

CTEG

中滔環保

2019 年度
報告
Annual
Report



CT Environmental Group Limited
中滔環保集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1363

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Company Profile and Corporate Information

公司簡介及公司資料

EXECUTIVE DIRECTORS

Ms. Huang Qing (*Chairman and Chief Executive Officer*)
(appointed on 12 May 2020)
Mr. Lam Wai Tong
(appointed on 29 October 2020)
Mr. Li Yang
(appointed on 3 August 2020)
Mr. Wu Changbiao
(appointed on 31 January 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Jingyong
(appointed on 10 April 2019)
Mr. Fong Wai Ho
(appointed on 3 August 2020)
Ms. Lai Pik Chi, Peggy
(appointed on 3 August 2020)

COMPANY SECRETARY

Mr. Sit Hon Wing

REGISTERED OFFICE

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

AUDITOR

Crowe (HK) CPA Limited
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS

China
20/F, World Trade Centre
148 Xingang East Road
Haizhu District
Guangzhou China

Hong Kong
Unit 807, 8/F, Tower 1,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of China
Far Eastern International Bank
Industrial and Commercial Bank of China
China Construction Bank

執行董事

黃青女士 (*主席兼首席執行官*)
(於二零二零年五月十二日獲委任)
林璋瑋先生
(於二零二零年十月二十九日獲委任)
李陽先生
(於二零二零年八月三日獲委任)
伍暢標先生
(於二零二零年一月三十一日獲委任)

獨立非執行董事

何景涌先生
(於二零一九年四月十日獲委任)
方偉豪先生
(於二零二零年八月三日獲委任)
黎碧芝女士
(於二零二零年八月三日獲委任)

公司秘書

薛漢榮先生

註冊辦事處

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

核數師

國富浩華 (香港)會計師事務所有限公司
執業會計師

主要營業地點

中國地區
中國廣州市
海珠區
新港東路148號
環球貿易中心20樓

香港地區
香港
九龍長沙灣道833號
長沙灣廣場
1期8樓807室

主要往來銀行

中國銀行
遠東國際商業銀行
中國工商銀行
中國建設銀行

BUSINESS REVIEW

In 2019, although the Group's overall operating performance has been improved compared with that of 2018, the Group continued to suffer from certain setbacks as a consequence of the various unfavourable incidents happened in 2018. The project portfolio of the Group was the same as those compared with 2018 without any new projects added since the Group believed that 2019 should be a prudent year after the 2018 crisis. The Group should carefully and respectfully handle the relationships with all its stakeholders so as to pave the way for future recovery.

In 2018, the PRC government commenced a series of nationwide actions in tightening the environmental enforcement efforts and accountability by carrying out a centralised inspection of environmental protection (中央環保督察) which severely affected a number of subsidiaries during 2018. The Group has since then paid most of the required penalties and has performed relevant rectification works for some of the treatment facilities. However, the negative impacts continued to affect 2019 operation results including the termination of sludge treatment services for some of our subsidiaries, reduction in demand for our wastewater treatment services, lost of revenue during the period of rectification works and some of the alleged environmental pollution related acts has been subsequently translated into litigations in committing offences. Notwithstanding the unfavourable situation as mentioned above, the hazardous waste treatment segment did show a remarkable recovery and become the earliest segment to bounce back. This was consistent with the Group's expectation due to the increasing focus on hazardous waste by local governments.

In 2019, the cashflow position of the Group continued to face serious challenges. In order to cope with this, the Group continued to dispose certain subsidiaries including the remaining 50% of our Group's equity stake in the project holding company with business in the Guangxi Autonomous Region at an effective consideration of RMB620,000,000 and also effectively reduce its equity stake of a subsidiary with business in the Zhongshan City, Guangdong Province, from 100% to 51% at a consideration of RMB98,000,000 in the form of equity and shareholder's loan. Most of the proceeds from the above disposals were used to repay bank loans. At the same time, the Group continued to adopt cost savings measures while continued its plan to dispose of other non-core subsidiaries and assets from terminated facilities.

業務回顧

於二零一九年，儘管本集團的整體經營表現較二零一八年有所改善，但由於二零一八年發生的多項不利事件，本集團繼續遭受若干挫折。本集團的項目組合與二零一八年相同，並無新增任何項目，因為本集團相信二零一九年應為二零一八年危機後的審慎年度。本集團應謹慎及尊重地處理與所有持份者的關係，為未來復甦鋪路。

二零一八年，中國政府透過進行中央環保督察在全國範圍內開展了一系列加強環境保護執法力度及責任追究行動，於二零一八年對若干附屬公司造成嚴重影響。自此，本集團已支付大部分所需罰款，並已就部分處理設施進行相關整改工程。然而，有關負面影響繼續影響二零一九年的經營業績，包括部分附屬公司的污泥處理服務終止、對我們的污水處理服務的需求減少、整改工程期間的收益損失及部分所指稱的環境污染相關行為隨後轉化為犯罪訴訟。儘管出現上述不利情況，惟危險廢物處理分部仍呈現顯著復甦，並成為最早反彈的分部。此與本集團的預期一致，乃由於地方政府日益重視危險廢物。

於二零一九年，本集團的現金流量狀況繼續面臨嚴峻挑戰。為應對此情況，本集團繼續出售若干附屬公司，包括本集團於廣西自治區擁有業務的項目控股公司的餘下50%股權，實際代價為人民幣620,000,000元，並將其於廣東省中山市擁有業務的附屬公司的股權由100%實際減少至51%，代價為人民幣98,000,000元，形式為股權及股東貸款。上述出售事項的大部分所得款項已用於償還銀行貸款。同時，本集團繼續採取成本節約措施，同時繼續計劃出售其他非核心附屬公司及已終止設施的資產。

Management Discussion and Analysis

管理層討論與分析

Another challenge on cash position in 2019 were the commencement of the legal actions against the group companies for debt recovery. Some of the judgments of the above legal actions has been issued so that our Group is now facing risk of judgment enforcement by the relevant creditors. The Group is continuing its effort in arriving settlement plans with its creditors.

The Company's trading of shares has been suspended since 1 April 2019 due to the failure to publish the annual results for the year ended 31 December 2018. The Stock Exchange of Hong Kong Limited ("Stock Exchange") has subsequently issued certain resumption guidance to the Company, including the publication of the outstanding financial results of the Group. The Group will continue its utmost effort in satisfying the resumption guidance and target to resume trading as soon as practicable. The trading suspension itself did not affect the business operations of the Group.

FUTURE OUTLOOK

The Group's early presence in the general solid waste sector and the hazardous treatment waste sector provided the Group with advantages in these market segments. As reflected from the 2019 results, the revenue from hazardous waste treatment segment was the first segment to recover. In recent years, the Chinese government has expressed its concern over the potential harmful effect of hazardous waste and also the concern over the rate of reuse and recycle of general solid waste so as to promote efficiency in resources utilization. In general, there are entry barriers to the solid waste treatment sector and the hazardous treatment sector in terms of obtaining operating permits or licenses and in terms of capital expenditure. Hence, the Group believed that the operating permits or licenses which the Group possesses can enhance the future revenue base of the Group.

In view of the Group's cashflow position, the Group is in the process of disposing non-core assets or projects so as to further relieve the Group from cashflow pressure. The Group has signed an agreement with a local government in land resumption for a cash compensation of approximately RMB1.24 billion on 28 September 2020. The Group expected there will be similar transactions so that more cash inflow from disposal is expected. In view of this, the Group is confident to successfully pass through such a difficult moment.

於二零一九年，對現金狀況的另一項挑戰為對該等集團公司追討債務之法律行動已展開。上述法律行動的部分判決已頒佈，故本集團目前面臨相關債權人強制執行判決的風險。本集團正繼續努力與其債權人達成和解計劃。

由於未能刊發截至二零一八年十二月三十一日止年度之年度業績，本公司股份已自二零一九年四月一日起暫停買賣。香港聯合交易所有限公司（「聯交所」）其後已向本公司發出若干復牌指引，包括刊發本集團尚未刊發之財務業績。本集團將繼續盡最大努力達成復牌指引，目標是在切實可行的情況下盡快恢復買賣。暫停買賣本身並不影響本集團之業務營運。

未來展望

本集團於一般固體廢物行業及危險廢物處理行業的早期佈局為本集團於該等市場分部提供優勢。誠如二零一九年業績所反映，危險廢物處理分部為首個復甦的分部。近年來，中國政府對危險廢物的潛在有害影響表示關注，亦關注一般固體廢物的再利用及回收率，以提高資源利用率。一般而言，就取得經營許可證或牌照以及就資本開支而言，固體廢物處理行業及危險廢物處理行業存在進入門檻。因此，本集團相信，本集團擁有的經營許可證或牌照能夠提升本集團的未來收益基礎。

鑒於本集團的現金流量狀況，本集團正在出售非核心資產或項目，以進一步緩解本集團的現金流量壓力。於二零二零年九月二十八日，本集團與地方政府已就土地收回簽訂協議，現金補償約為人民幣12.4億元。本集團預期將來有類似交易，故預期出售事項將產生更多現金流入。有鑒於此，本集團有信心成功渡過此艱難時期。

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 26.2% to approximately HKD850.4 million for the year ended 31 December 2019 from approximately HKD1,153.0 million for the year ended 31 December 2018. Such decrease was mainly attributable to the following:

- 1) the disposal of the Group's business in the Guangxi Autonomous Region so that there was no revenue contribution to the Group's revenue in 2019 while the corresponding revenue in 2018 was approximately HKD234.2 million;
- 2) the termination of sludge treatment operations of Guangzhou Haitao and the reduction in the demand for sludge treatment services and solid waste treatment services of other subsidiaries of the Group, causing a reduction in revenue by approximately HKD151.2 million;
- 3) the offset of the above decrease in revenue by an increase in the revenue from the hazardous waste treatment segment which in turn due to the general increase in demand for such treatment services. The increase in the revenue of the hazardous treatment segment amounted to approximately HKD116.1 million.

Cost of sales

The cost of sales of the Group decreased by approximately 41.2% to approximately HKD567.4 million for the year ended 31 December 2019 from approximately HKD964.3 million for the year ended 31 December 2018. The decrease was consistent with the overall the decrease in revenue especially the impact from the disposal of the Group's business in the Guangxi Autonomous Region.

財務回顧

收益

本集團之收益由截至二零一八年十二月三十一日止年度之約1,153.0百萬港元減少約26.2%至截至二零一九年十二月三十一日止年度之約850.4百萬港元。有關減少乃主要由於以下各項所致：

- 1) 出售本集團於廣西自治區的業務，致使於二零一九年其對本集團並無收益貢獻，而二零一八年的相應收益約為234.2百萬港元；
- 2) 廣州海滔的污泥處理業務終止及本集團其他附屬公司對污泥處理服務及固體廢物處理服務的需求減少，導致收益減少約151.2百萬港元；
- 3) 上述收益減少被危險廢物處理分部收益增加所抵銷，而危險廢物處理分部收益增加乃由於對有關處理服務的需求整體增加所致。危險廢物處理分部的收益增加約116.1百萬港元。

銷售成本

本集團的銷售成本由截至二零一八年十二月三十一日止年度之約964.3百萬港元減少約41.2%至截至二零一九年十二月三十一日止年度約567.4百萬港元。有關減少與收益整體減少一致，尤其為出售本集團於廣西自治區之業務之影響一致。

Management Discussion and Analysis

管理層討論與分析

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 50.0% to approximately HKD283.0 million for the year ended 31 December 2019 from approximately HKD188.7 million for the year ended 31 December 2018 primarily as a result of the factors described above. The gross profit margin of the Group increased to approximately 33.3% for the year ended 31 December 2019 from approximately 16.4% for the year ended 31 December 2018, such increase was due to the increase in proportion of revenue contributed by the hazardous treatment segment, which possessed a relatively higher gross profit margin. Also, the general increase in the utilization rate of operating facilities compared with 2018 also helped to reduce the effect of fixed overhead costs on the Group.

Other income

Other income of the Group decreased by approximately 73.9% to approximately HKD12.1 million for the year ended 31 December 2019 from approximately HKD46.3 million for the year ended 31 December 2018. The decrease was mainly due to the reduction in the amount of value-added tax refund which was a consequence of various administrative penalty notices issued under the environmental protection inspection which in turn affected the eligibility of claiming such tax refund. The decrease was also attributable to the decrease in interest income which was consistent with the low level of average bank balance.

Other net (losses)/gains

The other net gains for the year ended 31 December 2019 was HKD0.48 million, compared with other net losses of HKD139.0 million for the year ended 31 December 2018. The large amount in the other net losses in 2018 mainly included penalties of approximately HKD106.3 million which in turn was mainly attributable to the various administrative penalty notices issued under the nationwide environmental protection inspection in 2018, the amount has been reduced to approximately HKD2.0 million for the year ended 31 December 2019.

毛利及毛利率

本集團之毛利率由截至二零一八年十二月三十一日止年度之約188.7百萬港元增加約50.0%至截至二零一九年十二月三十一日止年度之約283.0百萬港元，此乃主要由於上述因素所致。本集團之毛利率由截至二零一八年十二月三十一日止年度之約16.4%增加至截至二零一九年十二月三十一日止年度之約33.3%，有關增加乃由於毛利率相對較高之危險廢物處理分部所貢獻之收益比例增加所致。此外，營運設施之使用率較二零一八年整體增加，亦有助減少固定間接成本對本集團之影響。

其他收入

本集團之其他收入由截至二零一八年十二月三十一日止年度之約46.3百萬港元減少約73.9%至截至二零一九年十二月三十一日止年度之約12.1百萬港元。有關減少之主要原因為增值稅退稅金額減少，此乃由於根據環保督查而發出之各行政罰款通知書影響申領有關退稅之資格所致。有關減少亦歸因於利息收入減少，其與平均銀行結餘的低水平一致。

其他（虧損）／收入淨額

截至二零一九年十二月三十一日止年度之其他收入淨額為0.48百萬港元，而截至二零一八年十二月三十一日止年度之其他虧損淨額為139.0百萬港元。二零一八年之其他虧損淨額較大，主要包括罰款約106.3百萬港元，其乃主要歸因於根據二零一八年之全國環保督查而發出之各行政罰款通知書，該金額於截至二零一九年十二月三十一日止年度減少至約2.0百萬港元。

Administrative expenses

The Group's administrative expenses decreased by approximately 44.5% to approximately HKD211.1 million for the year ended 31 December 2019 from approximately HKD380.4 million for the year ended 31 December 2018. The decrease was mainly attributable to general cost saving policy adopted for the year 2019 such that expenses related to staff costs, advertising expenses, consultancy fees, legal and professional fees, donations and lease related expenses has been substantially reduced.

Impairment losses

During the year ended 31 December 2019, impairment losses on various items amounted to approximately HKD185.4 million (2018: approximately HKD3,414.8 million). The impairment losses in 2019 were mainly due to impairment loss on certain loan receivables and certain amounts due from companies controlled by a former director of approximately HKD69.2 million and approximately HKD59.9 million respectively while the substantial amounts of impairment losses in 2018 were due to the following:

- 1) the closure of certain industrial parks operated by the Group, together with the completion of rectification work and upgrade work in response to the request after the large-scale environmental protection inspection (the original assets of which were obsolete thereon), has caused the related property, plant and equipment to be impaired which amounted to approximately HKD1,886.1 million;
- 2) the closure and termination of certain projects with goodwill and intangible assets being recognized at the time of acquisition and the general poor operating performance of the Group in 2018 has induced the impairment losses on goodwill and intangible assets amounted to approximately HKD689.9 million; and
- 3) impairment losses of approximately HKD273.6 million in relation to certain amounts due from a former director and certain of his controlled entities has been made.

行政開支

本集團之行政開支由截至二零一八年十二月三十一日止年度之約380.4百萬港元減少約44.5%至截至二零一九年十二月三十一日止年度之約211.1百萬港元。有關減少乃主要由於於二零一九年採納的一般成本節約政策使與員工成本、廣告開支、諮詢費、法律及專業費用、捐款及租賃相關開支有關的開支大幅減少所致。

減值虧損

於截至二零一九年十二月三十一日止年度，各項目之減值虧損約為185.4百萬港元（二零一八年：約3,414.8百萬港元）。二零一九年之減值虧損乃主要由於若干應收貸款及若干應收前董事控制公司款項之減值虧損分別約69.2百萬港元及約59.9百萬港元所致，而二零一八年之大幅減值虧損乃主要由於以下各項所致：

- 1) 本集團營運之若干產業園關停，加上因應大型環保督查後之要求而進行之整改工程及升級工程完成（其原有資產已過時）已導致相關物業、廠房及設備減值約1,886.1百萬港元；
- 2) 於收購時已確認商譽及無形資產之若干項目關停及終止以及本集團於二零一八年整體經營表現不佳已產生商譽及無形資產減值虧損約689.9百萬港元；及
- 3) 已就應收前一名前董事及其控制之若干實體之若干款項作出減值虧損約273.6百萬港元。

Management Discussion and Analysis

管理層討論與分析

Finance costs

The finance costs of the Group decreased by approximately 5.7% to approximately HKD228.4 million for the year ended 31 December 2019 from approximately HKD242.3 million for the year ended 31 December 2018. The decrease was mainly attributable to the substantial net decrease of bank loans during the year of approximately HK\$821.3 million, but the effect of which has been partially offset by the finance costs generated by other loans due to the relatively higher interest rate.

Income tax credit

The income tax credit of the Group for the year ended 31 December 2019 was approximately HK\$10.2 million (2018: approximately HK\$59.2 million). The current year tax provision has been increased to approximately HK\$22.7 million but there was a reversal of certain temporary difference for deferred taxation purpose amounted to approximately HKD31.5 million mainly related to the de-recognition of intangible assets pursuant to the early termination of a BOT contract of the Group while in 2018, the amount of reversal of temporary difference for deferred taxation purpose amounted to approximately HK\$78.4 million which arose from substantial impairment of intangible assets.

Loss attributable to owners of the Company

The loss attributable to owners of the Company was approximately HKD316.7 million for the year ended 31 December 2019 (2018: approximately 3,872.8 million) as a result of the factors described above.

融資成本

本集團之融資成本由截至二零一八年十二月三十一日止年度之約242.3百萬港元減少約5.7%至截至二零一九年十二月三十一日止年度之約228.4百萬港元。有關減少乃主要由於年內銀行貸款大量減少淨額約821.3百萬港元，但由於利率相對較高，其影響部分被其他貸款產生的融資成本所抵銷所致。

所得稅抵免

本集團截至二零一九年十二月三十一日止年度的所得稅抵免約為10.2百萬港元（二零一八年：約59.2百萬港元）。本年度稅項撥備增加至約22.7百萬港元，惟就遞延稅項而言的若干暫時差額撥回約31.5百萬港元，主要與根據本集團一份BOT合約之提早終止而終止確認無形資產有關，而於二零一八年，就遞延稅項而言的暫時差額撥回金額約為78.4百萬港元，乃由於無形資產大幅減值所致。

本公司擁有人應佔虧損

由於上述因素，故截至二零一九年十二月三十一日止年度，本公司擁有人應佔虧損約為316.7百萬港元（二零一八年：約3,872.8百萬港元）。

EVENTS AFTER 31 DECEMBER 2019

Below are important events which occurred after 31 December 2019:

- (1) On 24 February 2020, one of the banks (“Bank A”) has filed a bill of indictment to a court in Guangzhou against the Company as borrower and its fourteen subsidiaries and Mr. Tsui Cham To (“Mr. Tsui”) as guarantor claiming the immediate repayment of the loan with outstanding interest and legal and other costs totalling HK\$152,868,000. The Group intended to reach a settlement agreement with Bank A. Up to the date of this report, no settlement agreement has been signed yet.

After the litigation initiated by Bank A, the Group has closely communicated with other relevant banks progress of settlement between the Group and Bank A and the progress of the disposal of certain assets as mentioned above. Up to the date of this report, other than Bank A, no bank has taken legal actions against the Group.

- (2) Certain subsidiaries, certain former directors and senior management members were accused of certain criminal offences in the PRC with the corresponding indictments issued during the year ended 31 December 2019. Subsequently, judgments of most of the cases has been released during the year ending 31 December 2020. Details of which are set out in note 5 and note 50 to the consolidated financial statements.
- (3) In 2018, the Company entered into certain loan agreements with an independent third party pursuant to which the Company borrowed an aggregate amount of HK\$185,000,000. Subsequently, the Company failed to repay the above loan and the lender initiated legal actions against the Company with the final judgment issued on 17 January 2020 in which the Company were ordered to pay the lender.

於二零一九年十二月三十一日後的事項

以下為於二零一九年十二月三十一日後發生的重要事項：

- (1) 於二零二零年二月二十四日，其中一間銀行（「銀行A」）已向廣州法院提交針對本公司（作為借款人）及其十四家附屬公司及徐湛滔先生（「徐先生」）（作為擔保人）之起訴書，要求即時償還貸款連同未償還利息以及法律及其他成本合共152,868,000港元。本公司擬與銀行A達成和解協議。直至本報告日期，尚未簽署和解協議。

於銀行A提出訴訟後，本集團已與其他相關銀行就本集團與銀行A結算之進度及出售上述若干資產之進度進行密切溝通。直至本報告日期，除銀行A外，概無銀行已針對本集團採取法律行動。

- (2) 於截至二零一九年十二月三十一日止年度，若干附屬公司、若干前董事及高級管理層成員被指控觸犯中國若干刑事罪行，且相應起訴書已發出。其後，大部分案件的判決已於截至二零二零年十二月三十一日止年度發出。有關詳情載於綜合財務報表附註5及附註50。
- (3) 於二零一八年，本公司與一名獨立第三方訂立若干貸款協議，據此，本公司借入合共185,000,000港元。其後，本公司未能償還上述貸款，而貸款人向本公司提出法律訴訟，最終判決於二零二零年一月十七日頒佈，據此，本公司被責令向貸款人付款。

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On 20 July 2020, the lender informed the Company that if the judgment debt were not settled by 30 September 2020, the lender shall enforce the judgment and take further actions including but not limited to winding up the Company and issue a bankruptcy petition against Mr. Tsui (as a guarantor to the loan) without further notice. Up to the date of approval of the consolidated financial statements, the Company is not aware of any winding-up petition made against the Group and Mr. Tsui. Please refer to note 36(a) to the financial statements for details of the above loan and the corresponding litigation.

- (4) On 28 September 2020, the Group entered into a land resumption agreement with a local government pursuant to which the Group agrees to surrender certain land and items erected on the land in return for a cash compensation amounted to RMB1,237,884,000 (equivalent to approximately HK\$1,381,850,000). Details of the above agreement were disclosed in the announcements dated 30 September 2020.
- (5) Since early 2020, the Group's operation has been affected by quarantine measures imposed by the local government to contain the COVID-19 outbreak. The Group has been paying close attention to the impact of the situation on its operation and taking all possible and reasonable measures to mitigate and limit the impact on the Group's operation. As the extent to which the COVID-19 outbreak will continue is uncertain, the overall financial effect that the COVID-19 outbreak may have on the Group's businesses and financial results cannot be reliably estimated as at the date when these consolidated financial statements are authorized for issue.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2019, the principal liquidity and capital requirements of the Group primarily relate to the obligations under various bank loan agreements, construction of treatment facilities and operation expenses.

As at 31 December 2019, the carrying amount of the Group's cash and bank deposits was approximately HKD177.2 million (2018: HKD273.1 million), representing a decrease of approximately 35.1% as compared to that as at 31 December 2018.

於二零二零年七月二十日，貸方通知本公司，倘判決債務未能於二零二零年九月三十日前結清，貸方將強制執行判決並採取進一步行動，包括但不限於將本公司清盤及向徐先生（作為貸款擔保人）發出破產呈請，而毋須另行通知。截至綜合財務報表批准日期，本公司並不知悉任何針對本集團及徐先生提出的清盤呈請。有關上述貸款及相應訴訟的詳情，請參閱財務報表附註36(a)。

- (4) 於二零二零年九月二十八日，本集團與地方政府訂立土地徵收協議，據此，本集團同意交出若干土地及土地上之若干項目，以換取現金補償金額人民幣1,237,884,000元（相當於約1,381,850,000港元）。上述協議之詳情披露於日期為二零二零年九月三十日之公告。
- (5) 自二零二零年初，本集團的營運受地方政府為遏制2019冠狀病毒病爆發而實施的檢疫措施所影響。本集團一直密切關注疫情對其營運的影響，並採取一切可能及合理措施減輕及限制對本集團營運的影響。由於2019冠狀病毒病爆發之持續程度乃不確定，故於該等綜合財務報表獲授權刊發日期，無法可靠地估計2019冠狀病毒病爆發對本集團業務及財務業績的整體財務影響。

流動資金及財務資源

截至二零一九年十二月三十一日止年度，本集團主要的流動資金及資本需求主要與多份銀行貸款協議項下之責任、處理設施之建設以及經營開支有關。

於二零一九年十二月三十一日，本集團現金及銀行存款的賬面值約為177.2百萬港元（二零一八年：273.1百萬港元），較二零一八年十二月三十一日減少約35.1%。

BANK LOANS AND GEARING

As at 31 December 2019, the total amount of bank loans of the Group was approximately HKD1,973.9 million (2018: HKD2,795.1 million), in which 87.5% (2018: 81.6%) were denominated in RMB. All of the Group's bank borrowings carry floating interest rates. There was no unutilised bank facilities as at 31 December 2019 and 31 December 2018.

As at 31 December 2019, the secured bank loans amounted to HKD1,724.2 million (2018: 2,468.0 million), and unsecured bank loans amounted to HKD249.7 million (2018: 327.1 million).

As at 31 December 2019, covenants relating to restrictions on controlling shareholder, the consolidated EBITDA to long-term borrowings matured within one year and consolidated finance cost ratio, and adjusted cash flow to consolidated debt services ratio had been breached. Since then the Group has negotiated with each of the banks in relation to: 1) obtain waiver for the above non-compliance; 2) extend the repayment date of certain overdue balance; 3) convince the relevant banks not to take legal actions; 4) explore the feasibility of providing additional securities or guarantees by subsidiaries acceptable to the relevant banks; and 5) the progress and timing of receipt of sales proceeds of intended disposal of certain assets of the Group.

Subsequently, one of the banks has taken legal action against the Group, please refer to the section headed "Events after 31 December 2019" and note 2(d) to the consolidated financial statements for more details.

As at 31 December 2019, the gearing ratio, as calculated by dividing the total borrowings (net of bank and cash balances) by the total equity of the Group, was -1,737.7% (2018: 1,821.2%).

銀行貸款及資產負債

於二零一九年十二月三十一日，本集團的銀行貸款總額約為1,973.9百萬港元（二零一八年：2,795.1百萬港元），當中87.5%（二零一八年：81.6%）以人民幣計值。本集團所有銀行借款均按浮動利率計息。於二零一九年十二月三十一日及二零一八年十二月三十一日概無未動用的銀行貸款額度。

於二零一九年十二月三十一日，有抵押之銀行貸款為1,724.2百萬港元（二零一八年：2,468.0百萬港元）及無抵押之銀行貸款為249.7百萬港元（二零一八年：327.1百萬港元）。

於二零一九年十二月三十一日，已違反有關限制控股股東、綜合EBITDA對一年內到期之長期借款及綜合融資成本比率、調整後現金流量對綜合債務服務比率之契諾。自此，本集團已與各銀行就以下各項進行磋商：1)取得上述違反情況之豁免；2)延長若干逾期結餘之還款日期；3)說服相關銀行不採取法律行動；4)探討由附屬公司提供相關銀行信納之額外抵押或擔保之可行性；及5)收取擬出售本集團若干資產之銷售所得款項之進度及時間。

隨後，其中一間銀行已針對本集團採取法律行動，請參閱「於二零一九年十二月三十一日後的事項」及綜合財務報表附註2(d)以取得更多詳情。

於二零一九年十二月三十一日，資產負債比率（按借款總額（經扣除銀行及現金結餘）除以本集團的權益總額計算）為-1,737.7%（二零一八年：1,821.2%）。

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CONTINGENT LIABILITIES AND LITIGATIONS

In April 2018, Guangzhou Haitao was alleged to have committed a number of criminal offences. Subsequently, in April 2019, The People's Procuratorate of Guangzhou City, Guangdong Province (廣東省廣州市人民檢察院) filed a bill of indictment against Guangzhou Haitao, the details of which are set out in note 5(c) to the consolidated financial statements.

Other than the above, as at 31 December 2019 and 31 December 2018, the Group had no material contingent liabilities or guarantees.

The Group has certain material litigations existed during the year ended 31 December 2019 and up to the date of the approval of this report, details of which were set out in note 50 to the financial statements.

PLEDGE OF ASSETS

As at 31 December 2019, the Group pledged certain of its property, plant and machinery and right-of-use assets with an aggregate carrying amount of approximately HKD243.7 million (2018: property, plant and equipment and lease prepayments of approximately HKD252.4 million) and pledged certain bank deposits amounted to approximately HKD1.7 million (2018: approximately HKD87.1 million) to certain banks to secure certain credit facilities granted to the Group. In addition, the Group's equity interests in major operating subsidiaries including Guangzhou Lvyou, Qingyuan Lvyou, Guangzhou Yinglong, Guangzhou Liangang and Ganghui Huanbao were pledged to secure bank loans granted to the Group. Certain rights to receive service revenue were also pledged to secure bank loans granted to the Group.

As at 31 December 2018, the lease prepayments of HK\$41,968,000 and property, plant and equipment of HK\$349,920,000 as included in assets of disposal group classified as held for sale were pledged for the bank loans granted to the Group. Also, the equity interest of Xintao Investment Co., Ltd. ("Xintao Investment") classified as held for sale was pledged to secure the bank loans granted to the Group (note 35).

或有負債及訴訟

於二零一八年四月，廣州海滔被指稱觸犯若干刑事罪行。隨後，於二零一九年四月，廣東省廣州市人民檢察院對廣州海滔提出起訴書，有關詳情載於綜合財務報表附註5(c)。

除上文所述者外，於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團並無任何重大或有負債或擔保。

本集團於截至二零一九年十二月三十一日止年度及直至本報告獲批准日期擁有若干重大訴訟，有關詳情載於財務報表附註50。

資產抵押

於二零一九年十二月三十一日，本集團向若干銀行抵押賬面值總額約為243.7百萬港元的若干物業、廠房及機器以及使用權資產（二零一八年：物業、廠房及設備以及租賃預付款項約為252.4百萬港元）及質押若干銀行存款約1.7百萬港元（二零一八年：約87.1百萬港元），以擔保授予本集團的若干信貸融資。此外，本集團亦將於廣州綠由、清遠綠由、廣州盈隆、廣州蓮港及港匯環保等主要營運附屬公司的股權質押，作為授予本集團的銀行貸款的抵押。若干收取服務收益之權利亦已質押，作為授予本集團的銀行貸款的抵押。

於二零一八年十二月三十一日，計入分類為持作出售之出售集團資產租賃預付款項41,968,000港元及物業、廠房及設備349,920,000港元已就授予本集團的銀行貸款質押。此外，分類為持作出售之新滔投資有限公司（「新滔投資」）之股權已質押，作為授予本集團的銀行貸款的抵押（附註35）。

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As at 31 December 2019, the equity interest of Zhongshan Haitao classified as held for sale was pledged to secure the bank loans granted to the Group (note 35).

CAPITAL EXPENDITURES

Due to the reasons and situations as disclosed in the section headed “Business Review” and “Financial Review” sections, the Company has incurred a comparatively low amount of capital expenditure during the year ended 31 December 2019.

For the year ended 31 December 2019, the capital expenditures of the Group (mainly including additions to property, plant and equipment and additions to lease prepayments) amounted to approximately HKD100.6 million (2018: HKD912.6 million). These capital expenditures were funded by bank borrowings and funds generated from the operating activities of the Group.

Due to the reasons and situations as disclosed in the section headed “Business Review” and “Financial Review” sections, the Company currently does not have any plans for material investments or material purchase of capital assets except for the Guangzhou Lvyou relocation project. The expected fund source for the Guangzhou Lvyou relocation project will be project financing in the form of debt and/or equity. For details of the Guangzhou Lvyou relocation project, please refer to note 51(c) and 51(d) of the financial statements.

FOREIGN CURRENCY RISK

The Group’s assets, borrowings and major transactions are mainly denominated in RMB. The Group is exposed to currency risk primarily arising from receivables and bank loans that are denominated in a currency other than the functional currency of the relevant entities. The currencies giving rise to this risk are primarily RMB and USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2019, approximately 99.9%, 0.0% and 0.1% of the cash and cash equivalent held by the Group are denominated in RMB, USD and HKD respectively (31 December 2018: 80.6%, 0.0% and 19.4%).

於二零一九年十二月三十一日，分類為持作出售之中山海滔股權已質押，作為授予本集團的銀行貸款的抵押（附註35）。

資本開支

由於「業務回顧」及「財務回顧」章節所披露之理由及情況，本公司已於截至二零一九年十二月三十一日止年度產生相對較低的資本開支。

截至二零一九年十二月三十一日止年度，本集團資本開支（主要包括物業、廠房及設備增加及租賃預付款項增加）約100.6百萬港元（二零一八年：912.6百萬港元）。該等資本開支由銀行貸款及本集團經營活動所得資金撥付。

由於「業務回顧」及「財務回顧」章節所載之理由及情況，除廣州綠由搬遷項目外，本公司目前並無任何計劃進行重大投資或購買重大資本資產。廣州綠由搬遷項目之預期資金來源將會為以債務及／或股權方式進行之項目融資。有關廣州綠由搬遷項目之詳情，請參閱財務報表附註51(c)及51(d)。

外幣風險

本集團的大部分資產、貸款及主要交易均以人民幣為單位。本集團面對的貨幣風險主要來自有關實體之功能貨幣以外貨幣計價的應收款項及銀行貸款。產生此風險的貨幣主要為人民幣及美元。本集團目前並無就外幣交易、資產及負債設立外匯對沖政策。本集團將嚴密監察其外匯風險，並將於需要時考慮對沖重大外匯風險。於二零一九年十二月三十一日，本集團持有的現金及現金等價物以人民幣、美元及港元計值的分別約佔99.9%、0.0%及0.1%（二零一八年十二月三十一日：80.6%、0.0%及19.4%）。

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EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed 1,239 employees (2018: 1,901 employees). Employee costs amounted to approximately HKD169.0 million for the year ended 31 December 2019 (2018: approximately HKD210.0 million). The Group will endeavour to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions, and that employees' remuneration is based on their performance.

The Company has also adopted a share option scheme and a share award scheme ("Share Award Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and which is payable to staff based on his or her individual performance and that of the Group as a whole.

MATERIAL ACQUISITION AND DISPOSAL

In April 2019, the Group entered into an agreement with an independent third party which effectively reduce its equity stake in Zhongshan Haitao Environmental Protection Technology Company Limited from 100% to 51% at a consideration of RMB98,000,000 in the form of equity and shareholder's loan. The above transaction was completed on 20 August 2020.

On 18 December 2019, the Company entered into an equity transfer agreement with Agile Eco Technology (Hong Kong) Limited ("Agile Eco"), pursuant to which the Company agreed to sell the remaining 50% equity interests in Xintao Investment Co. Ltd. ("Xintao Investment"), which owned the Group's assets in the environmental protection related projects in the Guangxi Autonomous Region and was owned as to 50% by the Company and as to 50% by Agile Eco as of the date of the above agreement to Agile Eco at an effective consideration of RMB620,000,000. The transaction under the above agreement was completed on 19 December 2019. The details of the above were set out in note 45(a).

Save as disclosed above, during the year ended 31 December 2019, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures.

僱員及薪酬政策

於二零一九年十二月三十一日，本集團聘用1,239名僱員（二零一八年：1,901名）。截至二零一九年十二月三十一日止年度，員工成本約為169.0百萬港元（二零一八年：約210.0百萬港元）。本集團將致力確保僱員薪酬水平符合行業慣例及現行市況，而僱員薪酬乃基於彼等的表現釐定。

本公司亦採納一項購股權計劃及一項股份獎勵計劃（「股份獎勵計劃」），旨在對為本集團營運的成就作出貢獻的合資格參與者提供獎勵及報酬，其乃根據員工個人及本集團整體之表現向員工支付。

重大收購及出售

於二零一九年四月，本集團與一名獨立第三方訂立協議，其將於中山海滔環保科技有限公司之股權由100%實際減少至51%，代價為人民幣98,000,000元，形式為股權及股東貸款。上述交易已於二零二零年八月二十日完成。

於二零一九年十二月十八日，本公司與雅居樂生態環保科技（香港）有限公司（「雅居樂生態」）訂立股權轉讓協議，據此，本公司同意向雅居樂生態出售其於新滔投資有限公司（「新滔投資」，擁有本集團於廣西自治區的環保相關項目中的資產，及截至上述協議日期由本公司及雅居樂生態分別擁有50%及50%權益）的餘下50%股權，實際代價為人民幣620,000,000元。上述協議項下之交易已於二零一九年十二月十九日完成。上述事項之詳情載於附註45(a)。

除上文所披露者外，截至二零一九年十二月三十一日止年度，本集團並無任何其他重大收購或出售附屬公司、聯營公司或合營企業。

DISCLAIMER OF OPINION

The auditors of the Company expressed a disclaimer of opinion in the independent auditor's report on the consolidated financial statements of the Group for the ended 31 December 2019 (the "Independent Auditor's Report"). As stated in the paragraph headed "Basis for Disclaimer of Opinion" in the Independent Auditor's Report, the auditor of the Company expressed a disclaimer of opinion after considering the combined impact of the following: 1) opening balances and corresponding figures; 2) multiple uncertainties relating to going concern; 3) indictments and legal proceedings against the Group and investigations; 4) carrying amount and impairment loss on property, plant and equipment, intangible assets, contract assets, goodwill and deferred tax liabilities; 5) consideration receivable; 6) impairment loss on payments for the acquisition of a subsidiary and loan receivables; 7) revenue and trade receivables; and 8) impairment of the Company's investments in subsidiaries and amounts due from subsidiaries.

