lee Ting Bun Denny
Pan Liansheng

AUTHORIZED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Kwong Wai Sun Wilson
Cheung Ying Kwan

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China
Mianyang Commercial Bank
Huarong Xiangjiang Bank

COMPANY WEBSITE

<http://www.cmru.com.cn>

STOCK CODE

1636

審核及企業管治委員會

李廷斌 (主席)
潘連勝
任汝嫻

薪酬委員會

潘連勝 (主席)
李廷斌
任汝嫻

提名委員會

任汝嫻 (主席)
李廷斌
潘連勝

根據上市規則的授權代表

鄭偉信
張應坤

股份過戶登記總處

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔皇后大道東183號
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主要往來銀行

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綿陽市商業銀行
華融湘江銀行

公司網站

<http://www.cmru.com.cn>

股份代號

1636



China Metal Resources Utilization Limited
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