SUSPENSION OF TRADING AND RESUMPTION GUIDANCE

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2019 and will remain suspended until further notice.

不發表意見

本公司核數師於有關本集團截至二零一九年十二月三十一日止年度之綜合財務報表之獨立核數師報告（「獨立核數師報告」）不發表意見。誠如獨立核數師報告中「不發表意見之基礎」一段所載，本公司核數師於考慮以下各項之綜合影響後表示不發表意見：1)期初結餘及相應數字；2)有關持續經營之多項不明朗因素；3)針對本集團之起訴及法律訴訟及調查；4)物業、廠房及設備、無形資產、合約資產、商譽及遞延稅項負債之賬面值及減值虧損；5)應收代價；6)收購一家附屬公司之付款及應收貸款之減值虧損；7)收益及應收貿易款項；及8)本公司於附屬公司之投資之減值及應收附屬公司款項。

暫停買賣及復牌指引

應本公司之要求，本公司股份已由二零一九年四月一日上午九時正起於聯交所暫停買賣，並將維持暫停買賣直至另行通知為止。

Management Discussion and Analysis

管理層討論與分析

On 24 June 2019 and 8 November 2019, the Company received letters from the Stock Exchange setting out certain resumption guidance, including: (a) conduct an appropriate investigation into the Allegations, announce the findings and take appropriate remedial actions; (b) publish all outstanding financial results and address any audit modifications; (c) announce all material information for the Company's shareholders and other investors to appraise the Company's position; (d) demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules; (e) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence; and (f) demonstrate that all Directors meet a standard of competence commensurate with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rules 3.08 and 3.09.

The actions taken up to 30 September 2020 to fulfil the above resumption guidance Company were disclosed in the announcement dated 30 September 2020. The Company will continue to work with its professional and legal advisors to advance the resumption progress. Fulfillment of the above resumption guidance is subject to the Stock Exchange's confirmation. The Company will keep the shareholders of the Company and the public informed on the progress of fulfillment of the above resumption guidance as and when appropriate.

於二零一九年六月二十四日及二零一九年十一月八日，本公司接獲聯交所之函件，當中載列若干復牌指引，包括：(a)就該等指稱進行適當調查，公告調查發現，並採取適當補救行動；(b)刊發所有尚未刊發之財務業績及解決任何審核非無保留意見；(c)公告一切重要資料，以供本公司股東及其他投資者評估本公司之狀況；(d)證明本公司已設有足夠內部監控及程序以遵守上市規則；(e)證明概無與管理層誠信及／或對本公司之管理及營運具有重大影響力之任何人士之誠信有關之合理監管疑慮，而將對投資者構成風險及損害市場信心；及(f)證明全體董事均符合第3.08及3.09條之規定，具備作為上市發行人董事職位相符的能力水平，以應有技能、謹慎和勤勉履行彼等之職務。

本公司直至二零二零年九月三十日所採取以達成上述復牌指引之行動已於日期為二零二零年九月三十日之公告內披露。本公司將繼續與其專業及法律顧問合作，以加快復牌進度。達成上述復牌指引須待聯交所確認後，方可作實。本公司將於適當時候就達成上述復牌指引之進展知會本公司股東及公眾人士。

Directors and Senior Management 董事及高級管理層

EXECUTIVE DIRECTORS

Ms. Huang Qing, aged 35, is the Chairman, the Chief Executive Officer of the Group. She is an Executive Director of the Company appointed on 12 May 2020. Ms. Huang supervises five major departments of the Company covering administrative and human resources, finance, internal control and operation management, technology and construction management and public relations. She is mainly in charge of the administrative and human resources department as well as the public relations department. Ms. Huang is the spouse of Mr. Tsui, a substantial shareholder of the Company. Ms. Huang served in the Armed Services Department of General Staff Department of Chinese People's Liberation Army from 2002 to 2004 and served as a host of Guangdong Radio and Television Station between 2009 to 2012 before she joined the Company in 2019. Ms. Huang obtained a bachelor's degree in broadcasting and hosting from the Communication University of China in 2009, and has completed the certificate program in Executive Master of Business Administration from Sun Yat-sen University in 2019.

執行董事

黃青女士，35歲，為本集團主席兼首席執行官。彼為一名於二零二零年五月十二日委任之本公司執行董事。黃女士監管本公司行政人力資源中心、財務中心、內控及運營管理中心、技術及建設管理中心及公共關係中心等五大中心，並主要負責行政人力資源及公共關係。黃女士為本公司主要股東徐先生之配偶。黃女士於二零一九年加入本公司前，曾於二零零二年至二零零四年服役於中國人民解放軍總參謀部兵種部，並於二零零九年至二零一二年擔任廣東省廣播電視臺主持人。黃女士於二零零九年取得中國傳媒大學播音主持專業的學士學位，並於二零一九年完成中山大學高級管理人員工商管理研修班。

Directors and Senior Management

董事及高級管理層

Mr. Lam Wai Tong, aged 40, was appointed as an Executive Director of the Company on 29 October 2020. Mr. Lam has extensive experience in the corporate finance business management and internal control. Prior to joining our Group, Mr. Lam worked in Cinda International Securities Limited (formerly known as Hantec Investment Holdings Limited) (Stock Code: 111) as a management trainee from August 2005 to October 2007. He then worked in Shenyin Wanguo Enterprises (H.K.) Limited as a corporate finance executive from October 2007 to May 2010. From June 2010 to June 2011, Mr. Lam worked in Partners Capital International Limited as an assistant manager. From July 2011 to August 2012, he returned to Shenyin Wanguo Enterprises (H.K.) Limited to work as a corporate finance manager. From February 2013 to May 2014, Mr. Lam was the chief operating officer of Haohai Industry (Group) Limited (浩海實業(集團)有限公司), a property developer in China, and was responsible for overseeing its business operations in Hong Kong such as mergers and acquisitions as well as human resources management and internal control. From December 2014 to August 2016, Mr. Lam joined True Eminent Development (Holdings) Limited (真卓發展(控股)有限公司), a property developer in China, as the executive Director and subsequently the chief executive officer, he was responsible for providing oversight of the group's investment decision, internal control, corporate development, direct investment and finance. Since January 2017, Mr. Lam commenced his own business to provide business consultancy services to both private and listed companies. Mr. Lam graduated from the City University of Hong Kong with a bachelor degree in business administration (human resources management) in August 2004. He obtained a master degree in finance from the Hong Kong Polytechnic University in August 2009. He was admitted a member of the Institute of Public Accountants and Institute of Certified Management Accountants (Australia) in March 2014 and July 2014 respectively. He is also a licensed representative for its Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance.

林瑋瑋先生，40歲，於二零二零年十月二十九日獲委任為本公司執行董事。林先生於企業融資業務管理及內部監控方面擁有豐富經驗。林先生在加入本集團前，於二零零五年八月至二零零七年十月在信達國際證券有限公司（前稱亨達國際控股有限公司）（股份代號：111）擔任管理培訓生。彼其後於二零零七年十月至二零一零年五月在申銀萬國企業（香港）有限公司擔任企業融資主任。於二零一零年六月至二零一一年六月，林先生於博大資本國際有限公司擔任助理經理。於二零一一年七月至二零一二年八月，彼重返申銀萬國企業（香港）有限公司擔任企業融資經理。於二零一三年二月至二零一四年五月，林先生於中國物業開發商浩海實業（集團）有限公司出任首席運營官，負責監督其於香港的業務營運，如併購、人力資源管理及內部監控。於二零一四年十二月至二零一六年八月，林先生加入另一家中國物業開發商真卓發展（控股）有限公司出任執行董事，其後出任首席執行官，負責監督該集團的投資決策、內部監控、企業發展、直接投資及財務方面。自二零一七年一月起，林先生開展其個人業務，為私人及上市公司提供商業顧問服務。林先生於二零零四年八月畢業於香港城市大學，取得工商管理（人力資源管理）學士學位。彼於二零零九年八月取得香港理工大學金融學碩士學位。彼分別於二零一四年三月及二零一四年七月成為澳洲公共會計師公會及澳洲管理會計師公會會員。彼亦為證券及期貨條例項下第1類（證券交易）及第6類（就機構融資提供意見）受規管活動之持牌代表。

Directors and Senior Management 董事及高級管理層

Mr. Li Yang, aged 49, is an Executive Director of the Company appointed on 3 August 2020. He obtained a junior college degree of Electronic Engineering from Shenzhen University in 1992 and his EMBA from Shenzhen College of Economics and Management (深圳經濟管理學院) in 2000. Mr. Li also completed a master degree programme of the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院), majoring in World Economics in 2001. Mr. Li has over 20 years of experience in investment activities and business management. Mr. Li serves as the deputy chairman and an executive director of Leyou Technologies Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1089), since November 2018. He is currently also assuming senior executive positions in several capital investment or management companies. Mr. Li previously acted as a deputy chairman and an executive director of China Best Group Holding Limited, a company listed on the Main Board of the Stock Exchange (stock code: 370), from September 2014 to June 2018. He has also served as an independent non-executive director of Ming Lam Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1106), from February 2017 to December 2018.

Mr. Wu Changbiao, aged 57, is an Executive Director of the Company appointed on 31 January 2020. He worked at Xintang Finance Office of Zengcheng City in Guangdong Province in 1980. One year later, he established an export-oriented garment factory which gradually became a large earner of foreign currency from export and a large taxpayer in Zengcheng district. In 2003, Mr. Wu established Guangzhou Longrun Textile Co., Ltd., which has more than 1,000 employees with its annual output value at about several hundred million Renminbi. Most of its products are exported and it has become a well-known local textile enterprise. In 2012, Mr. Wu participated in the 17th MBA President Class in Sun Yat-sen University. Mr. Wu has been in the industry for over 30 years and has extensive experience in corporate management, adapting to market changes and operation of exporting products. In 2017, he started to get involved in the environmental protection industry and was engaged in hazardous waste disposal and other related work. He joined Guangzhou CT Lvyou Environmental Protection Technology Co., Ltd. in 2019, a subsidiary of our Group, as the chairman of that subsidiary.

李陽先生，49歲，為一名於二零二零年八月三日委任之本公司執行董事。彼於一九九二年取得深圳大學電子工程專科文憑及於二零零零年取得深圳經濟管理學院高級管理人員工商管理學位。李先生亦於二零零一年完成中國社會科學院研究生院碩士學位課程，主修世界經濟。李先生於投資活動及業務管理方面擁有逾20年經驗。自二零一八年十一月起，李先生擔任樂遊科技控股有限公司（一間於聯交所主板上市之公司，股份代號：1089）之副主席兼執行董事。彼目前亦於多家資本投資或管理公司擔任高級管理職位。於二零一四年九月至二零一八年六月，李先生曾擔任國華集團控股有限公司（一間於聯交所主板上市之公司，股份代號：370）之副主席兼執行董事。自二零一七年二月起至二零一八年十二月，彼亦為銘霖控股有限公司（一間於聯交所主板上市之公司，股份代號：1106）之獨立非執行董事。

伍暢標先生，57歲，為一名於二零二零年一月三十一日委任之本公司執行董事。彼於一九八零年在廣東省增城市新塘財政所工作，一年後自己開辦以出口業務為主的服裝廠，逐漸成為增城地區出口創匯和納稅大戶。二零零三年，伍先生創立了有員工一千多人的廣州龍潤紡織有限公司，年產值達人民幣數億元。產品絕大部分出口，成了當地知名紡織企業。二零一二年，伍先生在中山大學第17期MBA總裁班進修學習。伍先生從業30多年，有豐富的企業管理、應對市場變化和經營出口產品的經驗。二零一七年，開始涉足環保行業，從事危廢處置等相關工作。二零一九年加入本集團一間子公司廣州中滔緣由環保科技有限公司出任該子公司的董事長。

Directors and Senior Management 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Jingyong, aged 58, is an Independent Non-executive Director of the Company appointed on 10 April 2019. He has over 34 years of experience in corporate banking. From 1984 to 1992, he was engaged in the fields of foreign exchange credit business, credit, domestic and international settlement, liquidation, credit card and international finance in Bank of China, Jiangxi Branch. From 1993 to 2006, Mr. He held various positions in Industrial and Commercial Bank of China ("ICBC"), Zengcheng sub-branch in Guangdong Province, of which he was appointed as the president in 2008. He was the vice president of ICBC Guangzhou branch during 2016 to 2018. Mr. He is a senior economist and was granted the Executive Master of Business Administration (International) from City University of Hong Kong in 2009.

Ms. Lai Pik Chi Peggy, aged 56, is an Independent Non-executive Director of the Company appointed on 3 August 2020. She obtained a master degree of business administration from the University of Manchester in the United Kingdom in June 2010. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Lai has over 20 years of auditing, accounting, and financial management experience. Ms. Lai served as an executive director from October 2008 to May 2011, and the chairman of the board from January 2009 to May 2011 of Mandarin Entertainment (Holdings) Limited (now known as KEYNE LTD) (stock code: 9), a company listed on the Main Board of the Stock Exchange. She was the chief financial officer and company secretary from May 2012 to May 2016 and remains as the company secretary until 30 June 2016 of CIG Yangtze Ports PLC (now known as China Infrastructure & Logistics Group Ltd.) (stock code: 1719), a company listed on the Main Board of the Stock Exchange. She is the Company Secretary of OCI International Holdings Limited (stock code: 329), a company listed on the Main Board of the Stock Exchange. She is also an independent non-executive Director of KP&BM Holdings Limited (stock code: 2663), KNK Holdings Limited (stock code: 8039) and Zhejiang United Investment Holdings Group Limited (stock code: 8366) and a non-executive director of Larry Jewellery International Company Limited (stock code: 8351).

獨立非執行董事

何景涌先生，58歲，為一名於二零一九年四月十日委任之本公司獨立非執行董事。彼擁有超過34年企業銀行工作的經驗，彼自一九八四年至一九九二年於中國銀行江西省分行從事外匯信貸業務、信貸、國內外結算、清算、信用卡及國際金融等有關工作。何先生自一九九三年至二零零六年於中國工商銀行（「工商銀行」）廣東省增城市支行擔任多個職位，並於二零零八年獲委任為行長。在二零一六至二零一八年期間，何先生擔任工商銀行廣州分行副行長。何先生為高級經濟師，並於二零零九年獲香港城市大學頒發行政人員國際工商管理碩士學位。

黎碧芝女士，56歲，為一名於二零二零年八月三日委任之本公司獨立非執行董事。於二零一零年六月取得英國曼徹斯特大學工商管理碩士學位。彼為特許公認會計師公會資深會員，並為香港會計師公會會員。黎女士擁有逾20年審計、會計及財務管理經驗。彼自二零零八年十月至二零一一年五月出任東方娛樂控股有限公司（現稱為金奧國際股份有限公司）（一間於聯交所主板上市之公司；股份代號：9）之執行董事，並於二零零九年一月至二零一一年五月出任該公司董事會主席。黎女士於二零一二年五月至二零一六年五月出任中國基建港口有限公司（現稱為中國通商集團有限公司）（一間於聯交所主板上市之公司，股份代號：1719）的首席財務官兼公司秘書，並留任該公司的公司秘書直至二零一六年六月三十日。彼現時為東建國際控股有限公司（一間於聯交所主板上市之公司，股份代號：329）的公司秘書。彼亦擔任應力控股有限公司（一間於聯交所主板上市之公司，股份代號：2663）、中國卓銀國際控股有限公司（股份代號：8039）、浙江聯合投資控股集團有限公司（股份代號：8366）之獨立非執行董事，以及俊文寶石國際有限公司（股份代號：8351）之非執行董事。

Directors and Senior Management 董事及高級管理層

Mr. Fong Wai Ho, aged 40, is an Independent Non-executive Director of the Company appointed on 3 August 2020. He has over 16 years of experience in auditing and business advisory services. He is the founder and practitioner of UBC & Co., Certified Public Accountants from March 2013 to present. Mr. Fong was the practicing director of Andes Glacier CPA Limited from March 2017 to March 2020. Mr. Fong holds a bachelor's degree in business administration (honours) in accountancy and management information systems awarded by City University of Hong Kong. Mr. Fong is a practicing Certified Public Accountant in Hong Kong, a member of the Association of Chartered Certified Accountants as well as a fellow of the Hong Kong Institute of Certified Public Accountants. He is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Canada as well as CPA Australia, respectively. Mr. Fong is currently an independent non-executive director of Global Sweeteners Holdings Limited (stock code: 3889), Perennial Energy Holdings Limited (stock code: 2798) and Great Wall Belt & Road Holdings Limited (stock code: 524) respectively, the shares of which are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Sit Hon Wing, aged 43, was appointed as Company Secretary on 22 September 2017. Between 2008 and 2015, Mr. Sit was one of the management team members in the finance function, company secretarial function and investor relations function of the Company. Mr. Sit had worked in the audit and assurance department of PricewaterhouseCoopers in Hong Kong and had also served as the financial controller and/or company secretary of various listed companies in Hong Kong, including Hao Tian Development Group Limited (Stock code: 474), Hao Tian International Construction Investment Group Limited (Stock code: 1341) and Sau San Tong Holdings Limited (Stock code: 8200). Mr. Sit received a bachelor's degree in Accountancy from the Hong Kong Polytechnic University and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Sit currently serves as an executive director of Fujian Nuoqi Co., Ltd. (Stock Code: 1353).

方偉豪先生，40歲，為一名於二零二零年八月三日委任之本公司獨立非執行董事。彼於審計及商業諮詢服務方面擁有超過16年經驗。自二零一三年三月起，方先生是樺卓會計師事務所的創辦者及執業會計師。自二零一七年三月至二零二零年三月，方先生亦擔任思捷會計師行有限公司之執業董事。方先生持有由香港城市大學頒發之工商管理（會計與管理資訊系統）榮譽學士學位。方先生為香港執業會計師、特許公認會計師公會會員及香港會計師公會資深會員。彼分別為英屬哥倫比亞特許專業會計師協會、加拿大特許專業會計師協會及澳洲會計師公會會員。方先生現分別擔任大成糖業控股有限公司（股份代號：3889）、久泰邦達能源控股有限公司（股份代號：2798）以及長城一帶一路控股有限公司（股份代號：524）之獨立非執行董事，上述公司之股份均於聯交所主板上市。

高級管理人員

薛漢榮先生，43歲，於二零一七年九月二十二日獲委任為公司秘書。於二零零八年至二零一五年，薛先生為本公司財務、公司秘書及投資者關係部門的管理層團隊成員之一。薛先生曾在香港羅兵咸永道會計師事務所審核及鑒證部門工作，亦擔任若干香港上市公司的財務總監及／或公司秘書，包括昊天發展集團有限公司（股份代號：474）、昊天國際建設投資集團有限公司（股份代號：1341）及修身堂控股有限公司（股份代號：8200）。薛先生獲得香港理工大學會計學學士學位，為香港會計師公會及英國特許公認會計師公會的資深會員。薛先生現擔任福建諾奇股份有限公司（股份代號：1353）執行董事。

Corporate Governance Report 企業管治報告

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices and procedures. The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Board considers that the Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 December 2019 save for the deviations with considered reasons as stated in the following relevant paragraph.

BOARD OF DIRECTORS

The Board comprises four executive Directors and three independent non-executive Directors. The Directors who held office during the year and up to the date of publication of this report were:

Executive Directors

- Ms. Huang Qing (*Chairman and Chief Executive Officer*)
(appointed on 12 May 2020)
- Mr. Cheung Siu Fai
(appointed on 3 August 2020 and resigned on 10 November 2020)
- Mr. Lam Wai Tong
(appointed on 29 October 2020)
- Mr. Li Yang
(appointed on 3 August 2020)
- Mr. Wu Changbiao
(appointed on 31 January 2020)
- Mr. Liang Qilin
(resigned on 11 December 2019)
- Mr. Liang Zhenjie
(resigned on 24 January 2020)
- Mr. Lu Xiaohan
(resigned on 18 June 2020)
- Mr. Tsui Cham To
(resigned on 8 April 2020)

董事會欣然呈列本集團於截至二零一九年十二月三十一日止年度之年報之企業管治報告。

遵守《企業管治常規守則》

本公司致力維持良好之企業管治常規及程序。本公司已採納聯交所證券上市規則（「上市規則」）附錄十四所載之企業管治守則（「企業管治守則」）之守則條文作為其企業管治守則。董事會認為，除以下相關段落所述之偏離情況連同所考慮之理由，本公司截至二零一九年十二月三十一日止年度一直遵守企業管治守則所載之所有適用守則條文。

董事會

董事會包括四名執行董事及三名獨立非執行董事。於本年度及直至本報告刊發日期的在任董事如下：

執行董事

- 黃青女士（主席兼首席執行官）
(於二零二零年五月十二日獲委任)
- 張少輝先生
(於二零二零年八月三日獲委任
並於二零二零年十一月十日辭任)
- 林瑋瑋先生
(於二零二零年十月二十九日獲委任)
- 李陽先生
(於二零二零年八月三日獲委任)
- 伍暢標先生
(於二零二零年一月三十一日獲委任)
- 梁啟麟先生
(於二零一九年十二月十一日辭任)
- 梁振傑先生
(於二零二零年一月二十四日辭任)
- 陸小安先生
(於二零二零年六月十八日辭任)
- 徐湛滔先生
(於二零二零年四月八日辭任)

Mr. Tsui Wai Kin
(appointed on 11 December 2019 and
resigned on 3 August 2020)

Mr. Xu Juwen
(resigned on 2 June 2020)

Ms. Xu Liuqi
(appointed on 6 December 2019 and
resigned on 3 August 2020)

Mr. Yuan Guanghua
(appointed on 20 June 2019 and
resigned on 11 February 2020)

Mr. Zhao Keyin
(appointed on 14 January 2019,
and resigned on 20 June 2019)

Independent Non-executive Directors

Mr. He Jingyong
(appointed on 24 January 2019 and
resigned on 28 January 2019, re-appointed on 10 April 2019)

Mr. Fong Wai Ho
(appointed on 3 August 2020)

Ms. Lai Pik Chi Peggy
(appointed on 3 August 2020)

Mr. Ng Wai Kuen
(appointed on 28 January 2019 and
resigned on 3 August 2020)

Mr. Suen To Wai
(resigned on 10 April 2019)

Mr. Yu Chung Leung
(appointed on 18 April 2019 and
resigned on 17 February 2020)

Mr. Zhang Lu Fu
(resigned on 3 August 2020)

The list of Directors has been published on the website of the Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

徐偉健先生
(於二零一九年十二月十一日獲委任
並於二零二零年八月三日辭任)

徐炬文先生
(於二零二零年六月二日辭任)

徐柳齊小姐
(於二零一九年十二月六日獲委任
並於二零二零年八月三日辭任)

袁廣華先生
(於二零一九年六月二十日獲委任
並於二零二零年二月十一日辭任)

趙克銀先生
(於二零一九年一月十四日獲委任
並於二零一九年六月二十日辭任)

獨立非執行董事

何景涌先生
(於二零一九年一月二十四日獲委任
並於二零一九年一月二十八日辭任，
於二零一九年四月十日獲重新委任)

方偉豪先生
(於二零二零年八月三日獲委任)

黎碧芝女士
(於二零二零年八月三日獲委任)

吳惠權先生
(於二零一九年一月二十八日獲委任
並於二零二零年八月三日辭任)

孫多偉先生
(於二零一九年四月十日辭任)

余仲良先生
(於二零一九年四月十八日獲委任
並於二零二零年二月十七日辭任)

張魯夫先生
(於二零二零年八月三日辭任)

本公司的董事名單已刊登在本公司及聯交所的網站上，並載列在本公司按照上市規則不時刊發的所有公司通訊中。

Corporate Governance Report 企業管治報告

The Board has a balance of skill, experience and diversity of perspectives that are essential to and would promote the business of the Group. The Board, with the assistance from the senior management, forms the core management team of the Company. The Board takes the overall responsibility for management of the Company, formulating the business strategies and development plan of the Company, decision making on important issues, including but not limited to substantial mergers and acquisitions and disposals, directors' appointments and significant operational and financial matters. The senior management are responsible for supervising and executing the Board policies and strategies, including the provision of updates of the Group's performance to the Board to enable the Board to deliver and discharge their duties. Daily management, administration and operation of the Company are delegated to the senior management of the Company.

During the year ended 31 December 2019, Mr. Tsui Cham To is the Chairman of the Board and Mr. Lu Xiaoan is the Chief Executive Officer of the Company. Responsibilities between the Chairman of the Board and the Chief Executive Officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Each of Mr. He Jingyong, Mr. Ng Wai Kuen and Mr. Yu Chung Leung as independent non-executive director, is newly appointed in 2019 for a term of three years under their respective letters of appointment. All Directors are subject to retirement by rotation and eligible for re-election at the annual general meeting at least once every three years in accordance with the articles of association of the Company.

董事會成員的技能、經驗及多樣化的觀點與角度得以平衡，對促進本集團業務必不可少。在高級管理層之協助下，董事會形成本公司之核心管理隊伍。董事會肩負為本公司制訂業務策略及發展計劃、重大問題決策（包括但不限於重大併購、收購及出售、董事委任及重大經營及財務事項）之整體責任。高級管理層負責監察及落實董事會政策及策略，包括提供最新的本集團表現予董事會使其能執行及履行其職責。委託本公司高級管理層負責本公司日常管理、行政及運營。

截至二零一九年十二月三十一日止年度，徐湛滔先生為董事會主席，而陸小安先生為本公司首席執行官。董事會主席與本公司首席執行官的職責明確區分及分開，以確保權力與職權的平衡及加強彼等的獨立性與問責性。

何景涌先生、吳惠權先生及余仲良先生各自獲委任為獨立非執行董事，於二零一九年新委任，根據彼等各自之委任函，各自之任期為三年。所有董事均須根據本公司組織章程細則至少每三年於股東週年大會上輪席退任並符合資格於重選連任。

BOARD MEETINGS

It is intended that the Board should meet regularly so that all Directors are kept up to date with the business development of the Group. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2019, the Board had convened 26 board meetings. The individual attendance record of the Directors for the year ended 31 December 2019 is tabulated as follows:

董事會會議

根據計劃，董事會應定期召開會議以使所有董事及時了解本集團的業務發展最新情況。倘情況需要，董事會將召開特別會議。截至二零一九年十二月三十一日止年度，董事會共召開26次董事會會議。截至二零一九年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of board meetings 出席次數/ 董事會會議 總次數	Attendance/ Total number of general meetings 出席次數/ 股東會議 總次數
Executive Directors			
Mr. Tsui Cham To (<i>Chairman</i>)	執行董事 徐湛滔先生 (主席)	25/26	0/0
Mr. Lu Xiaolan (<i>Chief Executive Officer</i>)	陸小安先生 (首席執行官)	25/26	0/0
Mr. Liang Qilin (resigned on 11 December 2019)	梁啟麟先生 (於二零一九年十二月十一日辭任)	22/24	0/0
Mr. Liang Zhenjie	梁振傑先生	25/26	0/0
Mr. Xu Juwen	徐炬文先生	22/26	0/0
Mr. Zhao Keyin (appointed on 14 January 2019 and resigned on 20 June 2019)	趙克銀先生 (於二零一九年一月十四日獲委任並 於二零一九年六月二十日辭任)	0/14	0/0
Mr. Yuan Guanghua (appointed on 20 June 2019)	袁廣華先生 (於二零一九年六月二十日獲委任)	11/11	0/0
Ms. Xu Liuqi (appointed on 6 December 2019)	徐柳齊女士 (於二零一九年十二月六日獲委任)	2/2	0/0
Mr. Tsui Wai Kin (appointed on 11 December 2019)	徐偉健先生 (於二零一九年十二月十一日 獲委任)	1/1	0/0
Independent Non-executive Directors			
Mr. Suen To Wai (resigned on 10 April 2019)	孫多偉先生 (於二零一九年四月十日辭任)	10/10	0/0
Mr. Zhang Lu Fu	張魯夫先生	23/26	0/0
Mr. Ng Wai Kuen (appointed on 28 January 2019)	吳惠權先生 (於二零一九年一月二十八日 獲委任)	17/22	0/0
Mr. He Jingyong (appointed on 24 January 2019 and resigned on 28 January 2019, re-appointed on 10 April 2019)	何景涌先生 (於二零一九年一月二十四日 獲委任及於二零一九年一月 二十八日辭任、於二零一九年 四月十日獲重新委任)	13/16	0/0
Mr. Yu Chung Leung (appointed on 18 April 2019)	余仲良先生 (於二零一九年四月十八日獲委任)	11/14	0/0

Corporate Governance Report 企業管治報告

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all the Directors, the Company confirms that the then Directors complied with the required standard set out in the Model Code for the year ended 31 December 2019.

RELATIONSHIP AMONG THE DIRECTORS

Among the members of the Board, Mr. Tsui Cham To, the Chairman, is the father of Mr. Tsui Wai Kin, a brother of Ms. Xu Liuqi, a brother-in-law of Mr. Yuan Guanghua and a cousin of Mr. Xu Juwen. Save for the above, there is no relationship (including financial, business, family or other material relationship) between any members of the Board throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process, review risks management and internal controls systems. The Audit Committee has reviewed the Group's consolidated financial information for the year ended 31 December 2019, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee, together with the management, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group. As of the date of publication of this report, the Audit Committee comprises three independent non-executive Directors of the Company, namely, Mr. He Jingyong (the chairman of the Audit Committee), Mr. Fong Wai Ho and Ms. Lai Pik Chi Peggy.

董事進行證券交易

本公司已採納上市規則附錄10所載「董事進行證券交易的標準守則」（「標準守則」），作為董事進行有關證券交易的行為守則。經向全體董事作出特定查詢後，本公司確認，各時任董事於截至二零一九年十二月三十一日止年度一直遵守標準守則所載的規定標準。

董事的關係

在董事會成員中，主席徐湛滔先生為徐偉健先生之父親、徐柳齊女士之胞兄及袁廣華先生之大舅，並為徐炬文先生的堂兄。除上述者外，於截至二零一九年十二月三十一日止年度全年，董事會任何成員之間概無任何關係（包括財務、業務、親屬或其他重要關係）。

審核委員會

本公司遵照上市規則第3.21條成立審核委員會（「審核委員會」），藉以檢討及監督本集團的財務申報程序、審查風險管理及內部控制制度。審核委員會已連同本公司管理層審閱本集團截至二零一九年十二月三十一日止年度的綜合財務資料，包括本集團採納的會計原則。審核委員會連同管理層，已定期審閱本集團採納的會計原則及慣例，商討核數、內部監控及財務申報事宜，且已審閱本集團的財務業績。截至本報告刊發日期，審核委員會成員包括本公司三名獨立非執行董事，即何景涌先生（審核委員會主席）、方偉豪先生及黎碧芝女士。

The terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

審核委員會的職權範圍可於本公司網站及聯交所網站查詢。

The Audit Committee had held two meetings during the year ended 31 December 2019 for considering the annual results of the Group and the publication of unaudited management accounts for the year ended 31 December 2018. The Audit Committee had also reviewed certain investigation report on allegations against Guangzhou Haitao, a subsidiary of the Group and the related internal control matters during the year ended 31 December 2019. The individual attendance record of the Directors for the year ended 31 December 2019 is tabulated as follows:

審核委員會於截至二零一九年十二月三十一日止年度為考慮本集團截至二零一八年十二月三十一日止年度的年報及刊發未經審核管理賬目召開兩次會議。截至二零一九年十二月三十一日止年度，審核委員會亦已審閱針對本集團附屬公司廣州海滔的指控及相關內部監控事宜的若干調查報告。截至二零一九年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings 出席次數／委員會會議 總次數
Independent Non-executive Directors		
Mr. Yu Chung Leung (<i>Chairman</i>) (appointed on 18 April 2019)	獨立非執行董事 余仲良先生 (主席) (於二零一九年四月十八日獲委任)	2/2
Mr. Ng Wai Kuen (appointed on 28 January 2019)	吳惠權先生 (於二零一九年一月二十八日獲委任)	2/2
Mr. He Jingyong (appointed on 24 January 2019 and resigned on 28 January 2019, re-appointed on 10 April 2019)	何景涌先生 (於二零一九年一月二十四日獲委任 及於二零一九年一月二十八日辭任、 於二零一九年四月十日獲重新委任)	1/2
Mr. Zhang Lu Fu	張魯夫先生	2/2

REMUNERATION COMMITTEE

薪酬委員會

The primary responsibilities of the remuneration committee of the Company (the "Remuneration Committee") are to make recommendations to the Board on the policy and structure of the Company for remuneration of all Directors and senior management, to assess performance of executive directors and to review and recommend to the Board on the remuneration packages of individual Director and senior management, by reference to the duties, responsibilities, experience and qualifications of each candidate.

本公司薪酬委員會(「薪酬委員會」)的主要職責為向董事會建議本公司所有董事及高級管理人員的薪酬政策及架構，以評估執行董事之表現及參考各候選人之職責、責任、經驗及資格向董事會各董事及高級管理人員的薪酬待遇。

Corporate Governance Report 企業管治報告

In accordance with the written terms of reference of the Remuneration Committee, majority of members of the Remuneration Committee should be Independent Non-executive Directors, and the chairman must be an Independent Non-executive Director. The terms of reference of the Remuneration Committee are available on the Company's website and the website of the Stock Exchange. As of the date of publication of this report, Ms. Lai Pik Chi Peggy (Chairman) (Independent Non-executive Director), Mr. Fong Wai Ho (Independent Non-executive Director) and Ms. Huang Qing (Executive Director) are members of the Remuneration Committee. Eight meeting was held by the Remuneration Committee during the year ended 31 December 2019 to review and approve the remuneration packages of certain executive Directors. The individual attendance record of the Directors for the year ended 31 December 2019 is tabulated as follows:

根據薪酬委員會的書面職權範圍，薪酬委員會的多數成員須為獨立非執行董事，而主席必須為獨立非執行董事。薪酬委員會的職權範圍可於本公司及聯交所的網站查閱。截至本報告刊發日期，黎碧芝女士（主席）（獨立非執行董事）、方偉豪先生（獨立非執行董事）及黃青女士（執行董事）為薪酬委員會成員。截至二零一九年十二月三十一日止年度薪酬委員會舉行八次會議以檢討並批准若干執行董事的薪酬組合。截至二零一九年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings 出席次數／委員會會議 總次數
Independent Non-executive Directors		
Mr. Zhang Lu Fu (<i>Chairman</i>)	獨立非執行董事 張魯夫先生（主席）	8/8
Mr. Ng Wai Kuen (appointed on 28 January 2019)	吳惠權先生 (於二零一九年一月二十八日獲委任)	5/5
Executive Directors		
Mr. Tsui Cham To	執行董事 徐湛滔先生	8/8

The remuneration of the Directors and members of the senior management of the Group by band for the year ended 31 December 2019 is set out below:

截至二零一九年十二月三十一日止年度，本集團董事及高級管理層成員的薪酬級別載列如下：

Remuneration bands (HKD)	薪酬級別（港元）	Number of persons 人數
Nil to 500,000	零至500,000	11
500,001 to 1,000,000	500,001至1,000,000	4
1,000,001 to 2,000,000	1,000,001至2,000,000	2
2,000,001 to 5,000,000	2,000,001至5,000,000	0
5,000,001 to 10,000,000	5,000,001至10,000,000	1

NOMINATION COMMITTEE

The Board had set up its nomination committee (the “Nomination Committee”) to, among others, review the structure, size and composition of the Board to determine the policy for the nomination of directors and make recommendations to the Board on the appointment of Directors. As at the date of publication of this report, Ms. Lai Pik Chi Peggy (Chairman) (Independent Non-executive Director), Mr. Fong Wai Ho (Independent Non-executive Director) and Ms. Huang Qing (Executive Director) are members of the Nomination Committee. The Nomination Committee has also adopted a policy of diversity for memberships of the Board which aims to achieve diversity in the Board against a range of different perspectives, including but not limited to professional and industry experience, skills and knowledge, cultural and educational background. These criteria will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In reviewing and assessing the composition of the Board, the Nomination Committee will consider all different perspectives, including the aforesaid criteria, in order to maintain a diverse Board. And when recommending new appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria including the ones set out above, with due regard for the benefits of diversity of the Board.

The terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

提名委員會

董事會設立提名委員會（「提名委員會」）旨在（其中包括）檢討董事會架構、規模及組成以決定董事提名之政策且就委任董事向董事會提出建議。於本報告刊發日期，黎碧芝女士（主席）（獨立非執行董事）、方偉豪先生（獨立非執行董事）及黃青女士（執行董事）為提名委員會成員。提名委員會亦就董事會成員採納多樣化政策，旨在於不同方面達致董事會多元化，包括但不限於專業及行業經驗、技能及知識、文化及教育背景。該等標準將於釐定董事會最優組合及須可能達致適當平衡時予以考慮。於檢討及評估董事會組成時，提名委員會將考慮所有不同方面，包括前述標準，以維持董事會多樣化。就向董事會建議新委任，提名委員會將依據上述客觀標準考慮候選人的優點，並適當考慮於董事會多元化的利益。

提名委員會的職權範圍可於本公司及聯交所網站查閱。

Corporate Governance Report 企業管治報告

Eight meeting of the Nomination Committee was held during the year ended 31 December 2019 to review the structure, size and composition (including skills, knowledge and experience) of the Board. The individual attendance record of the Directors for the year ended 31 December 2019 is tabulated as follows:

截至二零一九年十二月三十一日止年度，提名委員會舉行八次會議以檢討董事會架構、人數及組成（包括技能、知識及經驗方面）。截至二零一九年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings 出席次數／委員會會議 總次數
Independent Non-executive Directors		
Mr. Suen To Wai (resigned on 10 April 2019)	獨立非執行董事 孫多偉先生 (於二零一九年四月十日辭任)	3/3
Mr. Ng Wai Kuen (appointed on 28 January 2019)	吳惠權先生 (於二零一九年一月二十八日獲委任)	5/5
Mr. He Jingyong (appointed on 24 January 2019 and resigned on 28 January 2019, re-appointed on 10 April 2019)	何景涌先生 (於二零一九年一月二十四日獲委任及 於二零一九年一月二十八日辭任、於 二零一九年四月十日獲重新委任)	4/4
Executive Directors		
Mr. Tsui Cham To (<i>Chairman</i>)	執行董事 徐湛滔先生 (主席)	8/8

TRAINING AND SUPPORT FOR DIRECTORS

The Company recognizes the importance of keeping the Directors updated with latest information of duties and obligations of a director of a company which shares are listed on the Stock Exchange and the general regulatory requirements and environment for such listed company. To meet this goal, each newly appointed Director would receive an introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. As part of the continuous professional development program pursuant to A.6.5 of the CG Code, the Company has also updated the directors of the Company of any material changes in the Listing Rules and corporate governance practices from time to time. During the year ended 31 December 2019, all directors of the Company are provided with reading materials summarizing the duties and responsibilities in acting as directors from time to time to keep the directors of the Company abreast of such duties and responsibilities.

對董事的培訓及支持

本公司深知，確保董事了解作為股份於聯交所上市的公司董事的職務及責任以及該上市公司一般監管規定及環境的最新資料至為重要。為達成此目標，各新委任董事將獲給予關於作為香港上市公司董事的法定及監管責任之簡介培訓。依照企業管治守則的A.6.5條，作為持續專業發展項目的一部分，本公司亦已不時向本公司董事更新上市規則及企業管治常規的任何重大變動。截至二零一九年十二月三十一日止年度，本公司全體董事不時獲提供有關董事職責及責任的閱讀材料，讓本公司董事了解其職責及責任。

COMPANY SECRETARY

Mr. Sit Hon Wing, the company secretary appointed by the Board and an employee of the Company, in the opinion of the Board, possesses the necessary qualification and experience, capable of performance of the functions of the company secretary and the Company will provide fund for Mr. Sit to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules.

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 Committee. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has confirmed to the Audit Committee (and the Board) on the effectiveness of these systems for the year ended 31 December 2019.

The Group's risk management framework is guided by the "Three Lines of Defense" model. The Risk Management function co-ordinates risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting, significant risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to risk management function on an annual basis. The risk management function assesses and presents regular reports to the Audit Committee at each regularly scheduled meeting.

公司秘書

薛漢榮先生獲董事會委任為公司秘書，且為本公司僱員。董事會認為，薛先生具備履行公司秘書職能的必要專業資格及經驗，且本公司將根據上市規則第3.29條之規定於各財政年度向薛先生提供不少於15小時的適當專業培訓。

風險管理及內部監控

董事會確認，其負責風險管理及內部監控系統，並持續檢討其有效性。

有關風險管理及內部監控系統旨在管理風險，而不是消除無法實現業務目標的風險，僅可對重大錯誤陳述或虧損提供合理但非絕對保證。董事會已將其風險管理及內部監控職責（連同相關權限）委託審核委員會。審核委員會（代表董事會）監督管理設計、執行及監察風險管理及內部監控系統，截至二零一九年十二月三十一日止年度，管理層已向審核委員會（及董事會）確認此等系統的有效性。

本集團風險管理框架以「三道防線」模式為指引。風險管理職能部門協調風險管理活動並檢討本集團風險管理的重大方面、於各定期會議向審核委員會提交的報告、本集團重大風險以及適當減低及／或轉移已識別風險。本集團的運營單位（作為風險擁有人）識別、評估、減低及監察其自有風險，並每年向風險管理職能部門匯報有關風險管理活動。風險管理職能部門評估並於各定期會議上向審核委員會呈報定期報告。

Corporate Governance Report 企業管治報告

The internal control system of the Company is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage risks and to safeguard the assets of the Company against loss or fraud. The main features of internal control system consist of five elements including, internal environment, risk assessment, monitoring activities, information and communication and internal monitoring. However, any internal control system can provide only reasonable but not absolute assurance of full protection against material errors, losses, fraud or failure to meet its business objectives.

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.

PRINCIPAL RISKS AND UNCERTAINTIES

This section lists out the principal risks and uncertainties facing the Group. This is a non-exhaustive list and there may be other risks and uncertainties further to the principal areas of risk outlined below.

本公司內部監控系統旨在協助有效及高效營運、確保財務匯報的可靠性，符合適用法律及法規、識別及管理風險及保障本公司資產免受虧損或欺詐。內部監控系統的主要特徵包含五個元素，包括內部環境、風險評估、監察活動、信息通訊及內部監督。然而，任何內部監控系統僅可提供合理但非絕對保證，保證完全免受嚴重錯誤、虧損、欺詐或無法實現其業務目標的影響。

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，包括在本集團內激起保持內幕消息機密性的意識、定期向有關董事及僱員寄發封鎖期及證券交易限制通知、向需要知道的指定人士發佈消息及密切關注證券及期貨事務監察委員會於二零一二年六月頒佈的「內幕消息披露指引」。

主要風險及不確定性

本節載列本集團面臨的主要風險及不確定性。此列表並無完全列出所有風險及不確定性，可能存在下文概述主要風險領域以外的其他風險及不確定性。

Business development risk

Each of the Group's projects has been or will be built to a specified designed capacity. The utilization rate of its treatment facilities depends on a number of factors including the size of the population, the types of industries of its customers, the general economic conditions and the level of industrialization in the area served by the relevant facilities. If the facilities the Group operates are not utilized to their designed capacity, the Group may not generate the revenue and profit it had expected from the relevant projects, which could have a material and adverse effect on its business, financial condition and results of operations. It is therefore important that the Group perform careful market research and project planning before implementing with any investment decisions.

Credit risk

The Group may suffer from financial loss if a customer or counterparty fails to meet the obligations under a contract. Customers requiring a credit over certain amount must undergo an individual credit evaluation. These evaluations are based on a customer's records of payment due and current ability to repay. The corporate information and economic situation of the customer are also taken into account.

Change of regulatory environment risk

The Group's business and operations in the PRC are subject to the PRC government standards, rules and regulations. Change of regulatory environment risk means the risk of failure in response to change over government regulations, which may have a negative impact on the Group's business. Changes in regulatory environment are monitored regularly in order to respond to the changes on a timely and effective manner.

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT ON FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the accounts of the Company in accordance with statutory requirements and applicable accounting standards. The Board is accountable to the shareholders for a clear and balanced assessment of the Company's financial position and prospects.

業務發展風險

本集團各個項目一直以來並將一直依照特定設計處理能力興建。本集團的處理設施的利用率視乎多項因素而定，包括人口規模、本集團客戶所處行業的類型、整體經濟狀況及相關設施所服務地區的工業化水平。倘本集團營運的設施並未達到設計處理能力，本集團不一定能產生預期來自相關項目的收益及利潤，從而可能對本集團的業務、財務狀況及經營業績造成重大不利影響。因此，於作出任何投資決定之前進行審慎市場研究及項目規劃對本集團是很重要的。

信貸風險

倘客戶或交易對手方未能履行合約項下責任，本集團可能遭受財務虧損。信貸超過某數額之客戶均需接受獨立信貸評估。此等評估主要針對客戶以往到期時之還款記錄及現時的還付能力，並考慮客戶的公司資料及經濟環境。

監管環境變動風險

本集團於中國開展業務及進行營運，須遵守中國政府準則、規例及法規。監管環境變動風險指無法應對政府法規變化的風險，此風險會對本集團的業務產生不利影響。本集團定期監控監管環境變動，以及時有效應對有關變動。

董事及核數師就財務報告的確認

董事會確認，其責任為根據法定規定及適用會計準則編製本公司的賬目。董事會負責清晰及均衡地評估本公司之財務狀況及前景，並就此對股東負責。

Corporate Governance Report 企業管治報告

The management provides all relevant information and records to the Board, which enable it to prepare the accounts and to make above assessments. As of the date of publication of this report, the Audit Committee had reviewed and recommended the Board to adopt the audited accounts for the year ended 31 December 2019. As more fully disclosed in note 2(d) to the consolidated financial statements, the Group incurred a loss of HK\$317,032,000 during the year ended 31 December 2019 and, as of that date, its current liabilities exceeded its current assets by HK\$1,825,396,000. Based on: 1) the progress of negotiation with the local government authorities in the PRC in relation to compensations for land resumption and compensation for expropriation of certain terminated treatment facilities of the Group; and 2) progress of negotiation with banks and other major creditors for allowing further extension of debt repayments and not to initiate legal action, management believes that the Group will be able to continue to operate as a going concern throughout the next twelve months. The statement of the auditor of the Company on its reporting responsibilities on the financial statements of the Group is set out in the Auditor's Report from pages 52 to 74.

AUDITOR'S REMUNERATION

During the year ended 31 December 2019, the fees payable to Crowe (HK) CPA Limited ("Crowe") in respect of its audit services provided to the Group was HK\$3.5 million (2018: HK\$3.5 million). There is no non-audit service rendered by Crowe during the year (2018: Nil).

INSURANCE COVER FOR LEGAL ACTIONS AGAINST DIRECTORS

During the year ended 31 December 2019, the Company has maintained directors and officers liability insurance coverage for the Directors and officers of the Group until its expiry on 24 September 2019. After the expiry, the Group has failed to renew the insurance policy due to the suspension of trading of shares on the Stock Exchange and since certain Directors were alleged to have been involved in certain criminal offences.

管理層向董事會提供所有相關資料及記錄以使其編製賬目及作出上述評估。截至本報告刊發日期，審核委員會就審閱並建議董事會截至二零一九年十二月三十一日止年度之經審核賬目。誠如綜合財務報表附註2(d)所更全面披露，本集團於截至二零一九年十二月三十一日止年度產生虧損317,032,000港元，而截至該日，其流動負債超出其流動資產1,825,396,000港元。基於：1)與中國地方政府機關就收回土地之補償及徵收本集團若干已終止處理設施之補償進行磋商之進展；及2)與銀行及其他主要債權人就允許進一步延長債務還款及不採取法律行動的磋商進展，管理層相信，本集團將能夠於未來十二個月內持續經營。本公司核數師就審核本集團財務報表而承擔的申報責任所發出的聲明載於第52至74頁的核數師報告。

核數師薪酬

截至二零一九年十二月三十一日止年度，就國富浩華（香港）會計師事務所有限公司（「國富浩華」）向本集團提供之審核服務應付之費用為3.5百萬港元（二零一八年：3.5百萬港元）。年內，國富浩華並無提供非審核服務（二零一八年：無）。

針對董事的法律行動的保險保障

截至二零一九年十二月三十一日止年度，本公司已為本集團董事及高級人員投購董事及高級人員責任保險，直至其於二零一九年九月二十四日屆滿為止。於屆滿後，由於股份於聯交所暫停買賣及由於若干董事被指稱涉及若干刑事罪行，本集團未能重續保單。

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company's shareholders' communication policy is to maintain transparency and provide timely information of the Group's material developments to shareholders and investors. General meetings of the Company are formal channels for communication between shareholders and the Board. The chairman of the Board is invited to attend the general meetings to have direct communication with the shareholders.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company's principal place of business in Hong Kong situated at Unit 807, 8/F, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong, for the attention of the Company Secretary.

Pursuant to Article 58 of the Articles of Association of the Company, shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meeting of the Company may by written requisition request to the Board convene an extraordinary general meeting. There are no provisions under the Company's articles of association governing shareholder's right to put forward proposals at general meetings. However, the shareholders may follow the procedures as stated below to put forward proposals in general meetings. The procedures for shareholders to convene extraordinary general meetings and put forward proposal are as follows:

1. The requisitionist(s) must sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company situated at Unit 807, 8/F, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong, for the attention of the Company Secretary. The written request may consist of several documents in like form, each signed by one or more requisitionist(s).
2. The Company will then verify the particulars of the requisitionist(s) in their written request with the Company's share registrar, and upon confirmation from the Company's share registrar that the written request is in order, the Company Secretary will arrange with the Board to convene an extraordinary general meeting by serving sufficient notice to all the registered shareholders in accordance with all the relevant statutory and regulatory requirements and the provisions in the articles of association of the Company.

股東權利及投資者關係

本公司與股東溝通的政策為維持透明度，並及時向股東及投資者提供與本集團重大發展有關的資訊。本公司的股東大會為股東與董事會之間的正式溝通渠道。董事會主席將會應邀出席股東大會與股東直接溝通。

股東亦可將彼等之查詢及關注事項寄送至本公司之香港主要營業地點地址為香港九龍長沙灣道833號長沙灣廣場1期8樓807室（公司秘書收）。

根據本公司組織章程細則第58條，持有不少於本公司附帶於本公司股東大會上投票權的繳足股本十分之一的股東可書面要求董事會召開股東特別大會。本公司組織章程細則並無監管股東於股東大會提呈建議的規定。然而，股東可根據下文所載之程序於股東大會上提呈建議。股東召開股東特別大會及提呈建議的程序如下：

1. 請求人士必須簽署書面請求書，註明將召開會議的目的，並送達本公司的主要營業地點，地址為香港九龍長沙灣道833號長沙灣廣場1期8樓807室（公司秘書收）。書面請求須一式多份，每份由一名或多名請求人士簽署的文件組成。
2. 本公司將與本公司股份過戶登記處核實請求人士書面請求的詳情，在取得本公司股份過戶登記處確認該書面請求為適當後，公司秘書將安排董事會召開股東特別大會，並根據相關法定及規管要求及本公司組織章程細則的條文向所有已登記股東送達通告。

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3. In the event that the written request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an extraordinary general meeting will not be convened as requested.
4. If the Directors do not within 21 days from the date of the deposit of the written request proceed duly to convene an extraordinary general meeting, the requisitionist(s) may themselves convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after the expiration of 3 months from the date of deposit of the written request.

The Company continues to pursue a proactive policy of promoting investor relations and communications by conducting analysts' briefings, road shows, participating in investors' conferences and making corporate presentations during the conferences, arranging visits to the Company and maintaining regular meetings with institutional shareholders and analysts. The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting of the Company to express their view and make enquiries on the business or operation of the Company.

The investor relations department of the Company maintains regular communication and dialogue with shareholders, investors and analysts. It can be accessed during normal business hour by phone (Telephone number: (852) 2527 9777). Shareholders and investors can also visit the Company's website at www.chongto.com and the Stock Exchange's website for the Company's announcements, circulars, financial information, corporate governance practices, annual reports, interim reports and other corporate information and updates of business development and operations.

CONSTITUTIONAL DOCUMENTS

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

The latest memorandum and articles of association of the Company are available on the website of the Stock Exchange and the website of the Company.

3. 倘書面請求獲核實為不適當，股東將獲告知此結果，並因此不會根據請求召開股東特別大會。
4. 倘董事並無於收到書面請求當日起21日內正式召開股東特別大會，請求人士可自行召開股東特別大會，惟就此召開的股東特別大會不可於遞交書面請求當日起計三個月屆滿之後舉行。

本公司透過舉行分析員簡報會和路演，參與投資者會議和在會議上作公司簡報，安排邀請到本公司作參觀，及定期與機構股東和分析員會面，保持積極促進投資者關係及溝通的政策。本公司的股東週年大會為董事會與股東間的溝通提供良機。本公司鼓勵股東出席本公司的股東週年大會並表達彼等之意見以及就本公司之業務或營運作出諮詢。

本公司的投資者關係部門與股東、投資者及分析師經常保持溝通及對話。閣下可於一般營業時間致電該部門（電話：(852) 2527 9777）。股東及投資者亦可瀏覽本公司網站www.chongto.com及聯交所網站，以獲取本公司公告、通函、財務資料、企業管治常規、年報、中期報告及其他公司資料以及業務發展及營運的最新資料。

憲章文件

截至二零一九年十二月三十一日止年度，本公司的組織章程文件並無任何變動。

本公司最新之組織章程大綱及細則可於聯交所及本公司之網站上查閱。

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 23 to the financial statements. An analysis of the Group's performance for the year by business segments is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 75. The Directors did not recommend the payment of a final dividend (2018: Nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

DONATIONS

Donations made by the Group during the year was approximately HK\$369,000 (2018: HK\$20,446,505).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 43(b) to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 42 to the financial statements.

董事會欣然提呈截至二零一九年十二月三十一日止年度的報告連同經審核財務報表。

主要業務及業務分析

本公司的主要業務為投資控股。其主要附屬公司的業務載列於財務報表附註23。本集團於本年度按業務分部劃分的表現分析載列於財務報表附註7。

業績及分派

本集團年度業績載列於第75頁的綜合損益表內。董事不建議支付末期股息（二零一八年：無）。

概無本公司股東已放棄或同意放棄任何股息的安排。

捐贈

本集團於年內作出之捐贈約為369,000港元（二零一八年：20,446,505港元）。

儲備

本集團及本公司儲備於年內的變動詳情分別載列於綜合權益變動表及財務報表附註43(b)。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載列於財務報表附註18。

股本

本公司股本之詳情載列於財務報表附註42。

Report of the Directors 董事會報告

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the share premium, shares held under Share Award Scheme, accumulated losses and capital reserve. As at 31 December 2019, there was no reserve available for distribution (as at 31 December 2018: Nil). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its articles of association and provided that immediately following the distribution or payment of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

FINANCIAL SUMMARY

A summary of the results for the year ended and of the assets and liabilities of the Group as at 31 December 2019 and for the previous four financial years are set out on page 348.

DIRECTORS

The Directors who held office during the year and up to the date of publication of this report were:

Executive Directors

Ms. Huang Qing
(Chairman and Chief Executive Officer) (appointed on 12 May 2020)

Mr. Cheung Siu Fai
(appointed on 3 August 2020 and resigned on 10 November 2020)

Mr. Lam Wai Tong (appointed on 29 October 2020)

Mr. Li Yang (appointed on 3 August 2020)

Mr. Wu Changbiao (appointed on 31 January 2020)

Mr. Liang Qilin (resigned on 11 December 2019)

Mr. Liang Zhenjie (resigned on 24 January 2020)

Mr. Lu Xiaohan (resigned on 18 June 2020)

Mr. Tsui Cham To (resigned on 8 April 2020)

Mr. Tsui Wai Kin (appointed on 11 December 2019 resigned on 3 August 2020)

可供分派儲備

本公司之可供分派儲備為股份溢價、股份獎勵計劃所持有股份、累計虧損及資本儲備。於二零一九年十二月三十一日，概無可供分派儲備（於二零一八年十二月三十一日：零）。根據開曼群島第二十二章公司法（一九六一年第3號法例，經合併及修訂），本公司的股份溢價在受組織章程細則之條文所規範，且在緊接作出股息分派或派付後，本公司仍能在日常的業務過程中支付其到期的債項者，方能向股東分派或支付股息。

財務概要

本集團於二零一九年十二月三十一日及前四個財政年度之業績及於該等日期之資產及負債概要載列於第348頁。

董事

於年度內及直至本報告刊發日期的在任董事如下：

執行董事

黃青女士
(主席兼首席執行官)
(於二零二零年五月十二日獲委任)
張少輝先生
(於二零二零年八月三日獲委任
並於二零二零年十一月十日辭任)
林璋瑋先生
(於二零二零年十月二十九日獲委任)
李陽先生
(於二零二零年八月三日獲委任)
伍暢標先生
(於二零二零年一月三十一日獲委任)
梁啟麟先生
(於二零一九年十二月十一日辭任)
梁振傑先生
(於二零二零年一月二十四日辭任)
陸小安先生
(於二零二零年六月十八日辭任)
徐湛滔先生
(於二零二零年四月八日辭任)
徐偉健先生
(於二零一九年十二月十一日獲委任並
於二零二零年八月三日辭任)

Mr. Xu Juwen (resigned on 2 June 2020)

Ms. Xu Liuqi (appointed on 6 December 2019 and resigned on 3 August 2020)

Mr. Yuan Guanghua
(appointed on 20 June 2019 and resigned on 11 February 2020)

Mr. Zhao Keyin
(appointed on 14 January 2019 and resigned on 20 June 2019)

Independent Non-executive Directors

Mr. He Jingyong (appointed on 24 January 2019, resigned on 28 January 2019 and re-appointed on 10 April 2019)

Mr. Fong Wai Ho (appointed on 3 August 2020)

Ms. Lai Pik Chi Peggy (appointed on 3 August 2020)

Mr. Ng Wai Kuen (appointed on 28 January 2019 and resigned on 3 August 2020)

Mr. Suen To Wai (resigned on 10 April 2019)

Mr. Yu Chung Leung (appointed on 18 April 2019 and resigned on 17 February 2020)

Mr. Zhang Lu Fu (resigned on 3 August 2020)

The Company has received from each independent non-executive Director a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such directors to be independent.

In accordance with Article 83(3) and 84 of the Company's articles of association, all the Directors will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

徐炬文先生

(於二零二零年六月二日辭任)

徐柳齊小姐

(於二零一九年十二月六日獲委任並於二零二零年八月三日辭任)

袁廣華先生

(於二零一九年六月二十日獲委任並於二零二零年二月十一日辭任)

趙克銀先生

(於二零一九年一月十四日獲委任並於二零一九年六月二十日辭任)

獨立非執行董事

何景涌先生

(於二零一九年一月二十四日獲委任並於二零一九年一月二十八日辭任，於二零一九年四月十日獲重新委任)

方偉豪先生

(於二零二零年八月三日獲委任)

黎碧芝女士

(於二零二零年八月三日獲委任)

吳惠權先生

(於二零一九年一月二十八日獲委任並於二零二零年八月三日辭任)

孫多偉先生

(於二零一九年四月十日辭任)

余仲良先生

(於二零一九年四月十八日獲委任並於二零二零年二月十七日辭任)

張魯夫先生

(於二零二零年八月三日辭任)

本公司已接獲各獨立非執行董事根據上市規則第3.13條提交之獨立性確認書，而本公司認為該等董事具獨立性。

根據本公司組織章程細則第83(3)及84條，全體董事將於應屆股東週年大會上輪值告退，並合資格且願意重選連任。

Report of the Directors 董事會報告

DIRECTORS' SERVICE CONTRACTS

Certain executive Directors has entered into a service contract with the Company for a term of three years, which can be terminated by not less than one to three months' notice in writing served by either party on the other while certain executive Directors has not entered into any service contract with the Company and has not been appointed for a fixed term of service, they will hold office until the next general meeting of the Company. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year to three years, which can be terminated by not less than one to three months' notice in writing served by either party on the other.

None of the Directors has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

During the year ended 31 December 2019, the directors' fees are reviewed and revised by the Board based on the recommendations of the Remuneration Committee and with reference to the directors' duties, responsibilities and performances and the results of the Group.

Information relating to the remuneration of directors are set out in note 13 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year except as disclosed under the section headed "Continuing Connected Transactions" and note 48 to the financial statements.

董事服務合約

若干執行董事已與本公司訂立服務合約，為期三年，可由任何一方向另一方發出不少於一至三個月的書面通知予以終止，而若干執行董事並無與本公司訂立任何服務合約且並無獲委任固定服務年期，彼等的任期將直至本公司下屆股東大會為止。各獨立非執行董事已與本公司訂立委任函，為期一年至三年，可由任何一方向另一方發出不少於一至三個月的書面通知予以終止。

本公司或本集團任何其他成員公司概無已或已打算與任何董事訂立任何本集團不得於一年內在支付任何賠償（法定賠償除外）的情況下予以終止之服務協議。

截至二零一九年十二月三十一日止年度，董事袍金由董事會根據薪酬委員會的推薦建議並參考董事職責、責任、表現及本集團業績進行檢討及修訂。

有關董事薪酬的資料載於財務報表附註13。

董事之合約權益

除「持續關連交易」一節及財務報表附註48所披露者外，本公司或其附屬公司概無簽訂董事於年終或年內任何時間在其中直接或間接擁有重大權益，且就本集團業務而言乃屬重大的合約。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as of the date of publication of this report are set out on pages 17 to 21.

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

As at 31 December 2019, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

董事及高級管理層簡歷

截至本報告刊發日期，董事及高級管理層之簡歷詳情載於第17至21頁。

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債權證之權益及淡倉

於二零一九年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條須予存置的登記冊所載，或依據標準守則已知會本公司及聯交所者，本公司董事、主要行政人員及彼等的聯繫人於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」））第XV部的股份、相關股份及債權證中擁有的權益如下：

Name of Director	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding in the Company 佔本公司股權 概約百分比
董事姓名	身份／權益性質	股份總數	
Mr. Tsui Cham To 徐湛滔先生	Interest of controlled corporations and Beneficial owner ⁽¹⁾ 受控公司權益及實益擁有人 ⁽¹⁾	3,547,352,000 (L)	56.16%
Mr. Lu Xiaohan 陸小安先生	Beneficial owner 實益擁有人	134,000 (L)	0.002%
Mr. Zhang Lu Fu 張魯夫先生	Beneficial owner 實益擁有人	20,000 (L)	0.0003%
Mr. Xu Juwen 徐炬文先生	Beneficial owner 實益擁有人	220,000 (L)	0.003%
Ms. Xu Liuqi 徐柳齊小姐	Beneficial owner 實益擁有人	2,896,000 (L)	0.046%
Mr. Yuan Guanghua 袁廣華先生	Beneficial owner 實益擁有人	98,000 (L)	0.002%

(L) denotes a long position in the shares

(L) 指於股份中的好倉

Notes:

附註：

(1) Mr. Tsui Cham To is deemed under the SFO to be interested in 3,546,980,000 shares of the Company held by Keen Vast Holdings Limited, and 372,000 shares directly held by himself.

(1) 根據證券及期貨條例，徐湛滔先生被視為於建大控股有限公司所持之3,546,980,000股本公司股份中擁有權益，而其個人直接持有372,000股股份。

Report of the Directors

董事會報告

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code. At no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 4 September 2013. The purpose of the Share Option Scheme is to provide an incentive to motivate, attract and retain eligible persons, and to encourage them to optimise their performance efficiency, enhance the value of the Company and promote the long-term growth of the Company. This scheme will provide the eligible participants, including employees, consultants, executives and officers of the Company, a personal stake in the Company to achieve its intended purpose.

The Share Option Scheme shall be valid and effective for a period of 10 years from 4 September 2013 subject to the early termination provisions contained in the Share Option Scheme, 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.

除上文所披露者外，於二零一九年十二月三十一日，本公司董事及主要行政人員概無於本公司及其相聯法團（定義見證券及期貨條例第XV部）於本公司及聯交所按證券及期貨條例第352條存置的登記冊所載，或依據標準守則已知會本公司及聯交所的股份、相關股份或債權證中擁有或被視為擁有任何權益或淡倉。於本年度內任何時間，本公司或其任何控股公司、其附屬公司或同系附屬公司概無訂立任何安排，使本公司董事及主要行政人員（包括彼等的配偶及十八歲以下子女）於本公司或其相聯法團之股份或相關股份或債權證中持有任何權益或淡倉。

購股權計劃

本公司已於二零一三年九月四日採納購股權計劃（「購股權計劃」）。購股權計劃旨在提供獎勵以激勵、吸引及留任合資格參與者，並鼓勵合資格參與者優化其表現效率、提升本公司價值及促進本公司長遠發展。該計劃將向合資格參與者（包括本公司僱員、顧問、行政人員及職員）提供於本公司擁有個人權益的機會以實現其擬定目的。

購股權計劃由二零一三年九月四日起10年期間內有效及生效，須受限於購股權計劃所載之提前終止條文，其後不會再進一步授予或發出購股權，惟購股權計劃的條文在必要的情況下仍然全面有效力及作用，以使於10年期限屆滿前授予的任何已存在購股權可予行使，或可能另行根據購股權計劃條文的其他規定而生效。

The maximum number of shares in respect of which may be issued upon exercise of all options to be granted under the Share Option Scheme is 544,000,000, being 10% of the shares of the Company in issue immediately after IPO on the Listing Date (i.e. 25 September 2013) which is the effective date of such scheme and representing approximately 8.6% of the issued shares of the Company as at the date of this annual report. An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of the Company of HKD1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

The maximum number of shares issued and to be issued upon exercise of the options granted to any eligible person under the Share Option Scheme shall not in any 12-month period up to the date of grant exceed 1% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to the issue of a circular and shareholders' approval in general meeting. The period within which an option may be exercised under the Share Option Scheme will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years from the date of grant of the particular option. Under the Share Option Scheme, the exercise price in relation to each option shall be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of such option, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of such option, and (iii) the nominal value of a share on the date of grant of such option.

No share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 31 December 2019.

因行使根據購股權計劃將予授出的所有購股權而可能發行的最高股份數目為544,000,000股，即本公司緊隨首次公開發售後於上市日期（即二零一三年九月二十五日）（即該計劃生效日期）之已發行股份的10%，佔本年報日期本公司已發行股份的約8.6%。本公司於相關接納日期或之前收到由承授人正式簽署構成接納購股權的要約文件副本連同支付予本公司的1.00港元款項作為授出購股權的代價後，購股權即被視作已授出及已獲承授人接納。

因行使根據購股權計劃授予任何合資格人士之購股權而發行及將予發行的最高股份數目，於授出日期起任何12個月期間內，不得超過本公司不時已發行股本的1%，進一步授予超過此上限的購股權須發出一份通函及於股東大會得到股東的批准。根據購股權計劃可行使購股權的期間將由董事會全權酌情釐定，並須遵守該期間不得長於由個別購股權授出日期起計10年的規定。根據購股權計劃，有關每份購股權的行使價須由董事會全權酌情釐定，惟無論如何不得少於以下的最高者(i)於有關購股權授出日期股份於聯交所每日報價表所列的收市價，(ii)於緊接有關購股權授出日期前五個交易日股份於聯交所每日報價表所列的平均收市價，及(iii)於有關購股權授出日期股份的面值。

於二零一九年十二月三十一日，概無任何股份授出、行使、註銷或失效，亦無根據購股權尚未行使之購股權。

Report of the Directors 董事會報告

SHARE AWARD SCHEME

A share award scheme was adopted by the Board (the “Share Award Scheme”) to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain and attract suitable personnel for the future development of the Group.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the Board may cause to be paid a contributed amount to the trust, which shall constitute part of the trust fund for the purchase of Shares from the market or subscription of new shares and other purposes set out in the scheme rules and the trust deed. Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the awarded shares, the awarded shares shall be held by the trustee, being Bank of Communications Trustee Limited, on behalf of the selected employee until the end of each vesting period. The awarded shares will be transferred to the selected employees at nil consideration.

The Board shall not make any further award of awarded shares which will result in the aggregate nominal value of the Shares awarded under the Share Award Scheme exceeding ten per cent of the issued share capital of the Company at the time of such award. Further details of the Share Award Scheme are set out in the announcement dated 12 November 2015. During the year, the Board did not grant any shares under the Share Award Scheme.

股份獎勵計劃

董事會已採納一項股份獎勵計劃（「股份獎勵計劃」），以認可及激勵本集團僱員對本集團作出貢獻，並作為就本集團未來發展挽留及吸引合適人員之獎勵。

股份獎勵計劃由採納日期起10年期間內有效及生效。根據股份獎勵計劃，董事會可將授予資金投入信託，此等資金構成信託基金之一部分，可用於從市場購買股份或認購新股份及該計劃規則和信託契據所載之其他用途。在股份獎勵計劃條款及條件之規限下以及所有歸屬獎勵股份之歸屬條件獲達成之前提下，獎勵股份須由受託人（即交通銀行信託有限公司）代表入選僱員持有，直至各個歸屬期結束。獎勵股份將無償轉歸入選僱員。

倘董事會授出獎勵股份後會導致根據股份獎勵計劃已授出的股份總面值超過本公司於授出該獎勵時已發行股本之10%，則不得再進一步授出獎勵股份。股份獎勵計劃之進一步詳情載於日期為二零一五年十一月十二日之公告。年內，董事會於股份獎勵計劃項下並無授出任何股份。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the persons (not being a Director or chief executive of the Company) who have interests in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name of Shareholder 股東名稱	Capacity/Nature of interest 身份／權益性質	Total number of shares 股份總數	Approximate percentage of shareholding 股權概約百分比
Keen Vast Holdings Limited ⁽¹⁾ 建大控股有限公司 ⁽¹⁾	Beneficial owner 實益擁有人	3,359,232,000 (L)	53.18%
Li Sze Lim 李思廉	Beneficial owner 實益擁有人	536,716,000 (L)	8.50%

(L) denotes a long position in the shares

Note:

(1) Keen Vast Holdings Limited is controlled by Mr. Tsui Cham To.

Save as disclosed above, as at 31 December 2019, the Directors are not aware of any other person having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

MANAGEMENT CONTRACTS

During the year, the Company did not enter into any contract in respect of the management or administration of the entire business or any significant business of the Group nor any such contract subsisting.

主要股東於股份及相關股份的權益

於二零一九年十二月三十一日，根據證券及期貨條例第336條須存置的登記冊所載或已知會本公司者，於本公司股份或相關股份中擁有權益的人士（並非本公司董事或主要行政人員）如下：

Name of Shareholder 股東名稱	Capacity/Nature of interest 身份／權益性質	Total number of shares 股份總數	Approximate percentage of shareholding 股權概約百分比
Keen Vast Holdings Limited ⁽¹⁾ 建大控股有限公司 ⁽¹⁾	Beneficial owner 實益擁有人	3,359,232,000 (L)	53.18%
Li Sze Lim 李思廉	Beneficial owner 實益擁有人	536,716,000 (L)	8.50%

(L) 指於股份中的好倉

附註：

(1) 建大控股有限公司由徐湛滔先生控制。

除上文所披露者外，於二零一九年十二月三十一日，董事並不知悉任何其他人士於相當於本公司已發行股本5%或以上之本公司股份及相關股份擁有權益或淡倉。

管理合同

年內，本公司並無就有關管理或執行本集團整體業務或任何重大業務部分訂立任何合同。

Report of the Directors 董事會報告

CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed “Continuing Connected Transactions” and “Connected Transactions” in this report of the Directors:

- (i) no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year; and
- (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, an indemnity provision was in force such that the Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices. During the year ended 31 December 2019, the Company has maintained directors and officers liability insurance coverage for the Directors and officers of the Group until its expiry on 24 September 2019. After the expiry, the Group has failed to renew the insurance policy due to the suspension of trading of shares on the Stock Exchange and since certain Directors were alleged to have been involved in certain criminal offences.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest suppliers accounted for approximately 29.6% (2018: 49.6%) of the Group's total cost of purchase for the year ended 31 December 2019. The largest supplier accounted for approximately 9.4% (2018: 16.5%) of the Group's total cost of purchase for the year ended 31 December 2019.

The Group's five largest customers accounted for approximately 12.8% (2018: 11.9%) of the Group's total revenue for the year ended 31 December 2019. The largest customer accounted for approximately 3.7% (2018: 2.8%) of the Group's total revenue for the year ended 31 December 2019.

重大合約

除本董事會報告「持續關連交易」及「關連交易」章節所披露者外：

- (i) 於年內或年結日，概不存在本公司或其任何附屬公司與本公司或其任何附屬公司之控股股東之間之重大交易、安排或合約；及
- (ii) 於年內或年結日，概不存在有關本公司或其任何附屬公司之控股股東向本公司或其任何附屬公司提供服務之重大合約。

獲准彌償條文

根據本公司組織章程細則，一項彌償條文生效，據此，董事有權就其職務執行其職責時因作出、發生之任何作為或不作為而可能招致或承擔或與此相關之一切損失及責任，從本公司資產中收取彌償。截至二零一九年十二月三十一日止年度，本公司已為本集團董事及高級人員投購董事及高級人員責任保險，直至其於二零一九年九月二十四日屆滿為止。於屆滿後，由於股份於聯交所暫停買賣及由於若干董事被指稱涉及若干刑事罪行，本集團未能重續保單。

主要客戶及供應商

截至二零一九年十二月三十一日止年度，本集團前五大供應商佔本集團總採購成本的約29.6%（二零一八年：49.6%）。截至二零一九年十二月三十一日止年度，最大供應商佔本集團總採購成本約9.4%（二零一八年：16.5%）。

截至二零一九年十二月三十一日止年度，本集團前五大客戶佔本集團總收益約12.8%（二零一八年：11.9%）。截至二零一九年十二月三十一日止年度，最大客戶佔本集團總收益約3.7%（二零一八年：2.8%）。

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in any of the five largest suppliers or customers of the Group.

Save as disclosed under the section headed “Continuing Connected Transactions” below, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) had an interest in these major suppliers or customers at all times.

COMPETING BUSINESS

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2019.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The Company has entered into a deed of non-competition dated 4 September 2013 (the “Non-competition Deed”) with Keen Vast Holdings Limited and Mr. Tsui Cham To, both being the controlling shareholders of the Company as at 31 December 2019 (the “Controlling Shareholders”), and pursuant to which the Controlling Shareholders procure its/his/her associates (other than members of the Group) not to, engage in any business involving the development of wastewater treatment facilities and the provision of wastewater treatment and industrial water supply services.

The Company has received the annual confirmation from each of the Controlling Shareholders that each of them has fully complied with their respective obligations under the Non-Competition Deed. The independent non-executive Directors have reviewed the annual confirmation from the Controlling Shareholders relating to their compliance with the non-competition undertaking by the Controlling Shareholder under the Non-competition Deed and are satisfied that the same has been complied with by the Controlling Shareholders under the Non-competition Deed.

概無董事、彼等的緊密聯繫人（定義見上市規則）或任何股東（據董事所知擁有本公司已發行股份數目5%以上）於本集團任何前五大供應商或客戶中擁有任何權益。

除下文「持續關連交易」章節之披露外，概無董事、彼等的聯繫人或任何股東（據董事所知擁有超過本公司股本5%者）於任何時候在該等主要供應商或客戶中擁有權益。

競爭業務

截至二零一九年十二月三十一日止年度，概無董事在與本公司或任何附屬公司形成競爭的任何業務中擁有權益。

遵守不競爭承諾

本公司已於二零一三年九月四日與建大控股有限公司及徐湛滔先生（於二零一九年十二月三十一日均為本公司控股股東（「控股股東」））訂立不競爭契據（「不競爭契據」），據此，控股股東將促使其聯繫人（本集團成員除外）不會從事有關污水處理設施開發及提供污水處理及工業用水供應服務有關的任何業務。

本公司已獲各控股股東發出年度確認，確認彼等各自己完全遵守彼等各自於不競爭契據項下的責任。獨立非執行董事已審閱控股股東有關控股股東遵守不競爭契據項下不競爭承諾的年度確認，並信納控股股東已根據不競爭契據遵守有關承諾。

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, certain related party transactions were entered into by the Group which is disclosed in note 48 to the financial statements. Certain of these related party transactions constituted continuing connected transaction under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. The Directors confirm that the disclosure requirements in accordance with Chapter 14A of the Listing Rules has been complied with.

As disclosed in the announcement dated 13 February 2018, Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”), a subsidiary of the Group, entered into an office lease agreement (Guangzhou Haitao as the tenant) and a licensing agreement (Guangzhou Haitao as the licensee in relation to the naming and signage license rights of an office building) with Guangzhou Yanchen Zhili Profession Company Limited (“Guangzhou Yanchen”). Each of the above agreements lasted for a term of three years commencing from 1 March 2018 to 28 February 2021. The proposed annual cap under the office lease agreement is expected to be no more than RMB8,833,329 while the proposed annual caps under the licensing agreement is expected to be no more than RMB10,800,000.

As at the date of the above agreements, Mr. Tsui Cham To, the then Chairman and an executive Director of the Company, is deemed to be interested in approximately 37.5% equity interest in Guangzhou Yanchen. Guangzhou Yanchen is an associate of Mr. Tsui and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the above agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules which are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders’ approval requirements.

持續關連交易

截至二零一九年十二月三十一日止年度，本集團訂立若干關聯方交易，乃於財務報表附註48披露。若干此等關聯方交易構成上市規則下的持續關連交易，根據上市規則第14A章須於本報告予以披露。董事確認，本集團已遵守上市規則第14A章的披露規定。

誠如日期為二零一八年二月十三日之公告所披露，本集團的附屬公司廣州海滔環保科技有限公司（「廣州海滔」）與廣州煙塵治理專業有限公司（「廣州煙塵」）訂立辦公室租賃協議（廣州海滔作為租戶）及特許協議（就辦公大樓之冠名及標識權而言，廣州海滔作為獲特許方）。上述各協議之期限為二零一八年三月一日起至二零二一年二月二十八日止三年。預期辦公室租賃協議項下之建議年度上限將不超過人民幣8,833,329元，而預期特許協議項下之建議年度上限將不超過人民幣10,800,000元。

於上述協議日期，徐湛滔先生（時任本公司主席兼執行董事）被視為於廣州煙塵約37.5%股權中擁有權益。廣州煙塵為徐湛滔先生的聯繫人，並因此根據上市規則第14A章為本公司的關連人士。根據上市規則第14A章，上述協議項下擬進行的交易構成本公司之持續關連交易，須遵守申報、年度審閱及公告規定，惟獲豁免遵守獨立股東批准規定。

During the year ended 31 December 2019, the amounts incurred under the office lease agreement and under the license agreement were approximately HK\$10,032,000 and approximately HK\$12,266,000 respectively.

Save as disclosed above, for the year ended 31 December 2019, the related party transaction or continuing related party transaction as set out in note 48 to the consolidated financial statements either did not fall under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules or fall under exempted transaction pursuant to Rule 14A.76 of the Listing Rules.

CONNECTED TRANSACTION

During the year ended 31 December 2019, the Group has advanced various sums with an aggregate amount of approximately RMB104.2 million (equivalent to HK\$116.3 million) to certain companies controlled by Mr. Tsui and has also paid certain bank interest and expenses on behalf of an entity controlled by Mr. Tsui amounted to approximately RMB20.9 million (equivalent to HK\$23.3 million) (collectively the “2019 Advances”). During the year ended 31 December 2019, approximately RMB21.4 million (equivalent to HK\$23.8 million) has been repaid by these entities to the Group and approximately RMB79.2 million (equivalent to HK\$88.4 million) of the Group’s bank loan principal and interest and interest on other borrowings has been paid by certain entities controlled by Mr. Tsui on behalf of the Group.

Mr. Tsui was the then chairman and executive director of the Company while the entities controlled by Mr. Tsui as mentioned above are associates of Mr. Tsui and are therefore connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2019 Advances constitute connected transactions under Chapter 14A of the Listing Rules which are subject to the reporting, announcement requirements and independent shareholders’ approval requirements.

截至二零一九年十二月三十一日止年度，辦公室租賃協議項下及特許協議項下所產生之金額分別約為10,032,000港元及約12,266,000港元。

除上文所披露者外，截至二零一九年十二月三十一日止年度，綜合財務報表附註48所載關聯方交易或持續關聯方交易均非上市規則第14A章項下界定之「關連交易」或「持續關連交易」或根據上市規則第14A.76條屬於獲豁免交易。

關連交易

截至二零一九年十二月三十一日止年度，本集團已向徐先生控制的若干公司墊付淨總額約人民幣104.2百萬元（相當於116.3百萬港元）的多項款項，並已代表徐先生控制的實體支付若干銀行利息及開支約人民幣20.9百萬元（相當於23.3百萬港元）（統稱「二零一九年墊款」）。截至二零一九年十二月三十一日止年度，該等實體已向本集團償還約人民幣21.4百萬元（相當於23.8百萬港元），而徐先生所控制的若干實體已代表本集團支付本集團銀行貸款本金及利息及其他貸款之利息約人民幣79.2百萬元（相當於88.4百萬港元）。

徐先生為本公司當時之主席兼執行董事，而上述由徐先生控制的實體為徐先生的聯繫人，故根據上市規則第14A章為本公司的關連人士。根據上市規則第14A章，二零一九年墊款項下擬進行的交易構成關連交易，須遵守申報、公告規定及獨立股東批准規定。

Report of the Directors 董事會報告

The Company has conducted an investigation over the 2019 Advances together with certain similar advances in 2018 (“2018 Advances”) and found that they were made without proper authorization and were not made for the operational use of the Group. At this stage, the Company is considering alternative course of actions available for the recovery of outstanding portion of the 2018 Advances and the 2019 Advances. The Group has engaged an internal control consultant to advise the Group and is implementing controls and policies in relation to the above matter which the Group believes can prevent similar incident from occurring in the future.

Save as disclosed above, for the year ended 31 December 2019, the Company is not aware of any other connected transactions which fall under Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2019.

本公司已對二零一九年墊款連同二零一八年若干類似墊款（「二零一八年墊款」）進行調查，並發現該等墊款乃在未獲適當授權的情況下作出，且並非就本集團的營運用途作出。在此階段，本公司正考慮其他可行的行動方案，以收回二零一八年墊款及二零一九年墊款的未償還部分。本集團已委聘內部監控顧問就上述事宜向本集團提供意見，並正在實施本集團認為可防止日後發生類似事件的監控及政策。

除上文所披露者外，截至二零一九年十二月三十一日止年度，本公司並不知悉任何其他須遵守上市規則第14A章的關連交易。

優先購買權

本公司章程細則或開曼群島法律並無優先購買權條文，規定本公司必須按現有股東之持股比例提呈發售新股份。

購買、出售或贖回本公司之上市股份

截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司概無購回、出售或贖回本公司的任何上市證券。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company, the Company maintained adequate public float for the year ended 31 December 2018 and up to the date of this annual report.

CHANGE OF AUDITOR

KPMG retired as the auditor of the Company with effect from 31 May 2018, being the date of the annual general meeting of the Company held (the “2018 AGM”) and RSM Hong Kong (“RSM”) was appointed as the new auditor of the Company for the year ended 31 December 2018 and to hold office from the conclusion of the 2018 AGM until the conclusion of the next annual general meeting of the Company.

Subsequently, RSM resigned as the auditor of the Company with effect from 17 October 2019 and Crowe (HK) CPA Limited (“Crowe”) has been appointed as the new auditor of the Company for the year ended 31 December 2018 with effect from 17 October 2019 to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the next annual general meeting of the Company.

The financial statements have been audited by Crowe (HK) CPA Limited. A resolution will be submitted at the forthcoming annual general meeting of the Company to reappoint Crowe (HK) CPA Limited as auditor of the Company.

On behalf of the Board
Huang Qing
Chairman

8 December 2020

充足的公眾持股量

根據本公司可獲得的資料，截至二零一八年十二月三十一日止年度及直至本年報日期，本公司一直維持充足的公眾持股量。

更換核數師

畢馬威會計師事務所已退任本公司核數師，自二零一八年五月三十一日起生效，即本公司舉行股東週年大會（「二零一八年股東週年大會」）之日期，而羅申美會計師事務所（「羅申美」）已獲委任為本公司截至二零一八年十二月三十一日止年度之新核數師，自二零一八年股東週年大會結束起任職直至本公司下屆股東週年大會結束為止。

隨後，羅申美已辭任本公司核數師，自二零一九年十月十七日起生效，國富浩華（香港）會計師事務所有限公司（「國富浩華」）已獲委任為本公司截至二零一八年十二月三十一日止年度之新核數師，自二零一九年十月十七日起生效，以填補羅申美辭任後之臨時空缺，並任職至本公司下屆股東週年大會結束。

財務報表已由國富浩華（香港）會計師事務所有限公司審核。本公司應屆股東週年大會上將提呈一項決議案，以續聘國富浩華（香港）會計師事務所有限公司為本公司核數師。

代表董事會
主席
黃青

二零二零年十二月八日

Independent Auditor's Report

獨立核數師報告



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

DISCLAIMER OF OPINION

We have audited the consolidated financial statements of CT Environmental Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 75 to 347, 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 profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of this report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION

1) Opening balances and corresponding figures

The corresponding figures disclosed in these consolidated financial statements are based on the audited consolidated financial statements of the Group for the year ended 31 December 2018. The auditor did not express an opinion on the consolidated financial statements for the year ended 31 December 2018.

- a) As more fully disclosed in item 3 of our report, we are unable to ascertain if the financial information of certain subsidiaries included in the consolidated financial statements of the Group for the year and as at 31 December 2018 are free from material misstatements.

不發表意見

本核數師（以下簡稱「我們」）已審計刊載於第75至347頁中滔環保集團有限公司（「貴公司」）及其附屬公司（以下合稱「貴集團」）的綜合財務報表，此綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們不就 貴集團綜合財務報表及綜合財務報表是否遵照香港公司條例的披露規定妥為編製發表任何意見。由於本報告「不發表意見之基礎」一節所述事宜的重大性，我們未能獲取足夠適當的審核證據為該等綜合財務報表審核意見提供基礎。

不發表意見之基礎

1) 期初結餘及相應數字

該等綜合財務報表所披露之比較數字乃根據 貴集團截至二零一八年十二月三十一日止年度之經審核綜合財務報表。核數師並無對截至二零一八年十二月三十一日止年度的綜合財務報表發表意見。

- a) 誠如本報告之第3項更全面地披露，我們未能確定計入 貴集團於截至二零一八年十二月三十一日止年度及於該日之綜合財務報表之若干附屬公司財務資料是否並無重大錯誤陳述。

Independent Auditor's Report (Cont'd) 獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

1) Opening balances and corresponding figures (Cont'd)

- b) As more fully disclosed in note 18(a)(ii) to the consolidated financial statements, on 14 February 2018, the Group entered into a termination agreement (the "Termination Agreement") with a former director Mr. Gu Yaokun under which the title of certain fixed assets and land use rights without ownership certificates were transferred back to the Group in consideration for an offsetting of part of the amount of HK\$149,338,000 due from Mr. Gu Yaokun brought forward from 2017. After offsetting, the Group recorded property, plant and equipment of RMB72,105,000 (equivalent to HK\$82,293,000), lease prepayments of RMB28,760,000 (equivalent to HK\$32,824,000) and prepayments for purchase of lease prepayments and equipment of RMB26,169,000 (equivalent to HK\$29,867,000), totalling RMB127,034,000 (equivalent to HK\$144,984,000) in the books and the amount due from Mr. Gu Yaokun was reduced by the same amount.

However, taking into consideration of the PRC legal opinion, the present directors consider that the possibility of obtaining the ownership certificates for these land is remote and the structures built on the land which had no ownership certificates were illegal structure and may be ordered to be demolished or confiscated by the local government authority and therefore the assets without ownership certificates should have no commercial value. Full impairment loss on the assets transferred to the Group and a provision for penalty of HK\$18,982,000 in respect of the illegal structures were charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

Given the above circumstances, we are unable to ascertain the reasons for the acquisition of assets without title documents but with illegal structure erected thereon. There are no other satisfactory audit procedures that we could perform to satisfy ourselves that the accounting treatment adopted to set off the amount due from Mr. Gu Yaokun by RMB127,034,000 (equivalent to HK\$144,984,000) and to recognise the same amount as property, plant and equipment, lease prepayments and prepayments for purchase of lease prepayments in the consolidated statement of financial position as at 31 December 2018 and the impairment loss for these assets charged to the consolidated statement of profit or loss for the year ended 31 December 2018 are appropriate.

不發表意見之基礎 (續)

1) 期初結餘及相應數字 (續)

- b) 誠如綜合財務報表附註18(a)(ii)更全面地披露，於二零一八年二月十四日，貴集團與前董事古耀坤先生訂立終止協議（「終止協議」），據此，若干並無擁有權證之固定資產所有權及土地使用權轉回予貴集團，代價為抵銷結轉自二零一七年之應收古耀坤先生149,338,000港元之部分。於抵銷後，貴集團於賬目錄得物業、廠房及設備人民幣72,105,000元（相當於82,293,000港元）、租賃預付款項人民幣28,760,000元（相當於32,824,000港元）及購買租賃預付款項及設備之預付款項人民幣26,169,000元（相當於29,867,000港元），合共為人民幣127,034,000元（相當於144,984,000港元），而應收古耀坤先生之款項則按相同金額減少。

然而，經考慮中國法律意見後，現任董事認為就該等土地取得所有權證之可能性甚微，而建於並無所有權證的土地上的構築物為非法構築物，可能被地方政府機關責令拆除或沒收，因此，並無所有權證之資產應並無任何商業價值。已轉讓予貴集團之該等資產之全數減值虧損及有關非法建築物之罰款撥備18,982,000港元已於截至二零一八年十二月三十一日止年度之綜合損益表扣除。

鑑於上述情況，我們無法確定進行並無所有權文件但其上有非法建築物之資產收購的原因。概無其他我們可予進行的獲信納審核程序，以令我們信納，於二零一八年十二月三十一日之綜合財務狀況表抵銷應收古耀坤先生款項人民幣127,034,000元（相當於144,984,000港元）及將相同金額確認為物業、廠房及設備、租賃預付款項及購買租賃預付款項之預付款項以及於截至二零一八年十二月三十一日止年度之綜合損益表扣除之減值虧損所採納之會計處理屬適當。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

1) Opening balances and corresponding figures (Cont'd)

- c) As more fully disclosed in note 7(b) to the consolidated financial statements, the Group's revenue for the year ended 31 December 2018 included revenue of HK\$52,479,000 of two subsidiaries namely Guangzhou Kaizhou and Guangzhou Xintao derived from the provision of wastewater treatment plant operation services, the provision of heating services and the electricity generation business. Guangzhou Kaizhou and Guangzhou Xintao ceased their business operations during the year ended 31 December 2018. A substantial portion of these revenue were not substantiated with relevant supporting documents including value added tax invoices while almost all of these revenue were without subsequent settlements. These, together with other long outstanding trade receivables brought forward from previous years, were assessed to be impaired by the present directors and a provision for impairment loss of RMB44,375,000 (equivalent to HK\$52,509,000) was charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

We are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of recognition, completeness, existence and accuracy of the revenue of HK\$52,479,000 of the above two subsidiaries and revenue of HK\$187,562,000 of the three subsidiaries as mentioned in item 3 below totalling HK\$240,041,000 as included in the total revenue of HK\$1,152,998,000 and the impairment loss on trade receivables and contract assets of HK\$161,796,000 of the Group for the year ended 31 December 2018 or the related balances of receivable brought forward from 2017.

There are no other practicable audit procedures that we could perform to satisfy ourselves that the revenue transactions have been properly accounted for and disclosed.

不發表意見之基礎 (續)

1) 期初結餘及相應數字 (續)

- c) 誠如綜合財務報表附註7(b)更全面地披露，貴集團截至二零一八年十二月三十一日止年度之收益包括兩家附屬公司（即廣州凱洲及廣州新滔）產生自提供污水處理廠營運服務、提供供熱服務及發電業務分部之收益52,479,000港元。廣州凱洲及廣州新滔於截至二零一八年十二月三十一日止年度終止其業務營運。該等收益之重大部分並無獲相關支持文件證實，包括增值稅發票，而幾乎所有該等收益其後並無獲清償。該等款項連同自過往年度結轉之其他長期未償還貿易應收款項被現任董事評估為減值，並於截至二零一八年十二月三十一日止年度之綜合損益表扣除減值虧損撥備人民幣44,375,000元（相當於52,509,000港元）。

我們無法取得足夠適當審核憑證，以確定貴集團截至二零一八年十二月三十一日止年度之計入總收益1,152,998,000港元之上述兩間附屬公司之收益52,479,000港元及下文第3項所述之三間附屬公司之收益187,562,000港元（合共240,041,000港元）以及貿易應收款項及合約資產減值虧損161,796,000港元或自二零一七年起結轉的相關結餘之確認的適當性、完整性、存在性及準確性。

概無其他我們可進行的實際可行審核程序，以令我們信納收益交易已妥為入賬及披露。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

1) Opening balances and corresponding figures (Cont'd)

- d) As more fully disclosed in note 27(a) to the consolidated financial statements, in 2015, Guangzhou Xintao entered into an operation agreement with 廣州市萌輝電子科技有限公司 (“Menghui”) pursuant to which Guangzhou Xintao was engaged to provide wastewater treatment services and manage the wastewater facilities of Menghui. According to the operation agreement, Guangzhou Xintao was required to pay a security deposit of RMB45,000,000 to Menghui and the security deposit was subsequently increased to RMB47,045,000 as at 31 December 2018. As from May 2018, Guangzhou Xintao ceased to provide the wastewater treatment services to Menghui. As at 31 December 2018, the security deposit paid of RMB47,045,000 (equivalent to HK\$53,692,000) was recorded as other receivables and prepayments. Notwithstanding repeated requests, up to the date of approval of these consolidated financial statements, Guangzhou Xintao received from Menghui a net payment of RMB1,250,000 (equivalent to HK\$1,420,000) but no other refund. In addition, due to the matters as discussed in item 6 below, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the impairment loss on security deposit of RMB45,795,000 (equivalent to HK\$54,189,000) as included in the impairment loss on other receivable and prepayments of HK\$144,894,000 charged to the consolidated statement of profit or loss for the year ended 31 December 2018.
- e) As more fully disclosed in item 4 of our report, we are also unable to obtain sufficient appropriate audit evidence to ascertain the carrying amount and impairment loss on property, plant and equipment, lease prepayments, intangible assets, contract assets, goodwill and deferred tax liabilities for the year ended 31 December 2018.

不發表意見之基礎 (續)

1) 期初結餘及相應數字 (續)

- d) 誠如綜合財務報表附註27(a)更全面地披露，於二零一五年，廣州新滔與廣州市萌輝電子科技有限公司（「萌輝」）訂立營運協議，據此，廣州新滔獲委聘提供污水處理服務及管理萌輝之污水設施。根據營運協議，廣州新滔須向萌輝支付抵押按金人民幣45,000,000元，該抵押按金其後於二零一八年十二月三十一日增加至人民幣47,045,000元。由二零一八年五月起，廣州新滔不再向萌輝提供污水處理服務。於二零一八年十二月三十一日，已支付之抵押按金人民幣47,045,000元（相當於53,692,000港元）入賬為其他應收款項及預付款項。儘管多次提出要求，惟直至該等綜合財務報表獲批准日期，廣州新滔自萌輝收取付款淨額人民幣1,250,000元（相當於1,420,000港元），但概無收取其他退款。此外，由於下文第6項所討論之事項，我們無法取得足夠適當審核憑證，以令我們信納於截至二零一八年十二月三十一日止年度之綜合損益表扣除之計入其他應收款項及預付款項減值虧損之144,894,000港元之抵押按金減值虧損人民幣45,795,000元（相當於54,189,000港元）之準確性。
- e) 誠如本報告之第4項更全面地披露，我們亦無法取得足夠適當審核憑證，以確定截至二零一八年十二月三十一日止年度之物業、廠房及設備、租賃預付款項、無形資產、合約資產、商譽及遞延稅項負債之賬面值及減值虧損。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

1) Opening balances and corresponding figures (Cont'd)

- f) As more fully disclosed in note 11(c)(iii) to the consolidated financial statements, the Group recorded a consideration receivable from the disposal of a subsidiary of HK\$70,059,000 and HK\$4,565,000 as at 31 December 2017 and 2018 respectively. In March 2018, the Group received a settlement of HK\$22,826,000 from the purchaser. A further settlement of HK\$4,565,000 was received in 2019. Since then, no further payments were made by the purchaser. According to the management, prior to the disposal, the land acquired by the subsidiary from the local government had been laid idle for more than three years without any development and this was a breach of the original contract for the acquisition. The purchaser encountered difficulties in obtaining approval for the development of the land and, as a result, had to pay a penalty imposed by the local government for the breach of contract, namely, a delay in development which was caused by the Group. The purchaser also incurred financial losses resulted from the project delay. In the absence of sufficient documents, the present directors were unable to ascertain the amount of penalty paid and the financial losses incurred by the purchaser. To avoid a claim from the purchaser on the above matter, the Group did not follow up with the purchaser for settlement of the balance of the consideration receivable. As the outstanding balance has been overdue for a long period of time and without any further subsequent settlements, the present directors made an impairment loss of HK\$45,198,000 on the consideration receivable from the disposal of a subsidiary for the year ended 31 December 2018.

In the absence of sufficient documents, we are unable to obtain sufficient appropriate audit evidence for us to satisfy ourselves as to the appropriateness and the accuracy of the impairment loss of HK\$45,198,000 on the consideration receivable from the disposal of a subsidiary charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

不發表意見之基礎 (續)

1) 期初結餘及相應數字 (續)

- f) 誠如綜合財務報表附註11(c)(iii)所更全面披露，於二零一七年及二零一八年十二月三十一日，貴集團分別錄得出售一間附屬公司之應收代價70,059,000港元及4,565,000港元。於二零一八年三月，貴集團自買方收取償付款項22,826,000港元。進一步償付款項4,565,000港元已於二零一九年收取。自此，買方並無作出進一步付款。據管理層告知，於出售前，該附屬公司自地方政府收購的土地被閒置超過三年，並無任何發展，此乃違反收購的原合約。買方在取得土地開發批文時遇到困難，因而須支付地方政府就違反合約（即貴集團導致的開發延誤）而徵收的罰款。買方亦因項目延誤而產生財務虧損。在缺乏足夠文件之情況下，現任董事未能確定已付罰款金額及買方產生之財務虧損。為避免買方就上述事項提出申索，貴集團並無與買方跟進結算應收代價結餘。由於該未償付餘額已長期逾期，且其後並無獲進一步償付，故截至二零一八年十二月三十一日止年度，現任董事已就出售一間附屬公司之應收代價45,198,000港元作出減值虧損。

在並無充足文件的情況下，吾等無法取得充足合適之審核憑證，以使吾等信納截至二零一八年十二月三十一日止年度之綜合損益表扣除之出售一間附屬公司之應收代價減值虧損45,198,000港元的適當性及準確性。

Independent Auditor's Report (Cont'd) 獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

1) Opening balances and corresponding figures (Cont'd)

We are also unable to ascertain if any further liabilities might arise as a result of any possible further claims from the purchaser in respect of losses incurred as a result of the Group's breach of the terms of the original land acquisition contract.

Under these circumstances, the present directors were unable to represent that the comparative financial information disclosed in these consolidated financial statements were free from errors or omissions, or had these complied with the Hong Kong Financial Reporting Standards or the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited.

As a result, in performing our audit of the consolidated financial statements of the Group for the year ended 31 December 2019, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the opening balances of assets, liabilities and reserves as at 1 January 2019 and the corresponding figures were free from material misstatements and were fairly stated.

Any adjustments found to be necessary in respect thereof had we obtained sufficient appropriate audit evidence would have had a significant consequential effect on the net assets of the Group as at 1 January 2019, and of its financial performance and cash flows for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

2) Multiple uncertainties relating to going concern

As more fully disclosed in note 2(d) to the consolidated financial statements, the Group incurred a loss of HK\$317,032,000 during the year ended 31 December 2019 and, as of that date, its current liabilities exceeded its current assets by HK\$1,825,396,000.

不發表意見之基礎 (續)

1) 期初結餘及相應數字 (續)

我們亦無法確定是否可能因買方就 貴集團違反原土地收購合約條款而產生的損失提出任何可能進一步申索而產生任何進一步負債。

在該等情況下，現任董事亦無法對該等綜合財務報表內披露的比較財務資料並無錯誤或遺漏，或已遵守香港財務報告準則或香港公司條例及香港聯合交易所有限公司證券上市規則的披露規定作出陳述。

因此，於進行我們對 貴集團截至二零一九年十二月三十一日止年度之綜合財務報表之審核時，我們亦無法取得足夠適當審核憑證，以令我們信納於二零一九年一月一日的資產、負債及儲備的期初結餘及相應數字是否並無錯誤陳述及已公平列賬。

倘我們取得足夠適當審核憑證而就此作出必要任何調整，將對 貴集團於二零一九年一月一日的資產淨值及其於本年度及過往年度的財務表現及現金流量以及綜合財務報表的相關披露造成重大相應影響。

2) 有關持續經營之多項不明朗因素

誠如綜合財務報表附註2(d)所更全面地披露，截至二零一九年十二月三十一日止年度， 貴集團產生虧損317,032,000港元，而截至該日，其流動負債超出其流動資產1,825,396,000港元。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

2) Multiple uncertainties relating to going concern (Cont'd)

(a) Other borrowings

As more fully disclosed in note 36(a) to the consolidated financial statements, certain of the Group's other borrowings together with accrued interest thereon totalling HK\$242,548,000 as at 31 December 2019 were overdue. The lender took legal actions against the Group for the repayment of the overdue debts and obtained judgment from the High Court of Hong Kong on 17 January 2020. On 20 July 2020, the lender informed the Company that if the judgment debt together with interest and costs were not settled by 30 September 2020, the lender shall enforce the judgment and take further actions including but not limited to winding up the Company without further notice. Up to the date of approval of these consolidated financial statements, no repayment was made by the Group and the lender has not taken any action to enforce the judgment.

(b) Bank loans

As more fully disclosed in note 35 to the consolidated financial statements, the Group's bank loans of HK\$1,973,848,000 as at 31 December 2019 were either overdue, in default or in cross default. In 2017, Mr. Tsui pledged his shares in the Company. This was a breach of the terms of the bank loan agreements with Bank A in Hong Kong. Bank A had therefore the right to demand immediate full repayment as a result of the breach. On 10 December 2019, Bank A demanded full repayment of the outstanding bank loans and interests. On 24 February 2020, Bank A filed a bill of indictment with the Intermediate People's Court of Guangzhou (the "Guangzhou Court") against the Company as borrower and its fourteen subsidiaries and Mr. Tsui as guarantor claiming the immediate repayment of the loan with outstanding interest and legal and other costs totalling HK\$152,868,000. On 17 March 2020, the Guangzhou Court ordered that the bank accounts and other assets with a total carrying value of RMB137,278,000 (equivalent to HK\$152,868,000) of the Company and its fourteen subsidiaries be frozen pending the court hearing on 12 August 2020.

不發表意見之基礎 (續)

2) 有關持續經營之多項不明朗因素 (續)

(a) 其他借貸

誠如綜合財務報表附註36(a)所更全面地披露，貴集團於二零一九年十二月三十一日之若干其他借貸連同其應計利息合共242,548,000港元為已逾期。貸方針對貴集團採取法律行動以償還逾期債務，並於二零二零年一月十七日獲得香港高等法院的判決。於二零二零年七月二十日，貸方知會貴公司，倘判決債務連同利息及訟費無法於二零二零年九月三十日前清償，則貸方將強制執行判決及採取進一步行動（包括但不限於將貴公司清盤），而不會另行通知。直至該等綜合財務報表之批准日期，貴集團並無作出還款，而貸方未有採取任何行動以強制執行判決。

(b) 銀行貸款

誠如綜合財務報表附註35所披露，貴集團於截至二零一九年十二月三十一日止年度之銀行貸款1,973,848,000港元為已逾期、違約或交叉違約。於二零一七年，徐先生抵押彼於貴公司股份。此舉違反與於香港之銀行A之銀行貸款協議的條款。銀行A因此有權因該違反而即時要求悉數還款。於二零一九年十二月十日，銀行A要求悉數償還尚未償還之銀行貸款及利息。於二零二零年二月二十四日，銀行A向廣州市中級人民法院（「廣州法院」）提交針對貴公司（作為借款人）及其十四家附屬公司及徐先生（作為擔保人）之起訴書，要求即時償還貸款連同未償還利息以及法律及其他成本合共152,868,000港元。於二零二零年三月十七日，廣州法院頒令凍結貴公司及其十四家附屬公司的銀行賬戶及其他資產，賬面總值為人民幣137,278,000元（相當於152,868,000港元），以等待於二零二零年八月十二日之法院聆訊。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

2) Multiple uncertainties relating to going concern (Cont'd)

As more fully disclosed in note 2(d) to the consolidated financial statements, in August 2020, the Group verbally agreed a repayment schedule with Bank A for the repayment of all the outstanding balances due by three installments by 30 June 2021. After the court hearing on 12 August 2020, the court granted one month's period for the Company to execute a written agreement on the repayment schedule. However, the Group was unable to pay the first installment under the repayment schedule by 30 September 2020. Up to the date of approval of these consolidated financial statements, no settlement agreement has been signed with Bank A.

The breach of the terms of the loan agreements with Bank A caused a cross default in loans from other creditor banks. In addition, the Group either failed to repay the loans according to the repayment schedule or failed to meet the financial and other covenants as stipulated in the various other bank loans agreements. As a result, all the bank loans totalling HK\$1,973,848,000 as at 31 December 2019 became repayable on demand.

These conditions, together with the other matters as described in note 2(d) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

In order to enable the Group to meet its immediate financing needs, the Group continues to implement a series of action plans (the "Action Plans") and measures which comprise, inter alia, (i) the disposal of Xintao Investment Co. Ltd and its four subsidiaries with operations in Guangxi, the PRC, (ii) the negotiation with the Longmen County government authority for the compensation on early termination of the BOT project in Longmen County, (iii) the negotiation with the local government authorities for compensations for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group; and (iv) negotiations with banks for extension of due dates of the relevant debts, details of which are set out in note 2(d) to the consolidated financial statements.

不發表意見之基礎(續)

2) 有關持續經營之多項不明朗因素(續)

誠如綜合財務報表附註2(d)所更全面地披露，於二零二零年八月，貴集團與銀行A協定口頭還款時間表，以於二零二一年六月三十日前三期償還所有到期未償還結餘。於二零二零年八月十二日之法院聆訊後，法院向貴公司授出一個月期限，以就該還款時間表簽立書面協議。然而，貴集團未能根據還款時間表於二零二零年九月三十日前支付第一筆分期款項。截至該等綜合財務報表獲批准日期，並無與銀行A簽署償付協議。

違反銀行A的貸款協議條款導致其他貸款銀行的貸款的交叉違約。此外，貴集團未能根據還款時間表償還貸款或未能符合多份其他銀行貸款協議訂明之財務或其他契諾。因此，於二零一九年十二月三十一日之所有銀行貸款合共1,973,848,000港元成為須按要求的償還。

該等情況連同綜合財務報表附註2(d)所述的其他事項，表明存在多項不明朗因素，可能對貴集團的持續經營能力產生重大疑問。

為使貴集團能夠滿足其即時融資需要，貴集團繼續實施一系列行動計劃（「行動計劃」）及措施，其包括（其中包括）：(i)出售新滔投資有限公司及其四家於中國廣西營運之附屬公司；(ii)與龍門縣政府機關就提早終止龍門縣BOT項目的補償進行磋商；(iii)與地方政府機關就徵收貴集團經營的多項污水、危險廢物、污泥及固體廢物處理廠的補償進行磋商；及(iv)與銀行就延長相關債務的到期日進行磋商，其詳情載於綜合財務報表附註2(d)。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

2) Multiple uncertainties relating to going concern (Cont'd)

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Action Plans which are subject to multiple uncertainties, including:

- i) whether the Group is able to successfully negotiate with the local government authorities in the PRC for the compensations for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group and early termination of the BOT project in Longmen County;
- ii) whether the Group is able to successfully negotiate with the lender of the other borrowings and creditor banks to allow the Group to make repayment or partial repayment on the amounts due according to the Group's expected repayment priority and to further extend the repayment schedules to the extent and in accordance with the timetable and milestones of payments agreed or to be agreed with the local government authorities in the PRC for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group and compensations to be received on the early termination of the BOT project in Longmen County;
- iii) whether the creditor banks will agree not to exercise their right to demand for immediate repayment in respect of the Group's bank loans that had become in default or in cross default;
- iv) whether the lender of the other borrowings will agree not to enforce the judgement to wind up the Company; and
- v) whether the Group is able to seek other financing resources such as equity financing from potential investors which in turn depends on whether the Group is able to resume the trading of its shares on the Stock Exchange of Hong Kong Limited which is likely a condition for obtaining equity finance from potential investors.

不發表意見之基礎 (續)

2) 有關持續經營之多項不明朗因素 (續)

綜合財務報表乃按持續經營基準編製，其有效性取決於行動計劃的結果，其受到多項不明朗因素所影響，包括：

- i) 貴集團是否能夠就徵收 貴集團經營的多項污水、危險廢物、污泥及固體廢物處理廠以及提早終止龍門縣BOT項目的補償與中國地方政府機關成功磋商；
- ii) 貴集團是否能夠與其他借貸的貸方及貸款銀行進行成功磋商，以允許 貴集團按照 貴集團的預期還款優先次序對到期款項作出還款或部分還款及進一步延長償還時間表，致使其按照與中國地方政府機關就徵收 貴集團經營的多項污水、危險廢物、污泥及固體廢物處理廠以及提早終止龍門縣BOT項目將予收取的補償而協定或將與協定之付款時間表及里程碑；
- iii) 貸款銀行是否將同意不會就 貴集團已成為違約或交叉違約的銀行貸款行使要求即時還款的權利；
- iv) 其他借貸的貸款人是否將同意不會強制執行將 貴公司清盤的判決；及
- v) 貴集團是否能夠向潛在投資者尋求其他融資資源，如股本融資，其取決於 貴集團是否能夠恢復其股份於香港聯合交易所有限公司買賣，其可能為向潛在投資者取得股本融資的條件。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

2) Multiple uncertainties relating to going concern (Cont'd)

Should the Group fail to achieve the above-mentioned Action Plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amount of the Group's assets to their recoverable amounts, to provide for 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.

As more fully disclosed in note 2(d) to the consolidated financial statements, the execution of the Action Plans and measures taken by the Group involved multiple uncertainties. In view of the significance of the extent of the multiple uncertainties relating to the availability of future finance to the Group, we disclaim our opinion in respect of the year ended 31 December 2019.

3) Indictments and legal proceedings against the Group and investigations

As more fully disclosed in note 5 to the consolidated financial statements, in April 2018, the local environmental authorities in the PRC conducted inspections on certain of the Group's subsidiaries and subsequently in 2019, 廣州海滔環保科技有限公司 Guangzhou Haitao Environmental Protection Technology Company Limited ("Guangzhou Haitao"), 中山海滔環保科技有限公司 Zhongshan Haitao Environmental Protection Technology Company Limited ("Zhongshan Haitao") and 廣州市蓮港船舶清油有限公司 Guangzhou Liangang Vessel Wastewater Treatment Company Limited ("Guangzhou Liangang") and certain senior management members including Mr. Tsui, a former director and former chairman, and staff members were charged for, amongst others, fraudulent issuance of value-added tax invoices to customers, fabrication and falsification of certain contracts and other documents, the provision of false data for claiming environmental subsidies, illegal disposal of sludge, discharge of wastewater illegally, the deliberate non-performance of certain procedures when providing sludge treatment services and environmental pollution during the period varying from 2015 to 2018.

不發表意見之基礎(續)

2) 有關持續經營之多項不明朗因素(續)

倘 貴集團未能達致上述行動計劃及措施，其可能無法按持續經營基準營運，並須作出調整以將 貴集團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，並將非流動資產及非流動負債重新分類為流動資產及流動負債。該等調整的影響並未於該等綜合財務報表內反映。

誠如綜合財務報表附註2(d)更全面地披露，實行 貴集團採取的行動計劃及措施涉及多項不明朗因素。鑑於有關 貴集團是否可取得未來融資的多項不明朗因素之重要程度，我們不就截至二零一九年十二月三十一日止年度發表意見。

3) 針對 貴集團之起訴及法律訴訟及調查

誠如綜合財務報表附註5所更全面地披露，於二零一八年四月，中國地方環境機關對 貴集團若干附屬公司進行檢查，其後於二零一九年，廣州海滔環保科技有限公司（「廣州海滔」）、中山海滔環保科技有限公司（「中山海滔」）及廣州市蓮港船舶清油有限公司（「廣州蓮港」）及若干高級管理人員（包括前董事兼前主席徐先生及員工）由二零一五年至二零一八年不等期間被控（其中包括）向客戶虛開增值稅發票、捏造及偽造若干合約及其他文件、提供虛假數據申請環境補貼、非法傾倒污泥、排放污水及提供污泥處理服務時蓄意不履行若干程序及環境污染。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

3) Indictments and legal proceedings against the Group and investigations (Cont'd)

Certain books and records of Guangzhou Haitao, the defendant subsidiary, were seized by the local government authority for the purpose of conducting an investigation and RMB75,000,000 (equivalent to HK\$83,723,000 as at 31 December 2019 (2018: equivalent to HK\$85,598,000)) was paid to the local government authority, the recoverability of which will be subject to the outcome of the investigation and subsequent court decision.

Judgments were delivered by the various courts on various date for different cases ordering the relevant group entities to pay penalties and the staff members and senior management members were sentenced to imprisonment, with one of them let out on probation. In one case, the subsidiary lodged an appeal against the court's judgment but it lost the appeal eventually. In the case of Guangzhou Haitao, the court hearing has been conducted. However, up to the date of approval of these consolidated financial statements, no judgment has been made by the relevant court.

不發表意見之基礎 (續)

3) 針對 貴集團之起訴及法律訴訟及調查 (續)

被告附屬公司廣州海滔之若干賬冊及記錄已遭地方政府機關扣查以進行調查，於二零一九年十二月三十一日，人民幣75,000,000元（相當於83,723,000港元（二零一八年：相當於85,598,000港元））之款項已支付予地方政府機關，其可收回性將取決於調查結果及其後法院決定。

各個法院於不同日期就不同案件頒佈裁決，命令相關集團實體支付罰款，而員工及高級管理層成員被判處監禁，其中一人緩刑釋放。於一宗案件，附屬公司針對法院裁決提交上訴，惟最終敗訴。關於廣州海滔之案件，法院聆訊經已進行。然而，截至該等綜合財務報表獲批准日期，相關法院尚未作出任何判決。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

3) Indictments and legal proceedings against the Group and investigations (Cont'd)

Given the above circumstances and that certain books and records of Guangzhou Haitao for the previous years were seized by the local government authority for investigation purpose and were not accessible, and that Mr. Tsui, and certain senior management and staff members of certain subsidiaries were either arrested in 2018 and charged for, amongst others, the fabrication and falsification of certain contracts and other documents or had left the Group and were not contactable, the present directors have not been able to obtain sufficient documentary evidence, information and explanations to satisfy themselves regarding the reliability, completeness and accuracy of the books and records of these subsidiaries for the previous years and whether there were any fraudulently recorded or unrecorded transactions or liabilities for the year ended and as at 31 December 2018. The financial information of the above subsidiaries including, amongst others, revenue of HK\$187,562,000 and loss of HK\$671,726,000 was consolidated into the Group's consolidated financial statements for the year ended 31 December 2018. The former directors and certain senior management members also took managerial role in other subsidiaries in the previous years. As a result, the present directors were also unable to represent the completeness and accuracy of the financial information of these other subsidiaries.

An independent investigation committee was formed to conduct an investigation on the matters. Details of the investigation findings reported to the present board of directors are set out in note 5 to the consolidated financial statements.

As we are unable to obtain sufficient appropriate audit evidence we consider necessary to assess the recoverability of the amount of HK\$83,723,000 (2018:HK\$85,598,000) paid to the local government authority, we are unable to ascertain whether any impairment loss should be provided, or whether any provisions should be made for liabilities and costs arising from the outstanding litigations as at 31 December 2019 and 2018.

不發表意見之基礎 (續)

3) 針對 貴集團之起訴及法律訴訟及調查 (續)

鑑於上述情況及廣州海滔過往年度之若干賬冊及記錄已遭地方政府機關扣查以作調查用途並無法獲取，且徐先生及若干附屬公司之若干高級管理人員及員工於二零一八年被拘捕及被控（其中包括）捏造及偽造若干合約及其他文件，或已離開 貴集團並無法聯絡。現任董事未能取得足夠的文件證據、資料及解釋，以令彼等信納有關該等附屬公司於過往年度之賬冊及記錄之可靠性、完整性及準確性以及截至二零一八年十二月三十一日止年度及於該日是否存在任何欺詐性入賬或未入賬交易或負債。上述附屬公司的財務資料包括（其中包括）已於 貴集團截至二零一八年十二月三十一日止年度的綜合財務報表內綜合入賬的收益187,562,000港元及虧損671,726,000港元。前董事及若干高級管理人員亦在過往年度於其他附屬公司擔任管理職務。因此，現任董事亦無法對該等其他附屬公司的財務資料的完整性及準確性作出陳述。

貴公司已成立獨立調查委員會，以就有關事宜進行調查。有關已向現任董事會呈報之調查結果之詳情載於綜合財務報表附註5。

由於我們無法取得我們視為屬必要之足夠適當審核憑證，以評估支付予地方政府機關之款項83,723,000港元（二零一八年：85,598,000港元）之可收回性，故我們無法確定是否應於二零一九年及二零一八年十二月三十一日作出任何減值虧損撥備或是否應就未決訴訟產生之負債及成本作出任何撥備。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

3) Indictments and legal proceedings against the Group and investigations (Cont'd)

There were no alternative audit procedures that we could perform to satisfy ourselves as to the existence, completeness and accuracy of revenue recognised and the financial information of the above subsidiaries as consolidated into the consolidated financial statements for the year ended 31 December 2018 and as to whether there are any fraudulently recorded or unrecorded transactions or liabilities as at 31 December 2018.

Any adjustments found to be necessary in respect thereof had we obtained sufficient appropriate audit evidence would have had a significant consequential effect on the financial position of the Group as at 31 December 2019 and 2018 and the financial performance and cash flows for the years ended 31 December 2019 and 2018 and the related disclosures in the consolidated financial statements.

不發表意見之基礎 (續)

3) 針對 貴集團之起訴及法律訴訟及調查 (續)

我們並無可進行的其他審核程序，以使我們信納於截至二零一八年十二月三十一日止年度的綜合財務報表綜合入賬的已確認收益及上述附屬公司之財務資料之存在性、完整性及準確性，以及使我們信納於二零一八年十二月三十一日是否有任何欺詐性入賬或未入賬交易或負債。

倘我們取得足夠適當審核憑證而就作出必要任何調整，將對 貴集團於二零一九年及二零一八年十二月三十一日的財務狀況及其於截至二零一九年及二零一八年十二月三十一日止年度的財務表現及現金流量以及綜合財務報表的相關披露造成重大相應影響。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

4) Carrying amount and impairment loss on property, plant and equipment, intangible assets, contract assets, goodwill and deferred tax liabilities

As more fully disclosed in note 18, 20, 21, 26 and 41 to the consolidated financial statements, the Group had property, plant and equipment of HK\$708,505,000 and intangible assets of HK\$682,310,000 as at 31 December 2019 and property, plant and equipment of HK\$874,565,000, intangible assets of HK\$1,030,453,000, contract assets of HK\$329,492,000, goodwill of HK\$Nil and deferred tax liabilities of HK\$182,250,000 as at 31 December 2018. As the Group's business operations were adversely affected by a number of factors including the insufficient market demand of its services in certain locations, the indictments and legal proceedings against the Group and the expropriation of certain land and facilities, a number of cash generating units of the Group ceased or suspended their operations since 2018.

In determining the recoverable amount of these cash generating units, the present directors adopted the fair value less cost of disposal basis and made reference to the compensations that might be received from the local government authorities. However, up to the date of approval of these consolidated financial statements, certain amount of the compensations has not been officially confirmed and might still be subject to change. As a result, we are unable to obtain sufficient appropriate audit evidence we consider necessary to assess the accuracy of the recoverable amounts of these cash generating units totalling RMB259,000,000 (equivalent to HK\$289,122,000) (2018: RMB588,000,000 (equivalent to HK\$671,084,000)), which have been used for the purpose of the impairment assessment on the related property, plant and equipment of HK\$240,886,000, and intangible assets of HK\$25,709,000 as at 31 December 2019 and property, plant and equipment of HK\$267,479,000, intangible assets of HK\$313,326,000, contract assets of HK\$101,125,000 and goodwill of HK\$Nil as at 31 December 2018 and the related impairment losses of HK\$232,793,000, HK\$333,974,000, HK\$Nil and HK\$20,156,000 respectively charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

不發表意見之基礎(續)

4) 物業、廠房及設備、無形資產、合約資產、商譽及遞延稅項負債之賬面值及減值虧損

誠如綜合財務報表附註18、20、21、26及41所更全面地披露，貴集團於二零一九年十二月三十一日之物業、廠房及設備及無形資產分別為708,505,000港元及682,310,000港元，而於二零一八年十二月三十一日之物業、廠房及設備、無形資產、合約資產、商譽及遞延稅項負債分別為874,565,000港元、1,030,453,000港元、329,492,000港元、零港元及182,250,000港元。貴集團的業務營運受到多項因素的不利影響，包括若干地點對其服務之市場需求不足、針對貴集團的指控及法律訴訟、若干土地及設施之徵收，貴集團若干現金產生單位已由二零一八年起終止或暫停營運。

於釐定該等現金產生單位的可收回金額時，現任董事採納公平值減出售成本基準，並參考可能應收當地政府機關的補償。然而，截至該等綜合財務報表獲批准日期，若干補償金額並未獲正式確認，且可能予以變動。因此，我們無法取得我們視為屬必要之足夠適當審核憑證，以評估該等現金產生單位可收回金額合共人民幣259,000,000元（相當於289,122,000港元）（二零一八年：人民幣588,000,000元（相當於671,084,000港元））之準確性，有關金額已用於二零一九年十二月三十一日之分別為240,886,000港元及25,709,000港元之相關物業、廠房及設備及無形資產及於二零一八年十二月三十一日之分別為267,479,000港元、313,326,000港元、101,125,000港元及零港元之物業、廠房及設備、無形資產、合約資產及商譽之減值評估，以及相關減值虧損232,793,000港元、333,974,000港元、零港元及20,156,000港元已分別於截至二零一八年十二月三十一日止年度之綜合損益表中扣除。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

4) Carrying amount and impairment loss on property, plant and equipment, intangible assets, contract assets, goodwill and deferred tax liabilities (Cont'd)

Given the above circumstances and the fact that the compensations as estimated by the present directors were recognised in the absence of a confirmation from the local government authorities, we were unable to obtain sufficient appropriate audit evidence to ascertain whether any impairment loss should be provided for and the accuracy of the carrying amount of property, plant and equipment of HK\$708,505,000, and intangible assets of HK\$682,310,000 as at 31 December 2019 and property, plant and equipment of HK\$874,565,000, intangible assets of HK\$1,030,453,000, contract assets of HK\$329,492,000, goodwill of HK\$Nil and deferred tax liabilities of HK\$182,250,000 as at 31 December 2018. We were also unable to obtain sufficient appropriate audit evidence to ascertain the accuracy of the impairment loss of HK\$1,886,135,000, HK\$39,485,000, HK\$521,538,000 and HK\$168,390,000 made on the property, plant and equipment, lease prepayments, intangible assets and goodwill charged to the consolidated statement of profit or loss for the year ended 31 December 2018 and the related deferred tax of HK\$31,525,000 and HK\$78,374,000 credited to the consolidated statement of profit or loss for the years ended 31 December 2019 and 2018 respectively.

Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the carrying amount of the property, plant and equipment and intangible assets as well as the financial position as at 31 December 2019 and 2018 and contract assets and deferred tax liabilities as at 31 December 2018 and the Group's loss for the years then ended and the related disclosure notes to the consolidated financial statements.

不發表意見之基礎 (續)

4) 物業、廠房及設備、無形資產、合約資產、商譽及遞延稅項負債之賬面值及減值虧損 (續)

鑑於上述情況及現任董事估計的補償並未經當地政府機關確認之情況下獲確認，我們無法取得足夠適當審核憑證，以確定是否應對於二零一九年十二月三十一日之物業、廠房及設備及無形資產之賬面值分別為708,505,000港元及682,310,000港元以及於二零一八年十二月三十一日之物業、廠房及設備、無形資產、合約資產、商譽及遞延稅項負債的賬面值分別為874,565,000港元、1,030,453,000港元、329,492,000港元、零港元及182,250,000港元作出任何減值虧損撥備，亦無法確認其準確性。我們亦無法取得足夠適當審核憑證，以確定於截至二零一八年十二月三十一日止年度之綜合損益表扣除之物業、廠房及設備、租賃預付款項、無形資產及商譽的減值虧損1,886,135,000港元、39,485,000港元、521,538,000港元及168,390,000港元與分別計入截至二零一九年及二零一八年十二月三十一日止年度之綜合損益表之相關遞延稅項31,525,000港元及78,374,000港元的準確性。

就上述各項可能必要進行的任何調整，將對於二零一九年及二零一八年十二月三十一日的物業、廠房及設備及無形資產的賬面值及財務狀況及於二零一八年十二月三十一日之合約資產及遞延稅項負債，以及貴集團截至該日止年度的虧損及綜合財務報表的相關披露附註造成重大影響。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

5) Compensation receivable

As more fully disclosed in notes 18(a)(iii) and 28 to the consolidated financial statements, 龍門縣環境衛生管理局 (Longmen County Environmental Hygiene Administration) (the "Longmen Authority") early terminated the BOT contract and took over the operation of the plant of 廣東龍滔循環經濟發展有限公司 ("Longmen Zhongtao Recycling"), a subsidiary of the Group during the year ended 31 December 2019. The Group derecognised the property, plant and equipment, intangible assets and contract assets held by Longmen Zhongtao Recycling and recognized a compensation receivable of HK\$367,263,000 as at 31 December 2019. However, the compensation is still under negotiation with the relevant government officials and up to the date of approval of these consolidated financial statements, the amount of compensation has not been officially confirmed and might still be subject to change.

As a result, we are unable to obtain sufficient appropriate audit evidence we consider necessary to assess the recoverability and accuracy of the compensation receivable and to ascertain whether any impairment loss should be provided for on the carrying amount of the compensation receivable of HK\$367,263,000 as recognised as at 31 December 2019.

不發表意見之基礎(續)

5) 應收補償

誠如綜合財務報表附註18(a)(iii)及28所更全面地披露，截至二零一九年十二月三十一日止年度，龍門縣環境衛生管理局(「龍門機關」)提早終止廣東龍滔循環經濟發展有限公司(「龍滔循環」)(貴集團之附屬公司)之BOT合約及接管其廠房之營運。貴集團已於二零一九年十二月三十一日終止確認龍滔循環持有之物業、廠房及設備、無形資產及合約資產及確認應收補償367,263,000港元。然而，仍正在與相關政府官員磋商補償及截至該等綜合財務報表獲批准日期，補償金額並未獲正式確認，且仍可能予以變動。

因此，我們無法取得我們視為屬必要之足夠適當審核憑證，以評估應收補償之可收回性及準確性，以及確定是否應對於二零一九年十二月三十一日確認之應收補償賬面值367,263,000港元作出任何減值虧損撥備。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

6) Impairment loss on payments for the acquisition of a subsidiary and loan receivables

a) Payments for the acquisition of a subsidiary

As more fully disclosed in note 27(a) to the consolidated financial statements, during the year ended 31 December 2018, the Group made payments of RMB47,000,000 (equivalent to HK\$55,615,000) for the proposed acquisition of 100% equity interest in Menghui from its equity owner which was an independent third party namely 廣州盈州投資有限公司 (“Guangzhou Yingzhou”). Guangzhou Yingzhou was owned by a former employee of two subsidiaries of the Group in the PRC and who was also a former supervisor of an entity controlled by Mr. Tsui. The former employee resigned from both positions in February 2017 and in March 2017 respectively. Due to the delay in completion of the acquisition, Guangzhou Yingzhou refunded RMB13,000,000 (equivalent to HK\$15,383,000) to the Group in 2018. In 2019, the Group made further payments totalling RMB20,000,000 (equivalent to HK\$22,714,000) to Guangzhou Yingzhou for the acquisition. As at 31 December 2019 and 2018, the net amount of payments for the acquisition made to Guangzhou Yingzhou was carried at RMB54,000,000 (equivalent to HK\$60,280,000) and RMB34,000,000 (equivalent to HK\$38,804,000) respectively.

Based on its unaudited management accounts, the net assets of Menghui as at 31 December 2019 and 2018 was RMB4,500,000 (equivalent to HK\$5,023,000) (2018: RMB465,000 (equivalent to HK\$531,000)) and the current account balance with the Group as shown in these management accounts differed from the accounting records of the Group by RMB98,000,000 (equivalent to HK\$109,397,000) (2018: RMB98,000,000 equivalent to HK\$111,847,000). The present directors are unable to reconcile the discrepancies which cast significant doubt as to the accuracy and reliability of the financial information and management accounts presented by Menghui.

不發表意見之基礎 (續)

6) 收購一家附屬公司之付款及應收貸款之減值虧損

a) 收購一家附屬公司之付款

誠如綜合財務報表附註27(a)所更全面地披露，截至二零一八年十二月三十一日止年度，貴集團就向萌輝之股權擁有人（其為一名獨立第三方（即廣州盈州投資有限公司（「廣州盈州」））建議收購萌輝100%股權而作出付款人民幣47,000,000元（相當於55,615,000港元）。廣州盈州由貴集團之兩間中國附屬公司的前僱員（其亦為徐先生控制的一間實體的前監事）擁有。該前僱員分別於二零一七年二月及二零一七年三月辭任兩項職務。由於延遲完成收購，廣州盈州於二零一八年向貴集團退還人民幣13,000,000元（相當於15,383,000港元）。於二零一九年，貴集團就收購向廣州盈州作出進一步付款合共人民幣20,000,000元（相當於22,714,000港元）。於二零一九年及二零一八年十二月三十一日，就收購向廣州盈州作出的付款淨額之賬面值分別為人民幣54,000,000元（相當於60,280,000港元）及人民幣34,000,000元（相當於38,804,000港元）。

根據萌輝的未經審核管理賬目，萌輝於二零一九年及二零一八年十二月三十一日的資產淨值分別為人民幣4,500,000元（相當於5,023,000港元）及人民幣465,000元（相當於531,000港元），而按該等管理賬目所示，與貴集團的流動賬目餘額與貴集團的會計記錄之間的差額為人民幣98,000,000元（相當於109,397,000港元）（二零一八年：人民幣98,000,000元）（相當於111,847,000港元）。現任董事無法對賬差異，其對萌輝呈列的財務資料及管理賬目的準確性及可靠性產生重大疑問。

Independent Auditor's Report (Cont'd) 獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

6) Impairment loss on payments for the acquisition of a subsidiary and loan receivables (Cont'd)

a) Payments for the acquisition of a subsidiary (Cont'd)

On 14 October 2019, the Group entered into an agreement to fix the consideration for the acquisition at RMB56,150,000 (equivalent to HK\$63,770,000). Under the agreement, Guangzhou Yingzhou was to undertake a reorganisation of Menghui to spin-off those unrelated investments from Menghui. The balance of consideration of RMB2,150,000 (equivalent to HK\$2,442,000) was paid to Guangzhou Yingzhou in January 2020. However, Guangzhou Yingzhou was unable to complete its reorganisation subsequently to spin-off those unrelated investments from Menghui. As a consequence, the acquisition was not completed.

On 30 June 2020, the Group entered into a cancellation agreement with Guangzhou Yingzhou to cancel the acquisition. According to the terms of the cancellation agreement, Guangzhou Yingzhou should refund the payments of RMB56,150,000 (equivalent to HK\$63,770,000) to the Group on or before 31 August 2020.

Notwithstanding repeated requests, up to the date of approval of these consolidated financial statements, no refund was received from Guangzhou Yingzhou.

不發表意見之基礎 (續)

6) 收購一家附屬公司之付款及應收貸款之減值虧損 (續)

a) 收購一家附屬公司之付款 (續)

於二零一九年十月十四日，貴集團訂立協議，釐定收購代價為人民幣56,150,000元（相當於63,770,000港元）。根據該協議，廣州盈州須對萌輝進行重組以自萌輝分拆該等無關投資。於二零二零年一月，已向廣州盈州支付代價餘額人民幣2,150,000元（相當於2,442,000港元）。然而，廣州盈州其後無法完成重組，以自萌輝分拆該等無關投資。因此，收購並未完成。

於二零二零年六月三十日，貴集團與廣州盈州訂立註銷協議以取消收購。根據註銷協議的條款，廣州盈州應於二零二零年八月三十一日或之前向貴集團退還付款人民幣56,150,000元（相當於63,770,000港元）。

儘管多次提出要求，惟截至該等綜合財務報表獲批准日期，並無自廣州盈州收取任何退款。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

6) Impairment loss on payments for the acquisition of a subsidiary and loan receivables (Cont'd)

a) Payments for the acquisition of a subsidiary (Cont'd)

As the financial information presented by Menghui could not be reconciled with those of the Group, the reliability of the financial information of Menghui was in doubt and, taking into account the repeated futile requests for settlement, the present directors are of the opinion that full impairment loss on the payments for the acquisition of Menghui of RMB20,000,000 (equivalent to HK\$22,714,000) and RMB34,000,000 (equivalent to HK\$40,232,000) made in 2019 and 2018 are necessary and the losses were charged to the consolidated statement of profit or loss for the years ended 31 December 2019 and 2018 respectively.

b) Loan receivables

As more fully disclosed in note 29(e) to the consolidated financial statements, during the period from January 2019 to September 2019, Guangzhou Xintao made advances totalling RMB60,888,000 (equivalent to HK\$69,150,000) as loans to Guangzhou Yingzhou. All the amounts due were unsecured, bearing interest at 5% per annum and repayable on 31 January 2020. Guangzhou Yingzhou did not make any repayment to Guangzhou Xintao on 31 January 2020 and the loans became overdue. The loan receivable remained outstanding up to the date of approval of these consolidated financial statements. Other than the acknowledgement of loan receipts issued by Guangzhou Yingzhou, there were no loan agreement nor other supporting documents for these loans. Taking into account the repeated futile requests for the repayment, the present directors are of the opinion that full impairment loss on the loan receivables due from Guangzhou Yingzhou is necessary and the loss was charged to the consolidated statement of profit or loss for the year ended 31 December 2019.

不發表意見之基礎 (續)

6) 收購一家附屬公司之付款及應收貸款之減值虧損 (續)

a) 收購一家附屬公司之付款 (續)

由於萌輝呈列的財務資料無法與貴集團對賬及對萌輝的財務資料可靠性存在疑問，並經計及多次徒勞無功的清償要求，現任董事認為，於二零一九年及二零一八年，對收購萌輝之付款人民幣20,000,000元（相當於22,714,000港元）及人民幣34,000,000元（相當於40,232,000港元）作出全數減值乃屬必要，而虧損分別於截至二零一九年及二零一八年十二月三十一日止年度之綜合損益表中扣除。

b) 應收貸款

誠如綜合財務報表附註29(e)所更全面地披露，於二零一九年一月至二零一九年九月期間，廣州新滔向廣州盈州墊付貸款，合共人民幣60,888,000元（相當於69,150,000港元）。所有應付款項均為無抵押、按年利率5%計息及須於二零二零年一月三十一日償還。廣州盈州於二零二零年一月三十一日並無向廣州新滔作出任何還款及貸款已逾期。直至該等綜合財務報表獲批准日期，應收貸款仍未獲償還。除廣州盈州發出確認貸款的收據外，該等貸款並無任何貸款協議或其他證明文件。經考慮多次徒勞無功的還款要求，現任董事認為有必要就應收廣州盈州之應收貸款作出全數減值虧損，而虧損於截至二零一九年十二月三十一日止年度的綜合損益表內扣除。

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

6) Impairment loss on payments for the acquisition of a subsidiary and loan receivables (Cont'd)

Under these circumstances, we were unable to obtain sufficient appropriate audit evidence for us to ascertain the reasons for the acquisition of a subsidiary at a significant premium without a satisfactory due diligence, given that according to the management accounts of Menghui, it would not have adequate assets to justify the purchase consideration and the reasons for making payments in advance of the completion of the acquisition of Menghui and the reasons for making unsecured advances to Guangzhou Yingzhou. We were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy of the impairment losses on the payments for the acquisition of subsidiaries of HK\$22,714,000 and HK\$64,490,000 charged to the consolidated financial statements for the years ended 31 December 2019 and 2018 respectively, and the impairment loss on loan receivable of HK\$69,150,000 charged to the consolidated statement of profit or loss for the year ended 31 December 2019.

Any adjustments to the impairment losses for the payments for the acquisition of a subsidiary and loan receivable found to be necessary would affect the Group's financial position as at 31 December 2019 and 2018, the Group's financial performance for the years then ended and the related disclosures in the consolidated financial statements.

不發表意見之基礎 (續)

6) 收購一家附屬公司之付款及應收貸款之減值虧損 (續)

在該等情況下，鑑於根據萌輝的管理賬目，其將並無足夠資產證明購買代價及於收購萌輝完成前預先作出付款之理由及向廣州盈州作出無抵押墊款之理由，我們無法取得足夠適當審核憑證，以令我們確定於並無獲信納的盡職審查下以重大溢價收購附屬公司之理由。我們亦無法取得足夠適當審核憑證，以令我們信納分別於截至二零一九年及二零一八年十二月三十一日止年度之綜合財務報表扣除之對收購附屬公司付款之減值虧損22,714,000港元及64,490,000港元，及於截至二零一九年十二月三十一日止年度之綜合損益表扣除之應收貸款減值虧損69,150,000港元之準確性。

對收購附屬公司付款及應收貸款之減值虧損之任何必要調整，將對 貴集團於二零一九年及二零一八年十二月三十一日的財務狀況、 貴集團截至該日止年度的財務表現及綜合財務報表的相關披露造成影響。

Independent Auditor's Report (Cont'd)

獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

7) Revenue and trade receivables

As more fully disclosed in note 7(b) to the consolidated financial statements, the Group's revenue included revenue of HK\$396,236,000 (2018: HK\$282,963,000) of a subsidiary namely Guangzhou Lvyou. Guangzhou Lvyou had trade receivable of HK\$69,941,000 and HK\$104,693,000 as at 31 December 2019 and 2018 respectively. Guangzhou Lvyou recognized revenue and trade receivables upon receiving hazardous waste from its customers without taking into account the performance obligations under the contracts with customers. As at 31 December 2019 and 2018, certain hazardous waste received from the customers were kept by Guangzhou Lvyou at its plant without being processed all the necessary treatment services. However, revenue was fully recognized in respect of these hazardous waste for the years ended 31 December 2019 and 2018.

As there were insufficient supporting documents, the present directors were unable to quantify the financial effect of this cut off error and no adjustments to the revenue recognised were made to these consolidated financial statements.

Given the above circumstances, we are unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of recognition, completeness, existence and accuracy of the revenue of HK\$396,236,000 and HK\$282,963,000 of Guangzhou Luyou as included in the total revenue of HK\$850,409,000 and HK\$1,152,998,000 of the Group for the years ended 31 December 2019 and 2018 and the trade receivable of HK\$69,941,000 and HK\$104,693,000 as included in the total trade receivables of HK\$180,802,000 and HK\$249,620,000 as at 31 December 2019 and 2018 respectively.

There are no other practicable audit procedures that we could perform to satisfy ourselves that the revenue transactions have been properly accounted for and disclosed.

不發表意見之基礎 (續)

7) 收益及應收貿易款項

誠如綜合財務報表附註7(b)所更全面披露，貴集團之收益包括一間附屬公司廣州綠由之收益396,236,000港元(二零一八年：282,963,000港元)。於二零一九年及二零一八年十二月三十一日，廣州綠由之應收貿易款項分別為69,941,000港元及104,693,000港元。廣州綠由於自其客戶收取危險廢物後確認收益及應收貿易款項，並無計及客戶合約項下之履約責任。於二零一九年及二零一八年十二月三十一日，廣州綠由於其廠房保存自客戶收取的若干危險廢物，而並無進行所有必要的處理服務。然而，截至二零一九年及二零一八年十二月三十一日止年度，已就該等危險廢物悉數確認收益。

由於證明文件不足，故現任董事未能量化此截數錯誤之財務影響，故並無對該等綜合財務報表所確認之收益作出調整。

鑑於上述情況，我們無法取得足夠適當審核憑證，以確定貴集團截至二零一九年及二零一八年十二月三十一日止年度之分別計入總收益850,409,000港元及1,152,998,000港元之廣州綠由之收益396,236,000港元及282,963,000港元以及於二零一九年及二零一八年十二月三十一日分別計入應收貿易款項總額180,802,000港元及249,620,000港元之應收貿易款項69,941,000港元及104,693,000港元之確認之適當性、完整性、存在性及準確性。

概無其他我們可進行的實際可行審核程序，以令我們信納收益交易已妥為入賬及披露。

Independent Auditor's Report (Cont'd) 獨立核數師報告 (續)

BASIS FOR DISCLAIMER OF OPINION (Cont'd)

8) Impairment of the Company's investments in subsidiaries and amounts due from subsidiaries

As disclosed in note 43(a) to the consolidated financial statements, included in the Company's statement of financial position are investments in subsidiaries of HK\$342,030,000 and HK\$493,483,000 and amounts due from subsidiaries of HK\$963,948,000 and HK\$833,958,000 as at 31 December 2019 and 2018, respectively. Due to the scope limitations as detailed above, we have not been able to satisfy ourselves as to whether the impairment provision determined by the present directors against the carrying amounts of the investments in subsidiaries and amounts due from subsidiaries as at 31 December 2019 and 2018 are fairly stated.

Any adjustments to the carrying amount of the Company's interest in subsidiaries found to be necessary would affect the Company's net liabilities as at 31 December 2019 and net assets as at 31 December 2018 and related disclosures to the financial statements.

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

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

不發表意見之基礎 (續)

8) 貴公司於附屬公司之投資及應收附屬公司款項之減值

誠如綜合財務報表附註43(a)內披露，貴公司於二零一九年及二零一八年十二月三十一日財務狀況表計入於附屬公司之投資分別為342,030,000港元及493,483,000港元及應收附屬公司款項分別為963,948,000港元及833,958,000港元。由於上文詳述之範圍限制，故我們未能信納現任董事就於二零一九年及二零一八年十二月三十一日之有關於附屬公司之投資及應收附屬公司款項之賬面值釐定之減值撥備是否已公平列賬。

對 貴公司於附屬公司之權益之賬面值之任何必要調整，將對 貴公司於二零一九年十二月三十一日的負債淨額及於二零一八年十二月三十一日之資產淨值以及財務報表的相關披露造成影響。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」）及香港公司條例之披露規定編製真實及公允的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

Independent Auditor's Report (Cont'd) 獨立核數師報告 (續)

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

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

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 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 matters described in the Basis of Disclaimer Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

Crowe (HK) CPA Limited
Certified Public Accountants

Hong Kong, 8 December 2020

Lam Cheung Shing
Practising Certificate Number P03552

董事及治理層就綜合財務報表須承擔的責任 (續)

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

治理層負責監督貴集團的財務報告過程。

核數師就審核綜合財務報表須承擔的責任

我們的責任為根據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核並發出審核報告。我們僅向閣下整體報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。然而，由於本報告不發表意見之基礎一節所述之事項，我們無法取得足夠適當審核憑證，以就該等綜合財務報表發表審核意見提供基礎。

根據香港會計師公會之專業會計師道德守則（「守則」），我們獨立於貴集團，並已根據守則履行其他道德責任。

國富浩華（香港）會計師事務所有限公司
執業會計師

香港，二零二零年十二月八日

林長成
執業證書編號P03552

Consolidated Statement of Profit or Loss 綜合損益表

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收益	7	850,409	1,152,998
Cost of sales	銷售成本		(567,362)	(964,327)
Gross profit	毛利		283,047	188,671
Other income	其他收入	8	12,092	46,321
Other net gains/(losses)	其他收益／(虧損)淨額	9	482	(138,969)
Administrative expenses	行政開支		(211,135)	(380,396)
Impairment losses on property, plant and equipment	物業、廠房及設備之減值虧損	10	(25,774)	(1,886,135)
Impairment losses on intangible assets	無形資產之減值虧損	10	-	(521,538)
Impairment losses on goodwill	商譽之減值虧損	10	-	(168,390)
Impairment losses on lease prepayments	租賃預付款項之減值虧損	10	-	(39,485)
Impairment losses on payments for acquisition of subsidiaries	收購附屬公司付款之減值虧損	27	(22,714)	(64,490)
Impairment losses on amount due from a former director	應收前董事款項之減值虧損	29(c)	-	(245,300)
Impairment losses on amounts due from companies controlled by a former director	應收前董事控制之公司款項之減值虧損	29(d)	(59,857)	(28,331)
Reversals of impairment losses/(impairment losses) on trade receivables and contract assets	應收貿易款項及合約資產減值虧損之撥回／(減值虧損)	26 & 29(b)	2,055	(161,796)
Impairment loss on loan receivables	應收貸款之減值虧損	29(e)	(69,150)	-
Impairment losses on prepayments for purchase of property, plant and equipments and lease prepayments	購買物業、廠房及設備及租賃預付款項之預付款項之減值虧損	11(c)	-	(108,341)
Impairment losses on other receivables and prepayments	其他應收款項及預付款項之減值虧損	11(c)	(9,957)	(144,894)
Impairment loss on consideration receivable from disposal of a subsidiary	出售一家附屬公司應收代價之減值虧損	11(c)	-	(45,198)
Impairment losses on interest in a joint venture	於一家合營企業之權益之減值虧損		-	(925)
Loss from operations	經營虧損		(100,911)	(3,699,196)
Finance costs	融資成本	11(a)	(228,359)	(242,286)
Share of profits of associates	分佔聯營公司之溢利	24	2,080	1,378
Share of loss of a joint venture	分佔一家合營企業之虧損	25	-	(2,825)
Loss before tax	除稅前虧損	11	(327,190)	(3,942,929)
Income tax credit	所得稅抵免	12	10,158	59,166
Loss for the year	年內虧損		(317,032)	(3,883,763)
Attributable to:	以下各項應佔：			
Owners of the Company	本公司擁有人		(316,721)	(3,872,815)
Non-controlling interests	非控股權益		(311)	(10,948)
Loss for the year	年內虧損		(317,032)	(3,883,763)
			HK\$ 港元	HK\$ 港元
Loss per share	每股虧損	16		
Basic	基本		(0.05)	(0.62)
Diluted	攤薄		(0.05)	(0.62)

The notes on pages 83 to 347 form part of these financial statements.

第83至347頁之附註構成該等財務報表之一部分。

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	年內虧損	(317,032)	(3,883,763)
Other comprehensive income	其他全面收益		
<i>Items that may be reclassified to profit or loss:</i>	可能重新分類至損益的項目：		
Exchange differences on translating foreign operations	換算海外業務的匯兌差異	(16,783)	(98,156)
Reclassification adjustments for foreign operations disposed of during the year	年內出售海外業務的重新分類調整	3,313	–
		(13,470)	(98,156)
Total comprehensive loss for the year	年內全面虧損總額	(330,502)	(3,981,919)
Attributable to:	以下各項應佔：		
Owners of the Company	本公司擁有人	(330,202)	(3,970,930)
Non-controlling interests	非控股權益	(300)	(10,989)
Total comprehensive loss for the year	年內全面虧損總額	(330,502)	(3,981,919)

The notes on pages 83 to 347 form part of these financial statements.

第83至347頁之附註構成該等財務報表之一部分。

Consolidated Statement of Financial Position 綜合財務狀況表

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
ASSETS			
			資產
Non-current assets			非流動資產
Property, plant and equipment	18	708,505	874,565
Lease prepayments	19	-	263,992
Intangible assets	20	682,310	1,030,453
Goodwill	21	-	-
Right-of-use assets	22	257,726	-
Investments in associates	24	11,396	9,561
Investment in a joint venture	25	-	-
Contract assets	26	194,481	300,048
Payments for acquisition of subsidiaries	27	-	-
Other receivables and prepayments	29	12,478	72,168
Deferred tax assets	41	6,172	10,244
Total non-current assets		1,873,068	2,561,031
Current assets			流動資產
Inventories	30	11,047	14,622
Compensation receivable	28	367,263	-
Trade and other receivables	29	564,503	488,489
Contract assets	26	21,033	29,444
Bank and cash balances	31	177,203	273,124
Assets of a disposal group classified as held for sale		1,141,049	805,679
	32	193,834	1,705,463
Total current assets		1,334,883	2,511,142
LIABILITIES			負債
Current liabilities			流動負債
Trade and other payables	33	695,981	676,385
Contract liabilities	34	16,105	14,729
Bank loans	35	1,973,848	2,795,108
Other borrowings	36	252,946	212,296
Lease liabilities	37	24,288	-
Deposits received for disposal of subsidiaries	38	50,903	415,342
Provisions	39	75,817	93,167
Dividend payable	15	-	60,641
Current tax liabilities		47,753	35,150
Liabilities directly associated with assets classified as held for sale		3,137,641	4,302,818
	32	22,638	411,412

Consolidated Statement of Financial Position (Cont'd)
綜合財務狀況表 (續)

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Total current liabilities	總流動負債		3,160,279	4,714,230
Net current liabilities	流動負債淨額		(1,825,396)	(2,203,088)
Total assets less current liabilities	總資產減流動負債		47,672	357,943
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	37	11,051	–
Provisions	撥備	39	–	9,242
Deferred income	遞延收入	40	15,484	16,313
Deferred tax liabilities	遞延稅項負債	41	141,116	182,250
Total non-current liabilities	總非流動負債		167,651	207,805
NET (LIABILITIES)/ASSETS	(負債)/資產淨額		(119,979)	150,138
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人 應佔權益			
Share capital	股本	42	157,920	157,920
Other reserves	其他儲備		(269,214)	347
			(111,294)	158,267
Non-controlling interests	非控股權益		(8,685)	(8,129)
TOTAL (DEFICIT)/EQUITY	(虧絀)/權益總額		(119,979)	150,138

Approved by the Board of Directors on 8 December 2020 and are signed on its behalf by:

於二零二零年十二月八日經董事會批准，並由下列人士代表簽署：

Huang Qing
黃青
Director
董事

Li Yang
李陽
Director
董事

The notes on pages 83 to 347 form part of these financial statements.

第83至347頁之附註構成該等財務報表之一部分。

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

Attributable to owners of the Company
本公司擁有人應佔以下各項

		Share capital	Share premium	Capital reserve	Statutory reserve	Share held under the Share Award Scheme	Exchange reserve	Retained profits/(Accumulated loss)	Total	Non-controlling interests	Total equity
		股本	股份溢價	資本儲備	法定儲備	股份獎勵計劃項下持有股份	匯兌儲備	保留溢利/(累計虧損)	總計	非控股權益	總權益
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
1 January 2018	於二零一八年一月一日	157,920	1,358,084	19,360	248,894	(52,614)	(60,833)	2,704,902	4,375,713	2,860	4,378,573
Loss for the year	年內虧損	-	-	-	-	-	-	(3,872,815)	(3,872,815)	(10,948)	(3,883,763)
Other comprehensive loss	其他全面虧損	-	-	-	-	-	(98,115)	-	(98,115)	(41)	(98,156)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(98,115)	(3,872,815)	(3,970,930)	(10,989)	(3,981,919)
Transfer to statutory reserve	轉至法定儲備	-	-	-	3,003	-	-	(3,003)	-	-	-
Shares purchased under the Share Award Scheme (note 44)	根據股份獎勵計劃購買股份 (附註44)	-	-	-	-	(1,523)	-	-	(1,523)	-	(1,523)
Dividends declared in respect of previous years (note 15)	就過往年度已宣派的股息 (附註15)	-	(184,352)	-	-	-	-	-	(184,352)	-	(184,352)
Dividend declared in respect of the current year (note 15)	就本年度已宣派的股息 (附註15)	-	(60,641)	-	-	-	-	-	(60,641)	-	(60,641)
31 December 2018	二零一八年十二月三十一日	157,920	1,113,091	19,360	251,897	(54,137)	(158,948)	(1,170,916)	158,267	(8,129)	150,138
At 1 January 2019	於二零一九年一月一日	157,920	1,113,091	19,360	251,897	(54,137)	(158,948)	(1,170,916)	158,267	(8,129)	150,138
Loss for the year	年內虧損	-	-	-	-	-	-	(316,721)	(316,721)	(311)	(317,032)
Other comprehensive income	其他全面收益	-	-	-	-	-	(13,481)	-	(13,481)	11	(13,470)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(13,481)	(316,721)	(330,202)	(300)	(330,502)
Disposal of subsidiaries (note 45)	出售附屬公司 (附註45)	-	-	-	(15,768)	-	-	15,768	-	(256)	(256)
Transfer to statutory reserve	轉至法定儲備	-	-	-	2,790	-	-	(2,790)	-	-	-
Cancellation of dividends declared in respect of the previous years (note 15)	取消就過往年度已宣派的股息 (附註15)	-	60,641	-	-	-	-	-	60,641	-	60,641
At 31 December 2019	於二零一九年十二月三十一日	157,920	1,173,732	19,360	238,919	(54,137)	(172,429)	(1,474,659)	(111,294)	(8,685)	(119,979)

The notes on pages 83 to 347 form part of these financial statements.

第83至347頁之附註構成該等財務報表之一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(327,190)	(3,942,929)
Adjustments for:	經調整以下各項：		
Finance costs	融資成本	11(a) 228,359	242,286
Net foreign exchange (gain)/loss	匯兌收益／（虧損）淨額	(447)	42,150
Interest income	利息收入	8 (1,016)	(13,647)
Share of profits of associates	分佔聯營公司之溢利	(2,080)	(1,378)
Share of loss of a joint venture	分佔一家合營企業的虧損	-	2,825
Gain on disposal of subsidiaries	出售附屬公司之收益	9 (3,963)	-
Depreciation	折舊	18 72,394	233,440
Amortisation of lease prepayments	租賃預付款項攤銷	19 -	9,221
Amortisation of right-of-use assets	使用權資產攤銷	22 28,216	-
Amortisation of intangible assets	無形資產攤銷	20 47,421	90,627
Impairment losses on amount due from a former director	應收前董事款項之減值虧損	29(c) -	245,300
Impairment losses on amounts due from companies controlled by a former director	應收前董事控制之公司款項之減值虧損	29(d) 59,857	28,331
Impairment losses/(reversal of impairment losses) on trade receivables and contract assets	應收貿易款項及合約資產之減值虧損／（減值虧損撥回）	26 & 29(b) (2,055)	161,796
Impairment loss on loan receivables	應收貸款之減值虧損	29(e) 69,150	-
Impairment losses on other receivables and prepayments	其他應收款項及預付款項之減值虧損	11(c)(i) 9,957	144,894
Impairment losses on prepayments for purchase of property, plant and equipment and lease prepayments	購買物業、廠房及設備的預付款項及租賃預付款項的減值虧損	11(c)(ii) -	108,341
Impairment loss on consideration receivable from disposal of a subsidiary	出售一家附屬公司的應收代價減值虧損	11(c)(iii) -	45,198
Impairment losses on payments for acquisition of subsidiaries	收購附屬公司付款之減值虧損	27 22,714	64,490
Impairment losses on interest in a joint venture	於一家合營企業之權益之減值虧損	-	925
Impairment losses on intangible assets	無形資產減值虧損	10 -	521,538
Impairment losses on goodwill	商譽之減值虧損	10 -	168,390
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	9 53	1,390
Impairment losses on property, plant and equipment	物業、廠房及設備之減值虧損	10 25,774	1,886,135
Impairment losses on lease prepayments	租賃預付款項之減值虧損	10 -	39,485
Loss on disposal of lease prepayments	出售租賃預付款項之虧損	9 -	38,190

Consolidated Statement of Cash Flows (Cont'd)

綜合現金流量表 (續)

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Operating profit before working capital changes	營運資本變動前之營運溢利		227,144	116,998
Decrease in inventories	存貨減少		2,633	3,357
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)/減少		(29,461)	168,754
Decrease in contract assets	合約資產減少		7,849	9,036
Increase/(decrease) in contract liabilities	合約負債增加/(減少)		1,498	(20,764)
(Decrease)/increase in deferred income	遞延收入(減少)/增加		(472)	7,328
(Decrease)/increase in provisions	撥備(減少)/增加		(12,473)	106,207
Increase in trade and other payables	貿易及其他應付款項增加		43,821	338,179
Cash generated from operations	經營業務所得現金		240,539	729,095
Income tax paid	已付所得稅		(7,997)	(71,088)
Net cash generated from operating activities	經營活動所得現金淨額		232,542	658,007
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量			
Payments for acquisition of subsidiaries	收購附屬公司付款	27	(22,714)	(64,490)
Refund of acquisition deposits	收購按金退款		-	35,889
Payment for purchase of lease prepayments and property, plant and equipment	購買租賃預付款項以及物業、廠房及設備之付款		(102,180)	(324,107)
Payment for construction costs	建設成本之付款		(39,098)	(45,725)
Increase in restricted bank balances	受限制銀行結餘增加		(71,545)	-
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備之所得款項		5,317	332
Proceeds from disposals of lease prepayments	出售租賃預付款項所得款項		-	139,844
Decrease in pledged bank deposits	已質押銀行存款減少		83,462	838
Proceeds from disposal of a subsidiary	出售一家附屬公司所得款項		-	22,826
Deposits received for disposal of subsidiaries	出售附屬公司之已收按金	11(c)(iii)	-	-
Advance to a former director	給予前董事的墊款	38	50,903	400,000
Repayments from a former director	來自前董事的還款	29(c)	(801)	(590,533)
Net cash inflow from disposal of subsidiaries	出售附屬公司所得之現金流入淨額	29(c)	34,298	430,008
Advance to companies controlled by a former director	向前董事控制之公司墊款	45	471,488	-
Repayment from companies controlled by a former director	前董事控制之公司還款	29(d)	(139,595)	(113,012)
Advance from/(to) related parties	關聯方墊款/(向關聯方墊款)	29(d)	112,275	51,972
Repayment from related parties	來自關聯方的還款		14,199	(12,743)
Finance income received	已收融資收入		16,549	-
			1,016	13,647

Consolidated Statement of Cash Flows (Cont'd)

綜合現金流量表 (續)

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net cash generated from/(used in) investing activities	投資活動所得/(所用)現金淨額		413,574	(55,254)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量			
Proceeds from new bank loans	新銀行貸款所得款項		643,804	537,207
Repayment of bank loans	償還銀行貸款		(1,414,910)	(1,081,920)
Proceeds from other borrowings	其他借款所得款項	36	-	200,113
Repayment of other borrowings	其他借款之還款	36	(4,465)	-
Advance from a non-controlling shareholder	來自一名非控股股東墊款		-	39,946
Capital element of lease payments	租賃付款之資本部分		(13,222)	-
Interest element of lease payments	租賃付款之利息部分		(3,823)	-
Payment for purchase of shares under Share Award Scheme	就購買股份獎勵計劃項下股份之付款	44	-	(1,523)
Interests paid	已付利息		(166,706)	(184,950)
Dividends paid to equity shareholders of the Company	向本公司權益持有人派付股息		-	(184,352)
Net cash used in financing activities	融資活動所用現金淨額	46	(959,322)	(675,479)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額		(313,206)	(72,726)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及現金等價物		422,998	518,960
Effect of foreign exchange rate changes	外匯匯率變動影響		(2,784)	(23,236)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及現金等價物		107,008	422,998
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及現金等價物的分析			
Bank and cash balances	銀行及現金結餘	31	103,938	186,034
Bank and cash balances included in a disposal group classified as held for sale	計入分類為持作出售之出售組合之銀行及現金結餘	32	3,070	236,964
			107,008	422,998

The notes on pages 83 to 347 form part of these financial statements.

第83至347頁之附註構成該等財務報表之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION

CT Environmental Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The addresses of its principal places of business in the People’s Republic of China (the “PRC”) and Hong Kong are 20/F., World Trade Centre, 148 Xingang East Road, Haizhu District, Guangzhou, the PRC and Unit 807, 8/F., Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Kowloon, Hong Kong respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 23 to the consolidated financial statements.

In the opinion of the present directors of the Company, Keen Vast Holdings Limited (“Keen Vast”), a company incorporated in the British Virgin Islands (the “BVI”), is the ultimate holding company and Mr. Tsui Cham To (“Mr. Tsui”), a former director and former chairman of the Company, is the ultimate controlling party of the Company as at 31 December 2019.

1. 一般資料

中滔環保集團有限公司（「本公司」）為一間於開曼群島註冊成立之有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。其於中華人民共和國（「中國」）及香港的主要營業地點的地址分別為中國廣州市海珠區新港東路148號環球貿易中心20樓及香港九龍長沙灣道833號長沙灣廣場1期8樓807室。本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市。

本公司為一間投資控股公司。其附屬公司的主要業務載於綜合財務報表附註23。

本公司現任董事認為，於二零一九年十二月三十一日，建大控股有限公司（「建大」，一間於英屬處女群島（「英屬處女群島」）註冊成立之公司）為最終控股公司，而本公司前董事及前主席徐湛滔先生（「徐先生」）為本公司最終控股方。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Suspension of trading in shares of the Company

At the request of the Company, trading in the shares of the Company has been suspended since 1 April 2019 as the Company was unable to publish annual results for the year ended 31 December 2018 by 31 March 2019.

(c) Comparative information

The corresponding figures disclosed in the consolidated financial statements are based on the audited consolidated financial statements for the year ended 31 December 2018. The auditor did not express an audit opinion on the consolidated financial statements for the year ended 31 December 2018 as a result of limitation of scope.

2. 編製基準

(a) 合規聲明

該等綜合財務報表乃按照所有適用的香港財務報告準則(「香港財務報告準則」)編製(包括所有由香港會計師公會(「香港會計師公會」)頒佈的適用單獨香港財務報告準則、香港會計準則(「香港會計準則」)及相關詮釋)、香港公認會計原則及香港公司條例之披露規定。該等綜合財務報表亦符合適用的聯交所證券上市規則的披露規定。

(b) 本公司股份暫停買賣

應本公司的要求,由於本公司未能於二零一九年三月三十一日前刊發截至二零一八年十二月三十一日止年度的年度業績,故本公司股份已由二零一九年四月一日起暫停買賣。

(c) 比較資料

於綜合財務報表內披露的相應數字乃基於截至二零一八年十二月三十一日止年度的經審核綜合財務報表。核數師因範圍限制而並不對截至二零一八年十二月三十一日止年度之綜合財務報表發表意見。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(c) Comparative information (Cont'd)

Certain of the Group's subsidiaries and senior management members including the former chairman and director, Mr. Tsui were charged by the relevant local government authority in the PRC under criminal proceedings for, amongst others, the fraudulent issuance of value-added tax invoices to customers, the illegal disposal of sludge, the deliberate non-performance of certain procedures when providing sludge treatment services and environmental pollution during the period from 2015 to 2018, the details of which are set out in note 5 to the consolidated financial statements. The PRC courts delivered judgments against the Group in three of the four cases in April 2019 and in April 2020 respectively. Up to the date of approval of these consolidated financial statements, the judgment for the remaining case has not been made. In this connection, the present directors were unable to represent the reliability, completeness and accuracy of the financial information of these subsidiaries as included in the consolidated financial statements for the year ended 31 December 2018.

In 2017, the local government authorities in the PRC in which certain of the Group's subsidiaries were engaged in wastewater treatment business, supply of industrial water and the provision of heating services, promulgated a number of new environmental protection policies which adversely affected the subsidiaries' operations. A significant number of the Group's customers moved out from the areas where the subsidiaries' facilities were situated in the last quarter of 2017 and early 2018 and since then, the subsidiaries' business operations were seriously affected. No provision for impairment loss on the Group's property, plant and equipment, intangible assets and goodwill held by these subsidiaries had been made in the year ended 31 December 2017.

2. 編製基準(續)

(c) 比較資料(續)

本集團若干附屬公司及高級管理層成員(包括前主席兼董事徐先生)被中國相關地方政府機關根據刑事訴訟程序提出檢控,(其中包括)於二零一五年至二零一八年期間向客戶虛開增值稅發票、非法傾倒污泥、於提供污泥處理服務時故意不履行若干程序及環境污染,詳情載於截至綜合財務報表附註5。中國法院於二零一九年四月及二零二零年四月分別就針對本集團之四宗案件中的三宗頒下裁決。直至該等綜合財務報表批准日期,餘下案件的裁決尚未作出。就此而言,現任董事未能對計入截至二零一八年十二月三十一止年度之綜合財務狀況表之該等附屬公司之財務資料之可靠性、完整性及準確性作出陳述。

於二零一七年,本集團若干附屬公司從事污水處理業務、供應工業用水及提供供熱服務所在地之中國地方政府機關頒佈數項新環保政策,對附屬公司營運造成不利影響。大多數本集團客戶已於二零一七年最後一季及二零一八年年初搬離該等附屬公司設施所處之地區,自此,附屬公司之業務營運已受嚴重影響。於截至二零一七年十二月三十一日止年度並無對該等附屬公司持有之本集團之物業、廠房及設備、無形資產及商譽作出減值虧損撥備。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(c) Comparative information (Cont'd)

Certain books and records of a subsidiary for the previous years were seized by the local government authority in June 2018 for investigation purpose and were no longer accessible, and Mr. Tsui and certain senior management and staff members of this and certain other subsidiaries were either arrested in 2018 and charged for, amongst others, the fabrication and falsification of certain contracts and other documents or had left the Group and were not contactable. The former directors and certain senior management members also took managerial role in other subsidiaries. Accordingly, the present directors have not been able to obtain sufficient documentary evidence and explanations to satisfy themselves regarding the reliability, completeness and accuracy of the books and records of these subsidiaries for previous years and whether there are any fraudulently recorded or unrecorded transactions or liabilities for the year ended and as at 31 December 2018.

In addition, notes 7(b), 18(a)(ii) and 27(a) to the consolidated financial statements described that certain of the Group's revenue was not substantiated by relevant supporting documents; the appropriateness of the accounting treatment of assets without ownership certificates transferred from Mr. Gu Yaokun, a former director and the offsetting of the amount due from him; and the impairment of security deposit of HK\$54,189,000 paid to Menghui.

Under these circumstances, the present directors are unable to represent that the comparative financial information disclosed in these consolidated financial statements are free from errors or omissions, or has these complied with the Hong Kong Financial Reporting Standards or the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited.

2. 編製基準 (續)

(c) 比較資料 (續)

一間附屬公司於本年度及過往年度之若干賬簿及記錄已於二零一八年六月遭地方政府機關扣查作調查用途，而不再可供查閱，且徐先生及此附屬公司及若干其他附屬公司之若干高級管理層及員工於二零一八年被捕，並被控（其中包括）捏造及偽造若干合同及其他文件，或已離開本集團並無法聯絡。前董事及若干高級管理層亦於其他附屬公司擔任管理職務。因此，現任董事無法取得足夠文件證據及解釋令彼等信納有關該等附屬公司於過往年度之賬簿及記錄之可信性、完整性及準確性，以及於截至二零一八年十二月三十一日止年度及於該日是否存在任何入賬或未入賬交易或負債。

此外，綜合財務報表附註7(b)、18(a)(ii)及27(a)載述本集團之若干收益並無獲相關支持文件證實；轉讓自前董事古耀坤先生且並無所有權證的資產的會計處理及抵銷應收古耀坤先生之款項之適當性；及已向萌輝支付之抵押按金54,189,000港元之減值。

在該等情況下，現任董事亦無法對該等綜合財務報表內披露的比較財務資料並無錯誤或遺漏，或已遵守香港財務報告準則或香港公司條例及香港聯合交易所有限公司證券上市規則的披露規定作出陳述。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(c) Comparative information (Cont'd)

The comparative financial information has not been adjusted on a basis consistent with that of the current year and therefore may not be comparable and any adjustments to the opening balances as at 1 January 2019 would have significant consequential effect on the financial performance of the Group for the year ended 31 December 2019 and the related disclosure thereof in the consolidated financial statements.

(d) Going concern

The Group incurred a loss of HK\$317,032,000 during the year ended 31 December 2019 and, as of that date, its current liabilities exceeded its current assets by HK\$1,825,396,000.

As disclosed in note 36(a) to the consolidated financial statements, certain of the Group's other borrowings together with accrued interest thereon totalling HK\$242,548,000 (2018: HK\$197,183,000) as at 31 December 2019 were overdue. The lender took legal actions against the Group for the repayment of the overdue debts and obtained judgment from the High Court of Hong Kong on 17 January 2020. On 20 July 2020, the lender informed the Company that if the judgment debt together with interest and costs were not settled by 30 September 2020, the lender shall enforce the judgment and take further actions including but not limited to winding up the Company without further notice. Up to the date of approval of these consolidated financial statements, no repayment was made by the Group and the lender did not enforce the judgement.

2. 編製基準(續)

(c) 比較資料(續)

比較財務資料並未按與本年度一致的基準進行調整，因此可能無法比較，而對二零一九年一月一日的期初結餘的任何調整將對本集團截至二零一九年十二月三十一日止年度的財務表現及其於綜合財務報表之相關披露產生重大相應影響。

(d) 持續經營

截至二零一九年十二月三十一日止年度，本集團產生虧損317,032,000港元，而截至該日，其流動負債超出其流動資產1,825,396,000港元。

誠如綜合財務報表附註36(a)所披露，本集團於二零一九年十二月三十一日之若干其他借貸連同其應計利息合共242,548,000港元(二零一八年：197,183,000港元)為已逾期。貸方針對本集團採取法律行動以償還逾期債務，並於二零二零年一月十七日獲得香港高等法院的判決。於二零二零年七月二十日，貸方知會本公司，倘判決債務連同利息及訟費無法於二零二零年九月三十日前清償，則貸方將強制執行判決及採取進一步行動(包括但不限於將本公司清盤)，而不會另行通知。直至該等綜合財務報表之批准日期，本集團並無作出還款，而貸方並無強制執行判決。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

As disclosed in note 35 to the consolidated financial statements, the Group's bank loans of HK\$1,973,848,000 as at 31 December 2019 were either overdue, in default or in cross default. In 2017, Mr. Tsui pledged his shares in the Company. This was a breach of the terms of the loan agreement with Bank A in Hong Kong, Bank A had therefore the right to demand full repayment as a result of the breach. On 10 December 2019, Bank A demanded full repayment of the bank loans and interests. On 24 February 2020, Bank A filed a bill of indictment with the Intermediate People's Court of Guangzhou (the "Guangzhou Court"), against the Company as borrower and its fourteen subsidiaries and Mr. Tsui as guarantor claiming the immediate repayment of the loan with outstanding interest and legal and other costs totalling HK\$152,868,000. On 17 March 2020, the Guangzhou Court ordered that the bank accounts and other assets with a total carrying value of RMB137,278,000 (equivalent to HK\$153,243,000) of the Company and its fourteen subsidiaries be frozen pending the court hearing on 12 August 2020.

The breach of the terms of the loan agreements with Bank A caused a cross default in loans from other creditor banks. In addition, the Group either failed to repay the loans according to the repayment schedule or failed to meet the financial and other covenants as stipulated in the various other bank loan agreements. As a result, all the bank loans totalling HK\$1,973,848,000 as at 31 December 2019 (2018: HK\$2,795,108,000) became repayable on demand.

2. 編製基準(續)

(d) 持續經營(續)

誠如綜合財務報表附註35所披露，本集團於二零一九年十二月三十一日之銀行貸款1,973,848,000港元為已逾期、違約或交叉違約。於二零一七年，徐先生抵押彼於本公司股份。此舉違反與香港之銀行A之貸款協議的條款。銀行A因此有權因該違反而要求悉數還款。於二零一九年十二月十日，銀行A要求悉數償還銀行貸款及利息。於二零二零年二月二十四日，銀行A向廣州市中級人民法院（「廣州法院」）提交針對本公司（作為借款人）及其十四家附屬公司及徐先生（作為擔保人）之起訴書，要求即時償還貸款連同未償還利息以及法律及其他成本合共152,868,000港元。於二零二零年三月十七日，廣州法院頒令凍結本公司及其十四家附屬公司的銀行賬戶及其他資產，賬面總值為人民幣137,278,000元（相當於153,243,000港元），以等待於二零二零年八月十二日之法院聆訊。

違反銀行A的貸款協議條款導致其他貸款銀行的貸款的交叉違約。此外，本集團未能根據還款時間表償還貸款或未能符合多份其他銀行貸款協議訂明之財務或其他契諾。因此，於二零一九年十二月三十一日之全部銀行貸款合共1,973,848,000港元（二零一八年：2,795,108,000港元）成為須按要求償還。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

These conditions, together with the other matters as described in note 2(d) to the consolidated financial statements, indicate the existence of multiple uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

In order to enable the Group to meet its immediate financing needs, the Group continues to implement a series of action plans (the "Action Plans") and measures which comprise, inter alia, (i) the disposal of Xintao Investment Co. Ltd and its four subsidiaries with operations in Guangxi, the PRC, (ii) the negotiation with the Longmen County government authority for the compensation on early termination of the BOT project in Longmen County, (iii) the negotiation with the local government authorities for compensation for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group; and (iv) negotiations with potential investors and banks for alternative equity financing, refinancing and/or extension of due dates of the relevant debts, details of which are set out below:

- On 29 November 2018, the Group entered into a transfer agreement to dispose of the 50% equity interest in Xintao Investment Co., Ltd. for RMB563,000,000 (equivalent to HK\$640,469,000). On 18 December 2019, the Group entered into another agreement with the same party to dispose of the remaining 50% equity interest in Xintao Investment Co., Ltd for RMB620,000,000 (equivalent to HK\$705,312,000). The first and the second disposals were completed on 3 January 2019 and 19 December 2019 respectively and the details of the disposals were set out in note 45 to the consolidated financial statements. The disposal proceeds have been applied, amongst others, to reduce the outstanding bank loans of the Group.

2. 編製基準(續)

(d) 持續經營(續)

該等情況連同綜合財務報表附註2(d)所述的其他事項，表明存在多項不確定性，可能對本集團的持續經營能力產生重大疑問。

為使本集團能夠滿足其即時融資需要，本集團繼續實施一系列行動計劃（「行動計劃」）及措施，其包括（其中包括）：(i) 出售新滔投資有限公司及其四家於中國廣西營運之附屬公司；(ii) 與龍門縣政府機關就提早終止龍門縣BOT項目的補償進行磋商；(iii) 與地方政府機關就徵收本集團經營的多項污水、危險廢物、污泥及固體廢物處理廠的補償進行磋商；及(iv) 與潛在投資者及銀行就替代股權融資、再融資及／或延長相關債務的到期日進行磋商，其詳情載列如下：

- 於二零一八年十一月二十九日，本集團訂立轉讓協議，以按人民幣563,000,000元（相當於640,469,000港元）出售新滔投資有限公司的50%股權。於二零一九年十二月十八日，本集團與相同訂約方訂立另一份協議，以按人民幣620,000,000元（相當於705,312,000港元）出售新滔投資有限公司的餘下50%股權。第一次及第二次出售已分別於二零一九年一月三日及於二零一九年十二月十九日完成，而出售詳情載於綜合財務報表附註45。出售所得款項已用於（其中包括）減少本集團的未償還銀行貸款。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

- On 25 April 2019, the Group entered into an agreement with an independent third party pursuant to which the independent third party agreed to inject RMB98,000,000 (equivalent to HK\$109,397,000 as at 31 December 2019) into Zhongshan Haitao in form of equity and shareholder's loan which was to be accounted for as a deemed disposal of part of the Group's interest in the equity of Zhongshan Haitao. The deemed disposal was completed on 20 August 2020 and the details of which are disclosed in note 51 (b) to the consolidated financial statements.
- On 22 November 2019, the Group entered into a supplementary agreement with the Longmen County government authority pursuant to which both parties agreed that the compensation for the early termination of the BOT project in Longmen County shall be based on a valuation report issued by a professional valuer recognized by both parties. Up to the date of approval of these consolidated financial statements, the valuation was still in progress. On 24 April 2020, the Group received the first installment of the compensation payment of RMB65,800,000 (equivalent to HK\$73,453,000) from the local government. The present directors expected that the total compensation for the early termination would not be less than RMB329,000,000 (equivalent to HK\$367,263,000 as at 31 December 2019).

2. 編製基準 (續)

(d) 持續經營 (續)

- 於二零一九年四月二十五日，本集團與獨立第三方訂立協議，據此，該名獨立第三方同意以股權及股東貸款之形式向中山海滔注資人民幣98,000,000元（於二零一九年十二月三十一日相當於109,397,000港元），其將入賬列作視作出售本集團於中山海滔股權之部分權益。該視作出售事項已於二零二零年八月二十日完成，其詳情披露於綜合財務報表附註51(b)。
- 於二零一九年十一月二十二日，本集團與龍門縣政府機關訂立補充協議，據此，訂約雙方同意提早終止龍門縣BOT項目的補償將以訂約雙方認可之專業估值師發出的估值報告為基準。截至該等綜合財務報表獲批准日期，估值仍在進行中。於二零二零年四月二十四日，本集團接獲當地政府的首期補償付款人民幣65,800,000元（相當於73,453,000港元）。現任董事預期，提早終止之補償總額將不少於人民幣329,000,000元（於二零一九年十二月三十一日相當於367,263,000港元）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

- In August 2020, the Group verbally agreed a repayment schedule with Bank A pursuant to which Bank A agreed not to demand for the immediate repayment of the two outstanding bank loans of HK\$208,585,000, accrued interest of HK\$7,826,000 (calculated up to 15 May 2020) and legal expenses of HK\$2,800,000 and allow the Group to repay all the outstanding balances by three installments by 30 June 2021. After the court hearing on 12 August 2020, the court granted one month's period for the Company to execute a written agreement on the repayment schedule. However, the Group was unable to pay the first installment under the repayment schedule by 30 September 2020. Up to the date of approval of these consolidated financial statements, no settlement agreement has been signed with Bank A.

2. 編製基準(續)

(d) 持續經營(續)

- 於二零二零年八月，本集團與銀行A口頭協定還款時間表，據此，銀行A同意不會要求即時償還兩筆未償還銀行貸款208,585,000港元、應計利息7,826,000港元(計算至二零二零年五月十五日)及法律費用2,800,000港元，並允許本集團於二零二一年六月三十日前分三期償還全部未償還結餘。於二零二零年八月十二日之法院聆訊後，法院同意向本公司授出一個月期限，以就該還款時間表簽立書面協議。然而，本集團未能根據還款時間表於二零二零年九月三十日前支付第一筆分期款項。截至該等綜合財務報表獲批准日期，並無與銀行A簽署償付協議。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

- The management has been in active discussion with the local government authorities for reaching an agreement on the compensation for the expropriation of the land held by of Guangzhou Lvyou, Guangzhou Yinglong and Guangzhou Liangang. On 28 September 2020, Guangzhou Lvyou entered into a compensation agreement with the local government authority for the expropriation of the land held by Guangzhou Lvyou pursuant to which a total cash compensation of RMB1,237,884,000 (equivalent to HK\$1,381,850,000) will be paid to Guangzhou Lvyou by four installments, the details of which are set out in note 51(c) to the consolidated financial statements. Based on the negotiations with the local government authorities, the present directors estimated that the compensation for the expropriation of land held by Guangzhou Yinglong and Guangzhou Liangang would be approximately RMB259,000,000 (equivalent to HK\$289,122,000) and not less than RMB541,000,000 (equivalent to HK\$603,918,000) respectively, totalling RMB800,000,000 (equivalent to HK\$893,040,000).

In November 2020, Guangzhou Lvyou received the first payment of compensation of RMB247,577,000 (equivalent to HK\$276,370,000). The present directors expected that the first installment of RMB160,000,000 (equivalent to HK\$178,608,000), representing 20% of the total compensation for Guangzhou Yinglong and Guangzhou Liangang will be received by the end of the first quarter of 2021 and the balance of the compensation will be received within the next two years. The present directors planned to use the compensation to reduce the bank and other borrowings and towards the first repayment installment to Bank A and partial repayment of other bank loans and other borrowings.

2. 編製基準 (續)

(d) 持續經營 (續)

- 管理層一直與地方政府機關進行積極討論，以就徵收廣州綠由、廣州盈隆及廣州蓮港所持有土地的補償達成協議。於二零二零年九月二十八日，廣州綠由與地方政府機關就徵收廣州綠由所持有之土地訂立補償協議，據此，總現金補償人民幣1,237,884,000元（相當於1,381,850,000港元）將分四期支付予廣州綠由，有關詳情載於綜合財務報表附註51(c)。根據與地方政府機關的磋商，現任董事估計，徵收廣州盈隆及廣州蓮港所持有土地的補償將分別約為人民幣259,000,000元（相當於289,122,000港元）及不少於人民幣541,000,000元（相當於603,918,000港元），合共為人民幣800,000,000元（相當於893,040,000港元）。

於二零二零年十一月，廣州綠由已接獲首筆補償付款人民幣247,577,000元（相當於276,370,000港元）。現任董事預期第一筆分期付款人民幣160,000,000元（相當於178,608,000港元，佔廣州盈隆及廣州蓮港之補償總額20%）將於二零二一年第一季末前收取，而補償餘額將於未來兩年內收取。現任董事計劃使用補償減少銀行及其他借貸，並償還銀行A的第一筆分期付款及部分償還其他銀行貸款及其他借貸。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

- Notwithstanding the breach of the loan covenants and default in certain repayments, the creditor banks did not take hostile actions against the Group since 2018 and permitted the Group to make repayments of the outstanding bank loans orderly as and when funds were available. The management has been in active discussions with the creditor banks and updated them with the financial position of the Group and the progress on the Action Plans. The Group has successfully negotiated with Bank A for a repayment schedule in August 2020. Based on the discussion with the major creditor Bank E as disclosed in note 35 to the consolidated financial statements and the fact that the estimated market value of the securities held by Bank E was sufficient to cover its risk exposure, the present directors believe that Bank E will not demand for immediate repayment of the outstanding bank loans in the immediate future.

2. 編製基準(續)

(d) 持續經營(續)

- 儘管違反貸款契諾及拖欠若干還款，惟貸款銀行自二零一八年以來並未對本集團採取敵對行動，並允許本集團於可取得資金時有序償還未償還銀行貸款。管理層一直與貸款銀行進行積極討論，並向其提供本集團財務狀況及行動計劃進展的最新資料。本集團已於二零二零年八月成功與銀行A磋商還款時間表。根據綜合財務報表附註35所披露的與主要債權人銀行E的討論，以及銀行E持有的抵押的估計市場價值足以涵蓋其風險承擔的事實，現任董事相信，銀行E於不久將來將不會要求即時償還未償還銀行貸款。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Action Plans which are subject to multiple uncertainties, including:

- i) whether the Group is able to successfully negotiate with the local government authorities in the PRC for the compensations for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group and early termination of the BOT project in Longmen County;
- ii) whether the Group is able to successfully negotiate with the lender of the other borrowings and creditor banks to allow the Group to make repayment or partial repayment on the amounts due according to the Group's expected repayment priority and to further extend the repayment schedules to the extent and in accordance with the timetable and milestones of payments agreed or to be agreed with the local government authorities in the PRC for the expropriation of various wastewater, hazardous waste, sludge and solid waste treatment plants operated by the Group and compensations to be received on the early termination of the BOT project in Longmen County;
- iii) whether the creditor banks will agree not to exercise their right to demand for immediate repayment in respect of the Group's bank loans that had become in default or in cross default;

2. 編製基準 (續)

(d) 持續經營 (續)

綜合財務報表乃按持續經營基準編製，其有效性取決於行動計劃的結果，其受到多項不明朗因素所影響，包括：

- i) 本集團是否能夠就徵收本集團經營的多項污水、危險廢物、污泥及固體廢物處理廠以及提早終止龍門縣BOT項目的補償與中國地方政府機關成功磋商；
- ii) 本集團是否能夠與其他借貸的貸方及貸款銀行進行成功磋商，以允許本集團按照本集團的預期還款優先次序對到期款項作出還款或部分還款及進一步延長償還時間表，致使其按照與中國地方政府機關就徵收本集團經營的多項污水、危險廢物、污泥及固體廢物處理廠以及提早終止龍門縣BOT項目將予收取的補償而協定或將與協定之付款時間表及里程碑；
- iii) 貸款銀行是否將同意不會就本集團已成為違約或交叉違約的銀行貸款行使要求即時還款的權利；

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PREPARATION (Cont'd)

(d) Going concern (Cont'd)

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Action Plans which are subject to multiple uncertainties, including: (Cont'd)

- iv) whether the lender of the other borrowings will agree not to enforce the judgement to wind up the Company; and
- v) whether the Group is able to seek other financing resources such as equity financing from potential investors which in turn depends on whether the Group is able to resume the trading of its shares on the Stock Exchange of Hong Kong Limited which is likely a condition for obtaining equity finance from potential investors.

Taking into account the Group's cash flow projections prepared by the management, and assuming the successful implementation of the above measures, the present directors consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the next 12 months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group fail to achieve the above-mentioned Action Plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amount of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to re-classify 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.

2. 編製基準 (續)

(d) 持續經營 (續)

綜合財務報表乃按持續經營基準編製，其有效性取決於行動計劃的結果，其受到多項不明朗因素所影響，包括：(續)

- iv) 其他借貸的貸款人是否同意將不會強制執行將本公司清盤的判決；及
- v) 本集團是否能夠向潛在投資者尋求其他融資資源，如股本融資，其須視乎本集團是否能夠恢復其股份於香港聯合交易所有限公司買賣，其可能為向潛在投資者取得股本融資的條件。

經計及管理層編製的本集團現金流量預測，並假設成功實施上述措施，現任董事認為，由該等綜合財務報表獲批准日期起計12個月內，本集團將能夠為其營運提供資金，並於到期時履行其財務責任。因此，綜合財務報表已按持續經營基準編製。

倘本集團未能達致上述行動計劃及措施，其可能無法按持續經營基準營運，並須作出調整以將本集團資產的賬面值撇減至其可收回金額，就可能產生的任何進一步負債作出撥備，並將非流動資產及非流動負債重新分類為流動資產及流動負債。該等調整的影響並未於該等綜合財務報表內反映。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 3(w)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 49.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3. 重大會計政策

截至二零一九年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)及本集團於聯營公司及一家合營企業之權益。

該等財務報表乃按歷史成本計量基準編製。

非流動資產及持作銷售出售集團乃按賬面值與公平值減出售成本之較低者列賬(見附註3(w))。

財務報表的編製符合香港財務報告準則,要求管理層作出影響政策應用以及資產、負債、收入及開支的報告金額的判斷、估計及假設。該等估計及相關假設乃基於過往經驗及被認為在有關情況下屬合理的多項其他因素,有關結果構成判斷無法從其他來源得出的資產及負債賬面值的基準。實際結果或會有別於該等估計。

管理層會持續審閱該等估計及相關假設。倘期內確認的會計估計修訂僅影響作出有關修訂的會計期間,則有關修訂僅於該期間內確認,或如對當期及未來期間均有影響,則會在作出有關修訂的期間及未來期間確認。

管理層應用香港財務報告準則時作出對財務報表構成重大影響之判斷以及估計不確定因素之主要來源於附註49論述。

編製該等綜合財務報表所應用之重大會計政策載於下文。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Subsidiaries and non-controlling interests

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

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

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

3. 重大會計政策(續)

(a) 附屬公司及非控股權益

附屬公司指本集團控制的實體。倘本集團可透過其與一間實體的關係獲得或有權獲得可變回報並有能力通過其對有關實體的權力影響該等回報，則擁有該實體的控制權。在評估本集團是否具權力時，僅會考慮(本集團及其他團體持有的)實質權利。

於附屬公司的投資自控制開始之日直至控制結束之日被併入綜合財務報表內。集團內公司間的結餘、交易及現金流量以及任何產生自集團內公司間交易的未變現溢利於編製綜合財務報表時予以悉數對銷。集團內公司間交易產生的未變現虧損按與未變現收益相同的方式予以對銷，惟僅以並無存在減值證據者為限。

非控股權益指並非由本公司於附屬公司直接或間接應佔的權益，就本集團並未與該等權益持有人達成協議的任何其他條款可能導致本集團在整體上就該等達到金融負債定義的權益具有合約責任。就各項業務合併而言，本集團可選擇按任何非控股權益的公平值或按其於附屬公司可識別淨資產分佔比例進行計量。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 3(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(j)(iii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale (see note 3(w))).

3. 重大會計政策 (續)

(a) 附屬公司及非控股權益 (續)

非控股權益在綜合財務狀況表的權益項下呈列，獨立於本公司權益股東應佔的權益。本集團產生的非控股權益呈列於綜合損益表及綜合損益及其他全面收益表，按非控股權益及本公司權益股東於年內損益總額及全面收益總額予以分配。

當本集團失去一家附屬公司的控股權，則按出售該附屬公司的所有權益入賬，而所產生的收益或虧損將於損益確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認，而該金額將被視為一項金融資產初始確認的公平值（見附註3(f)）。

在本公司財務狀況表內，於附屬公司的投資按成本減減值虧損入賬（見附註3(j)(iii)），除非投資分類為持作出售（或計入分類為持作出售之出售集團內（見附註3(w)）則另作別論）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 3(j)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

3. 重大會計政策(續)

(b) 商譽

商譽指

- (i) 所轉讓代價的公平值、本集團於被收購公司的任何非控股權益以及本集團先前持有被收購公司股權的公平值總額；超過
- (ii) 於收購日期於被收購公司可識別資產及負債淨公平值的部分。

倘(ii)高於(i)，則超出的部分即時於損益確認為議價收購收益。

商譽按成本減累計減值虧損入賬。業務合併產生的商譽會分攤至預期將受惠於合併協同效應的各現金產生單位或各組現金產生單位，並將每年進行減值測試(見附註3(j)(iii))。

年內出售現金產生單位時，所購入商譽的任何應佔金額會於出售時用於計算有關損益。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 3(b) and 3(j)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

3. 重大會計政策 (續)

(c) 聯營公司及合營企業

聯營公司是本集團或本公司對其管理(包括參與財務及經營政策決策)有重大影響(但並非控制或共同控制)的實體。

合營企業乃合約上之安排,由本集團或本公司與其他團體以合約形式協定分享對該項安排之控制權,並享有該項安排之資產淨值。

於聯營公司或合營企業的投資使用權益法計入綜合財務報表。根據權益法,該投資初步按成本入賬,並就本集團分佔被投資公司可識別淨資產於收購日期的公平值超出投資成本(如有)的部分作出調整。投資成本包括購買價,直接歸屬於收購投資的其他成本,以及構成本集團股權投資一部分的於聯營公司或合營企業的任何直接投資。其後,該投資按本集團分佔被投資公司淨資產於收購後的變動及任何有關該投資的減值虧損作出調整(見附註3(b)及3(j)(iii))。收購日期超出成本的任何部分、本集團年內分佔被投資公司於收購後及除稅後的業績及任何減值虧損均於綜合損益表內確認,而本集團分佔被投資公司於收購後及除稅後的其他全面收益項目則於綜合損益及其他全面收益表內確認。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Associates and joint ventures (Cont'd)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 3(j)(iii)).

3. 重大會計政策(續)

(c) 聯營公司及合營企業(續)

當本集團應佔聯營公司或合營企業的虧損超出其權益時，本集團的權益將減少至零，且不再確認進一步虧損，惟倘本集團已產生法定或推定責任，或代表被投資公司作出付款則除外。就此而言，本集團的權益為權益法項下的投資賬面值連同實質上屬於本集團於聯營公司或合營企業投資淨額一部分的本集團任何長期權益。

本集團與其聯營公司及合營企業的交易產生的未變現溢利及虧損按本集團於被投資公司的權益對銷，惟如未變現虧損提供所轉讓資產減值的證據，則未變現溢利及虧損即時於損益內確認。

於所有其他情況下，倘本集團不再對一家聯營公司或共同控制一間合營企業擁有重大影響，則入賬作為出售於該被投資公司的全部權益，由此產生的收益或虧損則於損益內確認。

於本公司財務狀況表內，於聯營公司及合營企業的投資按成本減減值虧損入賬（見附註3(j)(iii)）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets

At inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

3. 重大會計政策 (續)

(d) 租賃資產

於訂立合約時，本集團會評估合約是否為租賃或包含租賃。一項合約如包含在一段時間內給予控制使用一項資產之權利以換取代價，則屬於或包含一項租賃。倘客戶同時有權指示已識別資產之用途及從該用途獲得絕大部分經濟利益，則已給予控制權。

(i) 作為承租人

(A) 二零一九年一月一日起適用之政策

當合約包含租賃部分與非租賃部分，本集團選擇不區分非租賃部分及將所有租賃之各租賃部分及任何相關非租賃部分入賬列為單一租賃部分。

於租賃開始日期，本集團確認使用權資產及租賃負債，惟租賃期為12個月或以下的短期租賃以及低價值資產的租賃除外。倘本集團就低價值資產訂立租賃，則本集團決定是否按個別租賃基準將租賃資本化。與該等未資本化租賃相關之租賃付款於租期內按系統基準確認為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(A) Policy applicable from 1 January 2019 (Cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(A) 二零一九年一月一日起適用之政策 (續)

倘租賃已資本化，租賃負債初步按租期內應付租賃付款之現值確認，並採用租賃中所內含之利率貼現，倘該利率不易釐定，則使用相關增量借貸利率。於初步確認後，租賃負債按攤銷成本計量，而利息開支使用實際利率法計算。計量租賃負債時，不依賴指數或利率之可變租賃款項並不包括在內，因此自其所產生會計期間之損益內扣除。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(A) Policy applicable from 1 January 2019 (Cont'd)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 3(g) and 3(j)(iii)), except for the following types of right-of-use asset:

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(A) 二零一九年一月一日起適用之政策 (續)

於租賃初步按成本計量時確認使用權資產，該成本包括租賃負債之初步金額加上於開始日期或之前作出之任何租賃付款，以及產生之任何初步直接成本。於適用情況下，使用權資產成本亦包括拆除及移除相關資產或恢復相關資產或該資產所在地之估計成本，並貼現至彼等之現值再減任何已收租賃優惠。使用權資產其後按成本減累計折舊及減值虧損列賬（見附註3(g)及3(j)(iii)），惟以下使用權資產類別除外：

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(A) Policy applicable from 1 January 2019 (Cont'd)

- right-of-use assets that meet the definition of investment property are carried at fair value;
- right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

3. 重大會計政策(續)

(d) 租賃資產(續)

(i) 作為承租人(續)

(A) 二零一九年一月一日起適用之政策(續)

- 符合投資物業定義之使用權資產按公平值入賬;
- 與租賃土地及樓宇有關之使用權資產(當中本集團為租賃權益之登記擁有人)按公平值入賬;及
- 與租賃土地權益有關之使用權資產(當中土地之權益作為存貨持有)按成本與可變現淨值之較低者入賬。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(A) Policy applicable from 1 January 2019 (Cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(A) 二零一九年一月一日起適用之政策 (續)

倘指數或利率變動引致未來租賃付款變動，或本集團根據餘值擔保預期應付款項之估計有所變動，或當重新評估本集團是否將合理確定行使購買、續期或終止選擇權而產生變動，則會重新計量租賃負債。當租賃負債以此方式重新計量，則就使用權資產之賬面值作出相應調整，或倘使用權資產之賬面值減至零，則於損益入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease; and

3. 重大會計政策(續)

(d) 租賃資產(續)

(i) 作為承租人(續)

(B) 於二零一九年一月一日前適用之政策

於比較期間，倘租賃將所有權之絕大部分風險及回報轉移至本集團，則本集團作為承租人將有關租賃分類為融資租賃。並無將所有權之絕大部分風險及回報轉移至本集團的租賃乃分類為經營租賃，惟以下例外情況除外：

- 另行符合投資物業定義之根據經營租賃持有的物業按個別物業基準分類為投資物業，倘已獲分類為投資物業，則猶如根據融資租賃持有入賬；及

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綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019 (Cont'd)

- land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(B) 於二零一九年一月一日前適用之政策 (續)

- 就根據經營租賃持作自用之土地而言，如其公平值不能夠與訂立租賃時建於其上之樓宇之公平值分開計量，將作為根據融資租賃持有者入賬，惟有關樓宇亦根據經營租賃明確持有則除外。就此而言，訂立租賃時指本集團首次訂立租賃之時，或自前承租人接收時。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019 (Cont'd)

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in note 3(g). Impairment losses were accounted for in accordance with the accounting policy as set out in note 3(j)(iii). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(B) 於二零一九年一月一日前適用之政策 (續)

倘本集團乃根據融資租賃收購資產的使用權，則以相當於租賃資產之公平值或(如為較低者)該資產的最低租賃付款現值確認為物業、機器及設備，而扣除融資費用後的相應負債則列賬列為融資租賃承擔。折舊乃於有關租期或倘本集團將很可能取得資產的所有權，則於附註3(g)所載資產的年期撇銷資產成本或估值的比率計提撥備。減值虧損按附註3(j)(iii)所載列的會計政策列賬。租賃付款內含的融資費用乃於租期內的損益扣除，以使各個會計期間的承擔結餘所負擔的定期利率大致相若。或然租金將於產生之會計期間計入損益。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

(B) Policy applicable prior to 1 January 2019 (Cont'd)

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

Right-of-use assets are amortised on a straight line basis over the shorter of lease terms and estimated useful lives of the assets are as follows:

Leasehold land	50 years
Leased properties	2-30 years

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(i) 作為承租人 (續)

(B) 於二零一九年一月一日前適用之政策 (續)

倘本集團根據經營租賃獲得資產的使用權，則根據租賃作出的付款會於租期所涵蓋的會計期間內以等額分期形式計入損益，惟如有其他基準可更清楚地反映租賃資產所產生的收益模式則除外。所獲得的租賃優惠均於損益內確認為所作出的總租賃付款淨額的組成部份。或然租金將於產生之會計期間計入損益。

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）按直線法攤銷如下：

租賃土地	50年
租賃物業	2-30年

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Leased assets (Cont'd)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 3(d)(i), then the Group classifies the sub-lease as an operating lease.

3. 重大會計政策 (續)

(d) 租賃資產 (續)

(ii) 作為出租人

本集團作為出租人時，其在租賃開始時將每項租賃釐定為融資租賃或經營租賃。倘其將相關資產所有權附帶的絕大部分風險及回報轉移至承租人，則租賃分類為融資租賃。如不屬此情況，則租賃分類為經營租賃。

當合約包含租賃及非租賃部分，本集團按相對獨立的銷售價格將合約中代價分配予各部分。

倘本集團為中間出租人，經參考主租賃產生的使用權資產，分租被分類為融資租賃或經營租賃。倘主租賃為短期租賃，而本集團對此應用附註3(d)(i)所述之豁免，則本集團將分租分類為經營租賃。

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綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3(t)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (“ECL”) in accordance with the policy set out in note 3(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 3(l)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 3(t)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 3(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 3(t)).

3. 重大會計政策 (續)

(e) 合約資產及合約負債

倘本集團於根據合約所載支付條款無條件符合資格收取代價之前確認收益(見附註3(t))，即確認合約資產。合約資產根據附註3(j)(i)所載政策就預期信貸虧損(「預期信貸虧損」)進行評估，並於收取代價的權利成為無條件時重新分類為應收款項(見附註3(l))。

倘客戶於本集團確認相關收益之前支付代價，即確認合約負債(見附註3(t))。倘本集團擁有無條件權利可於本集團確認相關收益之前收取代價，亦將確認合約負債。在該等情況下，亦將確認相應的應收款項(見附註3(l))。

就與客戶訂立的單一合約而言，會呈列合約資產淨值或合約負債淨額。就多重合約而言，不會按淨額基準呈列不相關合約的合約資產及合約負債。

倘合約包括重大融資部分，合約餘額包括根據實際利息法計算的應計利息(見附註3(t))。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 3(t)(iv)).

3. 重大會計政策(續)

(f) 於債務及股本證券之其他投資

本集團有關債務及股本證券(於附屬公司、聯營公司及合營企業之投資除外)之投資之政策載於下文。

本集團在承諾購入/出售投資之日確認/終止確認債務及股本證券投資。投資初步按公平值加直接應佔交易成本列賬，惟按公平值計入損益(「按公平值計入損益」)列賬之投資除外，該等投資之交易成本直接於損益內確認。該等投資其後根據其分類按以下方法入賬。

於股本投資以外的投資

本集團持有的非股本投資將分類為以下其中一個計量類別：

- 按攤銷成本，倘持有投資的目的為收現合約現金流量，即僅為支付本金及利息。投資所得之利息收入將使用實際利率法計算(見附註3(t)(iv))。

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綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Other investments in debt and equity securities (Cont'd)

Investments other than equity investments (Cont'd)

- fair value through other comprehensive income (“FVOCI”) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

3. 重大會計政策 (續)

(f) 於債務及股本證券之其他投資 (續)

於股本投資以外的投資 (續)

- 按公平值計入其他全面收益 (「按公平值計入其他全面收益」) (可撥回), 倘投資的合約現金流僅包括本金及利息付款, 且投資乃於其目的為收取合約現金流量及出售的業務模式中持有。公平值的變動於其他全面收益中確認, 惟的預期信貸虧損、利息收入 (使用實際利率法計算) 及匯兌收益及虧損於損益中確認。當投資被終止確認, 於其他全面收益累計的金額從權益撥回至損益。
- 按公平值計入損益 (按公平值計入損益), 倘投資不符合按攤銷成本計量或按公平值計入其他全面收益 (可撥回) 的準則。投資的公平值變動 (包括利息) 於損益中確認。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Other investments in debt and equity securities (Cont'd)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

3. 重大會計政策 (續)

(f) 於債務及股本證券之其他投資 (續)

股本投資

於股本證券的投資分類為按公平值計入損益，除股本投資並非持作買賣用途，且於初次確認投資時，本集團作出選擇，指定投資為按公平值計入其他全面收益（不可撥回），以致公平值的後續變動於其他全面收益確認。該等選擇乃按個別工具基準作出，惟僅當發行人認為投資符合權益定義時方可作出。於作出有關選擇後，於其他全面收益累計之金額繼續保留於公平值儲備（不可撥回），直至投資被出售。於出售時，於公平值儲備（不可撥回）累計金額轉撥至保留溢利，而非透過損益撥回。股本證券投資所得股息（不論分類為按公平值計入損益或按公平值計入其他全面收益）於損益中確認為其他收入。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3(j)(iii)):

- buildings held for own use which are situated on leasehold land classified as held under operating leases (note 3(d)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3(v)).

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

No depreciation is provided in respect of construction in progress.

3. 重大會計政策 (續)

(g) 物業、廠房及設備

以下物業、廠房及設備項目以成本減累計折舊及減值虧損列賬 (見附註3(j)(iii)):

- 位於租賃土地上持作自用的樓宇分類為經營租賃項下持有 (附註3(d)); 及
- 其他廠房及設備項目。

物業、廠房及設備自建項目的成本包括原料成本、直接工資 (按最初估計 (倘相關))、拆卸與搬運有關項目的成本及項目所在場地的清理費, 以及應佔部份之製作費用及借貸成本 (見附註3(v))。

報廢或出售物業、廠房及設備項目所產生的損益以該項目的出售所得款項淨額與其賬面值之間的差額釐定, 並於報廢或出售當日在損益內予以確認。

在建工程概不計提任何折舊。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Property, plant and equipment (Cont'd)

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

- Buildings and other infrastructure held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 20-50 years after the date of completion.
- Machinery 5 – 15 years
- Motor vehicles 3 – 5 years
- Office equipment and others 3 – 10 years

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

3. 重大會計政策(續)

(g) 物業、廠房及設備(續)

物業、廠房及設備項目折舊按下列估計可使用年期，在扣除其估計剩餘價值(如有)後，以直線法撇銷其成本或估值計算如下：

- 位於租賃土地上持作自用的樓宇及其他基礎設施按未屆滿的租期及估計可使用年期折舊，並以時間較短者為準，為竣工當日後20至50年。
- 機器 5 – 15年
- 汽車 3 – 5年
- 辦公室設備及其他 3 – 10年

倘物業、廠房及設備項目部分的可使用年期不同，項目成本或估值於各部分之間按合理基準分配，而各部分將分開計算折舊。資產可使用年期及其剩餘價值(如有)會每年審閱。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 3(v)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 3(j)(iii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 3(j)(iii)).

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for the use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (see note 3(j)(iii)).

3. 重大會計政策 (續)

(h) 無形資產 (商譽除外)

研究活動之開支乃於產生期間確認作開支。倘產品或過程在技術上及商業上可行，且本集團具備充裕資源並有意完成開發工作，則開發活動之開支將予以資本化。資本化之開支包括物料成本、直接勞工以及適當比例之間接成本及借貸成本（倘適用）（見附註3(v)）。資本化之開發成本乃按成本值減累計攤銷及減值虧損（見附註3(j)(iii)）列賬。其他開發開支乃於產生期間確認作開支。

本集團所收購具有有限估計可使用年期的無形資產以成本減累計攤銷及減值虧損列賬（見附註3(j)(iii)）。

本集團於有權就使用經營基礎設施收費時，確認服務經營權安排產生的無形資產。作為於服務經營權安排中提供建設或升級服務的代價而獲得的無形資產於初始確認時參考所提供服務的公平值按公平值計量。於初始確認後，有關無形資產按成本減累計攤銷及累計減值虧損計量（見附註3(j)(iii)）。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Intangible assets (other than goodwill) (Cont'd)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the end users for the use of the infrastructure to the end of the concession period. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Supply of industrial water operation right	15 years
— 供應工業用水經營權	15年
– Wastewater treatment plants operation rights	15 – 20 years
— 污水處理設施經營權	15 – 20年
– Sludge and solid waste treatment operation rights	15 – 30 years
— 污泥及固體廢物處理經營權	15 – 30年
– Hazardous waste treatment operation rights	15 – 20 years
— 危險廢物處理經營權	15 – 20年

Both the period and method of amortisation are reviewed annually.

3. 重大會計政策(續)

(h) 無形資產(商譽除外)(續)

具有有限使用年期的無形資產按直線法於資產估計使用年期內攤銷計入損益。屬服務經營權安排的無形資產的估計使用年限為自本集團可向終端用戶就使用有關基礎設施收費之時至該經營權期滿止。以下具有有限使用年期的無形資產自可供使用日期起攤銷，估計使用年期如下：

攤銷期及攤銷方法均按年度進行檢討。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Segment reporting

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

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

3. 重大會計政策 (續)

(i) 分部報告

經營分部及財務報表所呈報的各分部項目金額，乃根據就分配資源予本集團各業務及地區分部及評估其表現而定期提拱予本集團最高行政管理人員的財務資料確定。

就財務報告而言，個別重要經營分部不會綜合呈報，除非此等分部具有類似經濟特徵以及在產品及服務性質、生產程式性質、客戶類型或類別、分銷產品或提供服務所採用的方式及監管環境性質方面類似。倘個別並非屬重大的經營分部共同存在上述大部分特徵，則可綜合計算。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables; and
- contract assets as defined in HKFRS 15 (see note 3(e));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

3. 重大會計政策(續)

(j) 信貸虧損及資產減值

(i) 金融工具及合約資產之信貸虧損

本集團就下列各項之預期信貸虧損確認虧損撥備：

- 按攤銷成本計量之金融資產(包括現金及現金等價物以及貿易及其他應收款項);及
- 香港財務報告準則第15號所界定之合約資產(見附註3(e));

預期信貸虧損計量

預期信貸虧損乃以概率加權估計之信貸虧損。信貸虧損以所有預期現金短缺(即根據合約應付予本集團之現金流量及本集團預期收取之現金流量之間的差額)之現值計量。

倘貼現影響屬重大, 預期短缺現金將使用以下貼現率貼現：

- 固定利率金融資產、貿易及其他應收款項及合約資產：初始確認釐定時之實際利率或其近似值；
- 浮動利率金融資產：當前實際利率；

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Measurement of ECLs (Cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(i) 金融工具及合約資產之信貸虧損 (續)

預期信貸虧損計量 (續)

於估計預期信貸虧損時考慮之最長期間為本集團承受信貸風險之最長合約期間。

在計量預期信貸虧損時，本集團考慮合理及有理據而毋須付出不必要之成本或努力獲得之資料。這包括過去事件、當前狀況和未來經濟狀況預測等資料。

預期信貸虧損基於下列其中一個基準計量：

- 12個月預期信貸虧損：預期於報告日期後12個月內可能發生之違約事件而導致之虧損；及

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Measurement of ECLs (Cont'd)

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

3. 重大會計政策(續)

(j) 信貸虧損及資產減值(續)

(i) 金融工具及合約資產之信貸虧損(續)

預期信貸虧損計量(續)

- 整個存續期之預期信貸虧損：預期於採用預期信貸虧損模式之項目在預期年限內所有可能發生之違約事件而導致之虧損。

應收貿易款項及合約資產之虧損撥備一般乃按等同於整個存續期之預期信貸虧損之金額計量。這些金融資產之預期信貸虧損是利用基於本集團過往信貸虧損經驗之撥備矩陣進行估算，並按於報告日期債務人之個別因素及對當前及預測整體經濟狀況之評估進行調整。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Measurement of ECLs (Cont'd)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(i) 金融工具及合約資產之信貸虧損 (續)

預期信貸虧損計量 (續)

對於所有其他金融工具 (包括已發行之貸款承諾), 本集團確認相當於12個月預期信貸虧損之虧損撥備, 除非自初始確認以來金融工具之信用風險顯著增加, 在這種情況下, 虧損撥備計量等於整個存續期之預期信貸虧損之金額。

信貸風險大幅上升

評估金融工具之信貸風險自初始確認以來有否大幅上升時, 本集團會比較於報告日期及於初始確認日期評估之金融工具發生違約之風險。作出該重新評估時, 本集團認為, 倘借款人不大可能在本集團無追索權採取變現抵押 (如持有) 等行動之情況下向本集團悉數支付其信貸承擔, 則發生違約事件。本集團會考慮合理可靠之定量及定性資料, 包括過往經驗及在無需付出過多成本或努力下即可獲得之前瞻性資料。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Significant increases in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

3. 重大會計政策(續)

(j) 信貸虧損及資產減值(續)

(i) 金融工具及合約資產之信貸虧損(續)

信貸風險大幅上升(續)

具體而言，評估信貸風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信貸測評之實際或預期顯著惡化(如有)；
- 債務人經營業績之實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境之目前或預期變動對債務人履行其對本集團責任之能力有重大不利影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(i) 金融工具及合約資產之信貸虧損 (續)

信貸風險大幅上升 (續)

取決於金融工具之性質，信貸風險大幅上升之評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同之信貸風險特徵（如逾期狀況及信貸風險評級）進行分組。

預期信貸虧損於各報告日期進行重新計量以反映金融工具自初始確認以來之信貸風險變動。預期信貸虧損金額之任何變動均於損益中確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對彼等之賬面值作出相應調整。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Basis of calculation of interest income

Interest income recognised in accordance with note 3(t)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (that is, the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. 重大會計政策(續)

(j) 信貸虧損及資產減值(續)

(i) 金融工具及合約資產之信貸虧損(續)

計算利息收益之基準

根據附註3(t)(iv)確認之利息收入乃根據金融資產之總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入乃根據金融資產之攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響之事件時，金融資產出現信貸減值。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Basis of calculation of interest income (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

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

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(i) 金融工具及合約資產之信貸虧損 (續)

計算利息收益之基準 (續)

金融資產出現信貸減值之證據包括以下可觀察事件：

- 債務人有重大財務困難；
- 違約，例如拖欠或未能償還利息或本金；
- 借款人可能破產或進行其他財務重組；
- 技術、市場、經濟或法律環境出現重大變動而對債務人造成不利影響；或
- 由於發行人出現財務困難，證券活躍市場消失。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and contract assets (Cont'd)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. 重大會計政策(續)

(j) 信貸虧損及資產減值(續)

(i) 金融工具及合約資產之信貸虧損(續)

撤銷政策

若日後實際上不可收回款項，則會撤銷(部分或全部)金融資產、租賃應收款項或合約資產之總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量之收入來源來償還應撤銷之金額。

隨後收回先前撤銷之資產於收回期間在損益內確認為減值撥回。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(ii) 已發出財務擔保之信貸虧損

財務擔保為要求發行人(即擔保人)根據債務工具的條款支付特定款項就擔保的受益人(「持有人」)因特定債務人於到期時未能付款而蒙受的損失向持有人作出補償的合約。

已發出的融資擔保最初按公平值於「貿易及其他應付款項」確認，其公平值乃參照公平交易下提供類似服務收取的費用而釐定，前提是有關費用信息可知，或參照利率差釐定，方式為比較債權人於擔保作出後實際收取的費用或倘擔保未作出債權人可能收取的費用進行估算，得出有關費用的可靠信息。倘在發出該擔保時收取或可收取代價，該代價則根據適用於該類資產的本集團政策而予確認。倘沒有有關尚未收取或應予收取的代價，即確認當期費用。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (that is, the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 3(j)(i) apply.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(ii) 已發出財務擔保之信貸虧損 (續)

初始確認後，最初確認為遞延收入的金額按擔保年期於損益表內攤銷為發出的融資擔保收入。

本集團監察特定債務人違約的風險，並於融資擔保的預期信貸虧損確定為高於擔保的「貿易及其他應付款項」中的金額（即初始確認金額減累計攤銷）時確認撥備。

為釐定預期信貸虧損，本集團會考慮指定債務人自發出擔保以來之違約風險變動，並會計量12個月之預期信貸虧損，惟在指定債務人自發出擔保以來之違約風險大幅增加之情況下除外，在此情況下，則會計量整個存續期之預期信貸虧損。附註3(j)(i)所述之相同違約定義及信貸風險大幅增加之相同評估標準適用於此。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(ii) 已發出財務擔保之信貸虧損 (續)

由於本集團僅須於根據獲擔保工具之條款指定債務人違約時作出付款，故預期信貸虧損乃按預期就補償持有人產生之信貸虧損而作出之付款，減本集團預期從擔保持有人（指定債務人或任何其他人士）收取之任何款項估計。有關金額其後將使用現時之無風險利率貼現，並就現金流量之特定風險作出調整。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets

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

- property, plant and equipment including the right-of-use assets;
- lease prepayments;
- intangible assets;
- goodwill; and
- Interest in subsidiaries, associates and joint ventures.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

3. 重大會計政策(續)

(j) 信貸虧損及資產減值(續)

(iii) 其他非流動資產減值

於各報告期末會審閱內部及外界所得資料，以識別以下資產或會減值或(商譽除外)過往所確認的減值虧損不再存在或可能已減少的跡象：

- 物業、廠房及設備，包括使用權資產；
- 租賃預付款項；
- 無形資產；
- 商譽；及
- 於附屬公司、聯營公司及合營企業的權益。

倘存在任何該等跡象，則估計資產的可收回數額。此外，就商譽、未可供使用的無形資產及具有無限可使用年期的無形資產而言，其可收回金額會每年進行估計(無論是否存在任何減值跡象)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(iii) 其他非流動資產減值 (續)

– 計算可收回金額

資產的可收回金額乃指公平值減出售成本與使用價值兩者中的較高者。在評估使用價值時，估計日後現金流量乃根據除稅前貼現率貼現至現值，而該貼現率須能反映市場現行對款項的時間價值及資產獨有風險的評估。倘某項資產的現金流入大致上不能獨立於其他資產的現金流入，則就可獨立產生現金流入的最小資產組別（即現金產生單位）釐定可收回金額。

– 確認減值虧損

倘資產或其所屬的現金產生單位的賬面值超過其可收回數額，則於損益確認減值虧損。就現金產生單位確認的減值虧損而言，其首先用作減少已分配至現金產生單位（或單位類別）的任何商譽的賬面值，其後按比例用作減少其他資產單位（或單位類別）的賬面值，惟資產的賬面值不得減少至低於其個別公平值減出售成本（如能計量）或使用價值（如能釐定）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

– Reversals of impairment losses

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

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

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 3(j)(i) and 3(j)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

3. 重大會計政策 (續)

(j) 信貸虧損及資產減值 (續)

(iii) 其他非流動資產減值 (續)

– 減值虧損撥回

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

減值虧損撥回限於該資產並未計算過往年度所確認的減值虧損時的賬面值。減值虧損撥回的數額於確認有關撥回的年度計入損益內。

(iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須就財政年度的首六個月編製符合香港會計準則第34號中期財務報告規定的中期財務報告。本集團在中期期末採用了在財政年度終結時會採用的相同減值測試、確認和轉回準則（見附註3(j)(i)和3(j)(ii)）。

於中期期間內就商譽確認的減值虧損不會在後續期間轉回。倘若在中期期間相關的財政年度完結時才評估減值，則不會確認虧損或確認較少虧損，即使在此情況下亦不會轉回減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Inventories

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

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

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

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

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 3(e)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 3(j)(i)).

3. 重大會計政策 (續)

(k) 存貨

存貨按成本及可變現淨值中的較低者入賬。

成本值以加權平均成本法計算，並包括所有採購成本、兌換成本及將存貨運至現址和變成現狀的其他成本。

可變現淨值為估計正常商業情況下售價減去預計為完成生產所需的成本及為完成銷售所需費用。

當存貨出售時，該等存貨的賬面值於相關收入確認期間確認為支出。當發生須將存貨沖減至可變現淨值的情況或出現存貨虧損時，沖減金額及所有存貨虧損作為沖減時期支出入賬。

(l) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收益已於本集團有無條件收取代價之前確認，則該金額呈列為合約資產（見附註3(e)）。

應收款項採用實際利率法減信貸虧損撥備，按攤銷成本列賬（見附註3(j)(i)）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 3(v)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 3(j)(ii), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

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

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

3. 重大會計政策(續)

(m) 附息借款

附息借款於起始時以公平值減交易成本確認。於初始確認後，附息借款使用實際利率法以攤銷成本列賬。利息開支乃根據本集團有關借款成本之會計政策確認(見附註3(v))。

(n) 貿易及其他應付款項

貿易及其他應付款項最初按公平值確認。除金融擔保負債根據附註3(j)(ii)計量外，貿易及其他應付款項其後按攤銷成本列賬，若貼現影響屬輕微，則會按成本列賬。

(o) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行及其他金融機構的活期存款及短期而高流動性的投資，此等投資可隨時兌換為已知金額的現金，且所須承受的價值變動風險不大，並於購入當日起計三個月內到期。

(p) 僱員福利

(i) 短期僱員福利及界定供款退休計劃供款

薪金、年度花紅、帶薪年假、界定供款退休計劃供款及非金錢福利的成本於僱員提供服務的年度計提。倘因付款遞延而造成重大分別，有關數額則按現值列賬。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Employee benefits (Cont'd)

(ii) Termination benefits

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

(q) Share-based payments

The fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date by reference to the market price of the Company's shares.

(r) Income tax

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

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

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

3. 重大會計政策 (續)

(p) 僱員福利 (續)

(ii) 終止福利

終止福利於本集團不再能取消提供該等福利時及本集團確認涉及支付終止福利的重組成本時(以較早者為準)確認。

(q) 股份支付

授予僱員股份的公平價值會確認為僱員成本，並相應增加權益內的資本儲備。公平值於授予日期參考本公司股份的市價計量。

(r) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債的變動。即期稅項及遞延稅項資產及負債的變動均在損益內確認，惟其於其他全面收益中確認或直接於權益中確認的項目有關，則相關稅款須分別於其他全面收益中確認或直接於權益中確認。

即期稅項是按本年度應課稅收入，以於報告期末採用或主要採用的稅率計算的預期應繳稅項，及任何有關以往年度應繳稅項的調整。

遞延稅項資產及負債乃因作財務報告用途的資產及負債賬面值與作稅基用途的資產及負債賬面值兩者的可予扣減及應課稅的暫時差異所產生。遞延稅項資產亦可由未經使用的稅務虧損及未經使用的稅項抵免所產生。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income tax (Cont'd)

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

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

3. 重大會計政策 (續)

(r) 所得稅 (續)

除了若干有限的例外情況外，所有遞延稅項負債及所有遞延稅項資產（僅限於將來可能取得應課稅溢利而令該項資產得以運用的部分）均予確認。容許確認由可予扣減暫時差異所產生的遞延稅項資產的未來應課稅溢利包括其將由目前的應課稅暫時差異撥回產生的部分，而該等差異應由同一稅務當局向同一應課稅單位徵收，並預期在可予扣減暫時差異預期撥回的同一年間內撥回或在由遞延稅項資產產生的稅務虧損能轉回或轉入的期間內撥回。在評定目前的應課稅暫時差異是否容許確認由未經使用的稅務虧損及抵免所產生的遞延稅項資產時採用上述相同的標準，即該等暫時差異由同一稅務當局向同一應課稅單位徵收，並預期在稅務虧損或抵免能應用的期間內撥回方計算在內。

確認遞延稅項資產及負債的有限例外情況為不可在稅務方面獲得扣減的商譽所產生的暫時差異、首次確認但並不影響會計溢利及應課稅溢利的資產或負債（惟其不可為企業合併的一部分），以及有關於附屬公司投資的暫時差異；如為應課稅差異，只限於本集團可以控制撥回時間，且在可預見將來不大可能撥回的暫時差異或如為可予扣減差異，則只限於可能在未來撥回的差異。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income tax (Cont'd)

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

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

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

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

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

3. 重大會計政策 (續)

(r) 所得稅 (續)

已確認遞延稅項數額是按照資產及負債賬面值的預期變現或清償方式，以報告期末採用或主要採用的稅率計算。遞延稅項資產及負債均不貼現。

各報告期末會檢討遞延稅項資產的賬面值。如果不再可能取得足夠的應課稅溢利以運用有關的稅務利益，賬面值則予以調低。如可能取得足夠的應課稅溢利，已扣減金額則予以撥回。

來自派發股息的額外所得稅於確認派付相關股息的負債時確認。

即期稅項結餘及遞延稅項結餘及其變動，乃各自分開列示及並無相互抵銷。若本公司或本集團在法律上擁有抵銷即期稅項資產及即期稅項負債的行使權利及能符合下列額外條件，則即期稅項資產可抵銷即期稅項負債，及遞延稅項資產可抵銷遞延稅項負債：

- 若為即期稅項資產及負債：本公司或本集團計劃以淨額清償，或計劃同時變現資產和清償負債；或

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Income tax (Cont'd)

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

(s) Provisions and contingent liabilities

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

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

3. 重大會計政策 (續)

(r) 所得稅 (續)

- 若為遞延稅項資產及負債：如其與同一稅務當局向下述者徵收的所得稅有關：
 - 同一應課稅實體；或
 - 如為不同的應課稅實體，預期在未來每一個週期將清償或收回顯著數目的遞延稅項負債或資產及計劃以淨額基準變現即期稅項資產及清償即期稅項負債或計劃同時變現即期稅項資產及清償即期稅項負債。

(s) 撥備及或有負債

倘本集團須就過去的事件承擔法定或推定責任，而履行該責任可能須動用可靠估計的經濟利益，則會確認撥備。倘貨幣時間價值重大，則撥備乃按預期履行責任所需開支的現值列賬。

倘動用經濟利益的可能性不大，或無法可靠估計有關數額，則將該責任披露為或然負債，惟倘動用經濟利益的可能性極低者則除外。須視乎一件或多件未來事件是否發生方能確定存在與否的潛在責任，亦會披露為或然負債，惟倘動用經濟利益的可能性極低者則除外。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Revenue recognition

Income is classified by the Group as revenue when it arises from the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Provision of service

Revenue from the provision of services is recognised when the relevant services has been provided.

3. 重大會計政策 (續)

(t) 收益確認

當本集團日常的業務過程中產生收入，本集團將收入分類為收益。

當產品或服務的控制權轉移至客戶或承租人有權使用資產時，按本集團將有權授權的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，乃經扣除任何貿易折扣。

倘合約載有向客戶提供融資福利超過12個月的融資部分，收益按應收款項的現值計量，採用將於與客戶的單獨融資交易中反映的貼現率進行貼現，而利息收入則按實際利率法單獨應計。倘合約載有向本集團提供重大融資福利的融資部分，則根據合約確認的收益包括採用實際利率法就合約負債應計的利率開支。本集團利用香港財務報告準則第15號第63段的實際權益方法，並不調整在融資期間為12個月或以下情況下重大融資部分任何影響的代價。

有關本集團收益及其他收入確認政策的進一步詳情如下：

(i) 提供服務

提供服務的收益於已提供相關服務時確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Revenue recognition (Cont'd)

(ii) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the goods. If the goods are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

In the comparative period, revenue from sales of goods was recognised when the goods were delivered to the customers' premises, which was taken to be the point in time when the customer had accepted the goods and the related risks and rewards of ownership.

(iii) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, that is, based on the proportion of the actual costs incurred relative to the estimated total costs.

3. 重大會計政策 (續)

(t) 收益確認 (續)

(ii) 銷售貨物

收益於客戶擁有及接受商品時確認。如果相關貨物為涵蓋其他商品和／或服務的合約的一部分，所確認的收益金額是按合約交易總價的適當比例計算，並以相對獨立的銷售價格為基礎，在相關合約承諾的所有貨物和服務之間進行分配。

於比較期間，銷售貨物收益是在貨物送達客戶處所時（即客戶已收取貨品及所有權相關風險與報酬當時）確認。

(iii) 建築合約

當與客戶的合約與受客戶控制的房地產資產的工程有關，則本集團將該合約分類為建築合約，因而本集團創立或提升資產的建築活動受客戶控制。

倘若一項建築合約的成果能夠可靠地估計，來自合約的收益使用成本法（即按已產生的實際成本相對於估計總成本的比例）隨時間逐漸確認。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Revenue recognition (Cont'd)

(iii) Construction contracts (Cont'd)

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in note 3(s).

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (that is, gross carrying amount net of loss allowance) of the asset (see note 3(j)(i)).

3. 重大會計政策 (續)

(t) 收益確認 (續)

(iii) 建築合約 (續)

本集團就提早完成而賺取的合約獎勵或因延遲完工而遭受合約罰款的可能性於作出該等估計時考慮，因此，僅在已確認累計收益金額大幅撥回很可能不會發生時方會確認收益。

當合約的結果不能可靠計量時，僅在所產生的合約成本預期將會收回時方會確認收益。

倘於任何時間估計完成合約成本超過合約代價其餘金額，則根據附註3(s)所載政策確認撥備。

(iv) 利息收入

利息收入按實際利息法於產生時確認。就按攤銷成本或按公平值計入其他全面收益(可撥回)計量且並無信貸減值的金融資產而言，實際利率適用於資產的總賬面值。就信貸減值的金融資產而言，實際利率適用於資產的攤銷成本(即總賬面值減虧損撥備)(見附註3(j)(i))。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Revenue recognition (Cont'd)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets and liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the date fair value was measured.

3. 重大會計政策 (續)

(t) 收益確認 (續)

(v) 政府補助

倘可合理確定能夠收取政府補助，而本集團將符合政府補助的附帶條件，則政府補助將初步在財務狀況表中確認。至於補償本集團所產生開支的補助，乃於產生開支的同一期間有系統地於損益中確認為收入。補償本集團資產成本的補助，乃在相關資產賬面值中扣除，其後於該資產的可用年限內以減少折舊開支方式於損益中實際確認。

(u) 換算外幣

年內的外幣交易按交易日的匯率換算。以外幣計值的貨幣資產及負債則按報告期末的匯率換算。匯兌盈虧於損益中確認。

以外幣按歷史成本計量的非貨幣資產及負債乃採用交易日的匯率換算。交易日為本公司初始確認該等非貨幣資產或負債之日期。以外幣入賬的非貨幣資產及負債以公平值列賬，並按公平值計量當日的外匯匯率換算。

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Translation of foreign currencies (Cont'd)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

(v) Borrowing costs

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

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

3. 重大會計政策 (續)

(u) 換算外幣 (續)

海外經營業務業績按與交易當日的匯率相若的匯率換算為港元。財務狀況表項目按報告期末的收市匯率換算為港元。所導致的匯兌差額已於分別確認為其他全面收益及在權益中的匯兌儲備內累積。

出售海外業務後並確認出售之損益時，累計之匯兌差額會自權益重新分類至損益。

(v) 借貸成本

直接歸入購買或建設一項需要相當長時間才能用於指定用途的資產的借貸成本，會資本化作為該項資產的部分成本。其他借貸成本於產生期間確認為費用。

借貸成本在資產開支產生、借貸成本產生及使資產達致擬定用途所必需的活動正在進行時，作為合資格資產的一部分成本而予以資本化。在使資產達致擬定用途所必需的絕大部分活動中斷或完成時，借貸成本暫停或終止資本化。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

3. 重大會計政策(續)

(w) 持作出售之非流動資產及已終止經營業務

(i) 持作出售之非流動資產

倘非流動資產(或出售組別)之賬面值很有可能將透過出售交易而非透過持續使用而收回,則會獲分類為持作出售,而該資產(或出售組別)於其現況下可供出售。出售組別指一組資產將於同一交易中被一併出售,而與該等資產有直接關連的負債將於該交易中轉移。

當本集團承諾之出售計劃涉及失去某附屬公司之控制權時,不論本集團是否將於出售后保留該附屬公司之非控股權益,該附屬公司之所有資產及負債於符合上述分類為持作出售之條件時會分類為持作出售。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Non-current assets held for sale and discontinued operations (Cont'd)

(i) Non-current assets held for sale (Cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

3. 重大會計政策 (續)

(w) 持作出售之非流動資產及已終止經營業務 (續)

(i) 持作出售之非流動資產 (續)

於緊接分類為持作出售前，非流動資產（及於出售組別內之所有個別資產及負債）之計量根據分類前之會計政策作出更新。其後於首次分類為持作出售及直至出售期間，非流動資產（不包括下列所闡釋之若干資產）或出售組別按其賬面值及公平值減銷售成本之較低者列賬。就本集團及本公司之財務報表而言，此計量政策之主要例外為遞延稅項資產、僱員福利產生之資產、財務資產（不包括於附屬公司、聯營公司及合營企業之投資）及投資物業。即使持作出售，該等資產將繼續根據附註3其他部分所載之會計政策計量。

於首次分類為持作出售及其後在持作出售期間重新計量之減值虧損於損益中確認。只要非流動資產仍獲分類為持作出售，或獲納入分類為持作出售之出售組別，則該非流動資產即不予折舊或攤銷。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Non-current assets held for sale and discontinued operations (Cont'd)

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3. 重大會計政策 (續)

(w) 持作出售之非流動資產及已終止經營業務 (續)

(ii) 已終止經營業務

終止經營為本集團業務的組成部分，其營運和現金流量可與本集團其餘業務明確分開，並代表業務或經營地域的一項獨立主要項目，或是出售業務或經營地域的一項獨立主要項目的單一協調計劃的一部分，或是一家僅為轉售而購入的附屬公司。

倘業務被出售或符合可分類為持作出售之準則（見上文(i)項）（以較早者為準），則分類為已終止經營業務。倘業務被廢止，亦會分類為已終止經營業務。

倘業務分類為已終止經營，則損益表中會呈列單一數額，當中包含：

- 已終止經營業務之除稅後溢利或虧損；及
- 就構成已終止經營業務之資產或出售組合計算公允價值減銷售成本（或於出售時），所確認之除稅後損益。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Related parties

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

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

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

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

3. 重大會計政策 (續)

(x) 關聯方

(a) 一名人士如符合以下條件，則該人士或該人士的直系親屬與本集團有關聯：

- (i) 控制或共同控制本集團；
- (ii) 對本集團有重大影響；或
- (iii) 為本集團或本集團母公司的主要管理層人員。

(b) 一家實體如符合下列任何條件，則該實體與本集團有關聯：

- (i) 該實體與本集團屬同一集團的成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關聯）。
- (ii) 一家實體為另一實體的聯營公司或合營企業（或另一實體所屬集團旗下成員公司的聯營公司或合營企業）。
- (iii) 兩家實體均為同一協力廠商的合營企業。
- (iv) 一家實體為協力廠商實體的合營企業，而另一實體為該協力廠商實體的聯營公司。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Related parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies: (Cont'd)
- (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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

3. 重大會計政策 (續)

(x) 關聯方 (續)

- (b) 一家實體如符合下列任何條件，則該實體與本集團有關聯：(續)
- (v) 該實體乃為本集團或與本集團有關聯的實體的僱員利益設立的離職福利計劃。
- (vi) 該實體受(a)所述人士控制或共同控制。
- (vii) (a)(i)所述人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 實體、或一個集團之任何成員公司(為集團之一部分)向本集團或本集團之母公司提供主要管理人員服務。

有關人士的直系親屬成員為預期買賣實體時，將影響該人士或受該人士影響的家族成員。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Except for HKFRS 16, *Lease*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

4. 採納新訂及經修訂香港財務報告準則

香港會計師公會已頒佈若干於本集團本會計期間首次生效之新訂香港財務報告準則及香港財務報告準則之修訂。除香港財務報告準則第16號租賃外，概無發展對本集團於本年度或過往年度之業績及財務狀況之編製或呈列方式造成重大影響。

香港財務報告準則第16號取代香港會計準則第17號租賃及相關詮釋、香港（國際財務報告詮釋委員會）詮釋第4號釐定安排是否包括租賃、香港詮釋常務委員會詮釋第15號經營租賃－優惠及香港詮釋常務委員會詮釋第27號評估涉及租賃法律形式交易的內容。其就承租人引入單一會計模式，並規定承租人就所有租賃確認使用權資產及租賃負債，惟租期為十二個月或以下的租賃（「短期租賃」）及低價值資產的租賃除外。出租人會計規定沿用香港會計準則第17號，大致維持不變。

香港財務報告準則第16號亦引入額外定性及定量披露規定，旨在使財務報表使用者評估租賃對實體的財務狀況、財務表現及現金流量的影響。

本集團自二零一九年一月一日起首次應用香港財務報告準則第16號。本集團已選擇使用經修訂追溯法，因此已將首次應用之累計影響確認為對二零一九年一月一日之期初權益結餘的調整。比較資料並未重列，且繼續根據香港會計準則第17號呈報。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

4. 採納新訂及經修訂香港財務報告準則(續)

有關過往會計政策變動的性質及影響及所應用的過渡性選擇的進一步詳情載列如下：

(a) 租賃的新定義

租賃定義的變動主要與控制權的概念有關。香港財務報告準則第16號根據客戶是否在某一時段內控制已識別資產的使用(其可由指定使用量釐定)而對租賃作出定義。當客戶有權指示可識別資產的用途以及從該用途中獲得絕大部分經濟利益時,即已獲賦予控制權。

香港財務報告準則第16號內租賃的新定義僅適用於本集團於二零一九年一月一日或之後訂立或變更的合約。就於二零一九年一月一日之前訂立的合約而言,本集團已採用過渡性可行的權宜方法以豁免屬租賃或包含租賃的現有安排的過往評估。因此,先前根據香港會計準則第17號評估為租賃的合約繼續根據香港財務報告準則第16號入賬列為租賃,而先前評估為非租賃服務安排的合約則繼續入賬列為未生效合約。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. For an explanation of how the Group applies lessee accounting, see note 3(d).

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 10%.

4. 採納新訂及經修訂香港財務報告準則(續)

(b) 承租人會計處理方法及過渡影響

香港財務報告準則第16號剔除先前香港會計準則第17號要求承租人將租賃分類為經營租賃或融資租賃的規定。反之，當本集團為承租人，其須將所有租賃資本化，包括先前根據香港會計準則第17號分類為經營租賃的租賃，惟該等獲豁免短期租賃及低價值資產租賃除外。有關本集團如何應用承租人會計處理方法的詳情，請參閱附註3(d)。

於過渡至香港財務報告準則第16號當日(即二零一九年一月一日)，本集團釐定剩餘租期長短，並就先前分類為經營租賃之租賃按剩餘租賃付款現值計量租賃負債，使用於二零一九年一月一日之相關增量借款利率貼現。用於釐定剩餘租賃付款現值之加權平均增量借款利率為10%。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(b) Lessee accounting and transitional impact (Cont'd)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

4. 採納新訂及經修訂香港財務報告準則 (續)

(b) 承租人會計處理方法及過渡影響 (續)

為方便過渡香港財務報告準則第16號，本集團於首次應用香港財務報告準則第16號當日採用下列確認豁免及可行權宜方法：

- (i) 本集團已選擇不就租賃（其餘下租期於首次應用香港財務報告準則第16號當日起計12個月內屆滿（即租期於二零一九年十二月三十一日或之前結束））應用香港財務報告準則第16號有關確認租賃負債及使用權資產的規定；
- (ii) 於計量首次應用香港財務報告準則第16號當日之租賃負債時，本集團已對具有合理類似特徵的租賃組合（例如於類似經濟環境屬類似相關資產類別且剩餘租期相若的租賃）應用單一貼現率；及
- (iii) 當計量於首次應用香港財務報告準則第16號當日之使用權資產時，本集團依賴先前於二零一八年十二月三十一日對繁重合約條文作出之評估，以替代進行減值審閱。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(b) Lessee accounting and transitional impact (Cont'd)

The following table reconciles the operating lease commitments as disclosed in note 47(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

4. 採納新訂及經修訂香港財務報告準則 (續)

(b) 承租人會計處理方法及過渡影響 (續)

下表載列附註47(b)所披露於二零一八年十二月三十一日的經營租賃承擔與於二零一九年一月一日確認的租賃負債期初餘額之對賬：

		1 January 2019 二零一九年 一月一日 HK\$'000 千港元
Operating lease commitments at 31 December 2018	於二零一八年十二月三十一日的經營租賃承擔	97,487
Less: commitments relating to leases exempt from capitalisation:	減：與獲豁免資本化租賃有關的承擔：	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	– 短期租賃及餘下租期於二零一九年十二月三十一日或之前結束之其他租賃	(3,005)
– adjustment on commitments relating to a lease contract for assets to be expropriated by the local government	– 有關將被地方政府徵收資產之承擔之調整	(26,698)
		67,784
Less: total future interest expenses	減：未來利息開支總額	(9,467)
Total lease liabilities recognised at 1 January 2019	於二零一九年一月一日確認的租賃負債總額	58,317

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(b) Lessee accounting and transitional impact (Cont'd)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “obligations under finance leases”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

4. 採納新訂及經修訂香港財務報告準則(續)

(b) 承租人會計處理方法及過渡影響(續)

與先前分類為經營租賃的租賃相關的使用權資產已獲確認，其金額相等於餘下租賃負債的已確認金額，並透過於二零一八年十二月三十一日之財務狀況表內確認的與該租賃相關的任何預付或應計租賃付款金額進行調整。

就採納香港財務報告準則第16號對先前分類為融資租賃的租賃之影響而言，本集團毋須於首次應用香港財務報告準則第16號當日作出任何調整，惟改變結餘的說明除外。因此，該等款項取代「融資租賃承擔」，計入「租賃負債」，並將相應租賃資產的賬面值折舊確認為使用權資產。對權益的期初結餘並無影響。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(b) Lessee accounting and transitional impact (Cont'd)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

		Carrying amount at 31 December 2018 二零一八年十二月三十一日之賬面值 HK\$'000 千港元	Impact on adoption of HKFRS 16 採納香港財務報告準則第16號之影響 HK\$'000 千港元	Carrying amount at 1 January 2019 於二零一九年一月一日之賬面值 HK\$'000 千港元
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	綜合財務狀況表中受採納香港財務報告準則第16號影響之項目：			
Lease prepayments	租賃預付款項	263,992	(263,992)	-
Right-of-use assets	使用權資產	-	309,509	309,509
Total non-current assets	非流動資產總值	2,561,031	45,517	2,606,548
Provisions (current)	撥備(流動)	(93,167)	3,558	(89,609)
Lease liabilities (current)	租賃負債(流動)	-	(22,702)	(22,702)
Current liabilities	流動負債	(4,714,230)	(19,144)	(4,733,374)
Net current liabilities	流動負債淨額	(2,203,088)	(19,144)	(2,222,232)
Total assets less current liabilities	總資產減流動負債	357,943	26,373	384,316
Provisions (non-current)	撥備(非流動)	(9,242)	9,242	-
Lease liabilities (non-current)	租賃負債(非流動)	-	(35,615)	(35,615)
Total non-current liabilities	非流動負債總額	(207,805)	(26,373)	(234,178)
Net assets	資產淨值	150,138	-	150,138

(c) Impact on the financial results, segment results and cash flows of the Group:

After initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expenses accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

4. 採納新訂及經修訂香港財務報告準則 (續)

(b) 承租人會計處理方法及過渡影響 (續)

下表概述採納香港財務報告準則第16號對本集團綜合財務狀況表之影響：

(c) 對本集團財務業績、分部業績及現金流量之影響：

於二零一九年一月一日初始確認使用權資產及租賃負債後，本集團(作為承租人)須確認租賃負債尚未償還結餘應計之利息開支及使用權資產折舊，而非按先前政策於租期內按直線基準確認租金開支。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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截至二零一九年十二月三十一日止年度

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

(c) Impact on the financial results, segment results and cash flows of the Group: (Cont'd)

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

(d) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

4. 採納新訂及經修訂香港財務報告準則(續)

(c) 對本集團財務業績、分部業績及現金流量之影響：(續)

於現金流量表中，本集團（作為承租人）須將資本化租賃項下所付之租金分為資本部份及利息部份。該等部份分類為融資現金流出（與先前根據香港會計準則第17號分類為融資租賃之租賃處理方法相若），而非根據香港會計準則第17號以經營現金流出處理。雖然現金流量總額不受影響，採納香港財務報告準則第16號導致現金流量表內現金流量的呈列出現重大變動。

(d) 出租人會計處理方法

適用於本集團（作為出租人）的會計政策基本上與香港會計準則第17號項下者比較維持不變。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting ²
HKFRS 16 (Amendments)	COVID-19 related rent concessions ⁵

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約 ¹
香港財務報告準則第3號之修訂本	業務之定義 ²
香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港會計準則第1號及香港會計準則第8號之修訂本	重大之定義 ⁴
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂本	利率基準改革 ⁴
二零一八年財務報告概念框架	財務報告經修訂概念框架 ²
香港財務報告準則第16號之修訂本	與2019冠狀病毒疫症有關的租金優惠 ⁵

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Amendments to annual improvements project	Annual improvement 2018-2020 cycle ⁶
HKAS 16 (Amendments)	Proceeds before intended use ⁶
HKAS 37 (Amendments)	Cost of fulfilling a contract ⁶
HKFRS 3 (Amendments)	Reference to the conceptual framework ⁶
HKAS 1 (Amendments)	Presentation of financial statements on classification of liabilities ⁷

- ¹ Effective for annual periods beginning on or after 1 January 2021.
- ² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2020.
- ⁵ Effective for annual periods beginning on or after 1 June 2020.
- ⁶ Effective for annual periods beginning on or after 1 January 2022.
- ⁷ Effective for annual periods beginning on or after 1 January 2023.

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

年度改進項目 修訂本	二零一八年至二零二零年週期的年度改進 ⁶
香港會計準則 第16號之修訂本	達到擬定用途前的所得款項 ⁶
香港會計準則 第37號之修訂本	履行合約的成本 ⁶
香港財務報告準則 第3號之修訂本	概念框架的引用 ⁶
香港會計準則第1號 之修訂本	財務報表呈報的負債分類 ⁷

- ¹ 於二零二一年一月一日或之後開始之年度期間生效。
- ² 對收購日期為二零二零年一月一日或之後開始的首個年度期間開始時或之後的業務合併及資產收購生效。
- ³ 於待定期或之後開始的年度期間生效。
- ⁴ 於二零二零年一月一日或之後開始之年度期間生效。
- ⁵ 於二零二零年六月一日或之後開始之年度期間生效。
- ⁶ 於二零二二年一月一日或之後開始之年度期間生效。
- ⁷ 於二零二三年一月一日或之後開始之年度期間生效。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

除上述新訂及經修訂香港財務報告準則外，於二零一八年頒佈經修訂財務報告概念框架。其後續修訂香港財務報告準則中對概念框架的提述的修訂將於二零二零年一月一日或之後開始之年度期間生效。

除下文所述的新訂及經修訂香港財務報告準則外，本公司董事預計應用所有其他新訂及經修訂香港財務報告準則將不會於可見將來對綜合財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Amendments to HKFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

4. 採納新訂及經修訂香港財務報告準則(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第3號之修訂業務之定義

該等修訂：

- 加入選擇性的集中度測試，允許簡化所收購的一組活動及資產是否屬於業務的評估。可按個別交易基準選擇是否應用選擇性的集中度測試；
- 澄清所收購的一組活動及資產必須最少包括共同對創造產出能力有重大貢獻的投入及實質性流程，方會被視為業務；及
- 通透專注於向客戶所提供的貨品及服務，並移除對節省成本能力的提述，收窄業務及產出的定義。

該等修訂適用於收購日期為二零二零年一月一日或之後開始的首個年度報告期間開始當日或之後進行的所有業務合併及資產收購，惟獲准提早應用。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第10號及香港會計準則第28號之修訂投資者與其聯營公司或合營企業之間的資產出售或注資

香港財務報告準則第10號*綜合財務報表*及香港會計準則第28號*於聯營公司及合營企業之投資*之修訂處理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的情況。具體而言，修訂規定與以權益法入賬的一間聯營公司或一間合營企業，就失去一間並無包含業務的附屬公司的控制權的交易所帶來收益或虧損，於母公司之損益內確認，並僅以非相關投資者於該聯營公司或合營企業之權益為限。同樣地，已成為聯營公司或合營企業（以權益法入賬）之任何前附屬公司所保留之投資的重新計量至公平值所帶來的收益及虧損，於前母公司之損益內確認，並僅以非相關投資者於新聯營公司或合營企業之權益為限。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

4. 採納新訂及經修訂香港財務報告準則(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港會計準則第1號及香港會計準則第8號之修訂重大之定義

該等修訂透過載入作出重大判斷時的額外指引及解釋，對重大的定義進行修訂。具體而言，該等修訂：

- 包含「掩蓋」重要資料的概念，其與遺漏或誤報資料有類似效果；
- 就影響使用者重要性的範圍以「可合理預期影響」取代「可影響」；及
- 包含使用詞組「主要使用者」，而非僅指「使用者」，於決定於財務報表披露何等資料時，該用語被視為過於廣義。

該修訂與各香港財務報告準則的定義一致，並將在本集團於二零二零年一月一日開始的年度期間強制生效。預期應用該修訂不會對本集團的財務狀況及表現造成重大影響，惟可能影響綜合財務報表中的呈列及披露。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in HKFRS 9 and HKAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments also require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments. There are also amendments to HKFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂本利率基準改革

該等修訂處理於以替代利率取代現有利率基準前期間影響財務報告的事宜，並處理香港財務報告準則第9號及香港會計準則第39號金融工具：確認及計量中對特定對沖會計規定的影響，當中要求進行前瞻性分析。該等修訂對特定對沖會計規定做出修改，以使實體應用該等對沖會計規定（假設對沖現金流量及來自對沖工具的現金流量所依據的利率基準將不會因利率基準改革而改變）。該等修訂亦要求具體披露該等修訂對實體的對沖關係的影響程度。香港財務報告準則第7號金融工具：披露亦含有關於利率基準改革產生的不確定因素的額外披露的修訂。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

4. 採納新訂及經修訂香港財務報告準則(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

二零一八年財務報告概念框架(「新框架」)及香港財務報告準則中對概念框架的提述的修訂

新框架：

- 重新引入監管及審慎等術語；
- 引入著重於可能較其所取代的定義更廣泛的權利及新負債定義的新資產定義，但不會改變負債與股本工具之間的區別；
- 討論過往成本及當前價值計量，並就如何為特定資產或負債選擇計量基準提供額外指引；
- 指出財務表現主要計量標準為損益，且僅於特殊情況下會使用其他全面收入，且僅用於資產或負債現值產生變動的收入或開支；及
- 討論不確定性、終止確認、賬目單位、申報實體及合併財務報表。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

New and revised HKFRSs in issue but not yet effective (Cont'd)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards (Cont'd)

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS

In April 2018, the local environmental authorities in the PRC conducted inspections on certain of the Group's subsidiaries and subsequently in 2019, 廣州海滔環保科技有限公司 Guangzhou Haitao Environmental Protection Technology Company Limited ("Guangzhou Haitao"), 中山海滔環保科技有限公司 Zhongshan Haitao Environmental Protection Technology Company Limited ("Zhongshan Haitao") and 廣州市蓮港船舶清油有限公司 Guangzhou Liangang Vessel Wastewater Treatment Company Limited ("Guangzhou Liangang") and certain senior management members including Mr. Tsui and staff members were charged for, amongst others, fraudulent issuance of value-added tax invoices to customers, fabrication and falsification of certain contracts and other documents, the provision of false data for claiming environmental subsidies, illegal disposal of sludge, discharge of wastewater illegally, the deliberate non-performance of certain procedures when providing sludge treatment services and environmental pollution during the period varying from 2015 to 2018.

4. 採納新訂及經修訂香港財務報告準則 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

二零一八年財務報告概念框架 (「新框架」) 及香港財務報告準則中對概念框架的提述的修訂 (續)

已作出相應修訂，以使若干香港財務報告準則之提述已根據新框架更新，惟若干香港財務報告準則仍提述框架之過往版本。該等修訂於二零二零年一月一日或之後開始的年度期間生效，並可提早應用。除仍參照該框架先前版本之特定準則外，本集團將依賴新框架於其生效日期釐定會計政策，尤其是根據會計準則未另行處理之交易、事件或情況。

5. 針對本集團之起訴及法律訴訟及調查

於二零一八年四月，中國地方環境機關對本集團若干附屬公司進行檢查，其後於二零一九年，廣州海滔環保科技有限公司 (「廣州海滔」)、中山海滔環保科技有限公司 (「中山海滔」) 及廣州市蓮港船舶清油有限公司 (「廣州蓮港」) 及若干高級管理人員 (包括徐先生及員工) 被控 (其中包括由二零一五年至二零一八年不等期間) 向客戶虛開增值稅發票、捏造及偽造若干合約及其他文件、提供虛假數據申領環境補貼、非法傾倒污泥、非法排放污水及提供污泥處理服務時蓄意不履行若干程序、涉嫌偽造政府機關印章及環境污染。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

An independent investigation committee was formed to conduct an investigation on the above matters. The investigation committee composed of the present independent non-executive directors who are independent of the matters under the investigation. The details of the cases and the findings of the investigation are set out below:

The independent investigation committee also conducted an investigation on the payments to and receipts from Mr. Tsui and the companies controlled by him, the details of which are disclosed in notes 29 (c) and 29 (d) to the consolidated financial statements.

a) Legal proceedings against Guangzhou Liangang Vessel Wastewater Treatment Company Limited (“Guangzhou Liangang”) by the local government authority in the PRC

On 9 April 2019, 廣東省廣州市南沙區人民檢察院 filed a bill of indictment against Guangzhou Liangang alleging that Guangzhou Liangang and its legal representative, Mr. Xu Juwen, a former director of the Company (a separate hearing is to be scheduled for Mr. Xu Juwen) and an accounting staff committed a criminal offence in the issue of false value added tax invoices to customers for claiming tax refund and deduction purpose during the period from January 2016 to December 2017 without providing any goods or services to its customers. The total amount of value added tax of the false VAT invoices were RMB5,650,000 (equivalent to HK\$6,448,000).

5. 針對本集團之起訴及法律訴訟及調查(續)

獨立調查委員會已告成立，以對上述事項進行調查。調查委員會由獨立於被調查事項之現任獨立非執行董事組成。案件詳情及調查結果載列如下：

獨立調查委員會亦對向徐先生及其控制的公司的付款及收款進行調查，有關詳情載於綜合財務報表附註29(c)及29(d)。

a) 中國地方政府機關針對廣州市蓮港船舶清油有限公司(「廣州蓮港」)之法律訴訟

於二零一九年四月九日，廣東省廣州市南沙區人民檢察院針對廣州蓮港提交起訴書，指稱廣州蓮港及其法定代表人徐炬文先生(本公司前董事)(預定對徐炬文先生進行獨立聆訊)及一名會計員工於二零一六年一月至二零一七年十二月期間內，於並無向客戶提供任何貨品或服務之情況下，向客戶發出虛假增值稅發票以申領退稅及扣稅用途，觸犯刑事罪行。虛假增值稅發票之增值稅總金額為人民幣5,650,000元(相當於6,448,000港元)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

a) Legal proceedings against Guangzhou Liangang Vessel Wastewater Treatment Company Limited (“Guangzhou Liangang”) by the local government authority in the PRC (Cont'd)

On 22 April 2019, 廣東省廣州市南沙區人民法院 the People’s Court of Nansha District, Guangzhou City, Guangdong Province, the PRC (the “Nansha Court”) delivered a judgment against Guangzhou Liangang and the accounting staff on the above case and ordered Guangzhou Liangang to pay a fine of RMB300,000 (equivalent to HK\$335,000). The accounting staff was sentenced to imprisonment with probation.

In addition, on 9 April 2019, 廣東省廣州市南沙區人民檢察院, filed another bill of indictment against Guangzhou Liangang alleging that Mr. Xu Juwen, Guangzhou Liangang and certain of its senior management members committed a criminal offence of environmental pollution by collaborating with a third party to deal with hazardous waste treatment illegally (a separate hearing is to be scheduled for Mr. Xu Juwen).

On 29 April 2020, the Nansha Court issued its judgment against Guangzhou Liangang for committing environmental pollution offences and fined Guangzhou Liangang a sum of RMB300,000 (equivalent to HK\$335,000) (the “Guangzhou Liangang Judgement”). The senior management members were sentenced for imprisonment plus penalty. After reviewing the Guangzhou Liangang Judgment with the PRC legal advisors, Guangzhou Liangang lodged an appeal against the Guangzhou Liangang Judgment but Guangzhou Liangang lost the appeal eventually.

5. 針對本集團之起訴及法律訴訟及調查(續)

a) 中國地方政府機關針對廣州市蓮港船舶清油有限公司(「廣州蓮港」)之法律訴訟(續)

於二零一九年四月二十二日，中國廣東省廣州市南沙區人民法院(「南沙法院」)就上述案件對廣州蓮港及該會計員工頒下判決，並頒令廣州蓮港支付罰款人民幣300,000元(相當於335,000港元)。該會計人員被判緩刑入獄。

此外，於二零一九年四月九日，廣東省廣州市南沙區人民檢察院針對廣州蓮港提交另一份起訴書，指稱徐炬文先生、廣州蓮港及其若干高級管理人員與第三方合作以非法處理危險廢物，觸犯環境污染刑事罪行(預定對徐炬文先生進行獨立聆訊)。

於二零二零年四月二十九日，南沙法院發出其對廣州蓮港觸犯環境污染罪行的判決及對廣州蓮港判處罰款人民幣300,000元(相當於335,000港元)(「廣州蓮港判決」)。高級管理人員被判入獄，另加罰款。經與中國法律顧問審閱廣州蓮港判決後，廣州蓮港對廣州蓮港判決已提出上訴，惟廣州蓮港最終敗訴。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

a) Legal proceedings against Guangzhou Liangang Vessel Wastewater Treatment Company Limited (“Guangzhou Liangang”) by the local government authority in the PRC (Cont'd)

Findings of the investigation

The results of the investigation conducted by the investigation committee showed that Guangzhou Liangang issued 13 VAT invoices for a total amount of RMB5,650,000 (equivalent to HK\$6,448,000) in 2016 and 2017 to three companies without delivery of goods nor provision of any services. The three companies applied tax deduction based on the fraudulently issued VAT invoices and Guangzhou Liangang received the same amount of money from the three companies. The investigation committee is of the view that the fraudulent issuance of VAT invoices was a one-off event caused by the former management of Guangzhou Liangang. All the staff involved in the fraudulent issuance of VAT invoices no longer have any roles and responsibilities in the management or operations of any of the Company's subsidiaries.

According to the judgement dated 29 April 2020, during the period from January 2017 to April 2018, Guangzhou Liangang leased part of the premises and equipment to a company in Shenzhen (“Shenzhen Party”) for it to operate the “oil cleaning” business. Shenzhen Party illegally applied the “sulphuric acid clay method” to clean oil at the site and illegally provided the hazardous waste (white clay residue) produced in the oil cleaning process to a third party who did not possess a business license for such disposal, causing environmental pollution. The charge for Guangzhou Liangang was the provision to Shenzhen Party with services and conveniences to assist and ensure the smooth operation of Shenzhen Party's “oil cleaning” business.

5. 針對本集團之起訴及法律訴訟及調查 (續)

a) 中國地方政府機關針對廣州市蓮港船舶清油有限公司 (「廣州蓮港」) 之法律訴訟 (續)

調查結果

由調查委員會進行之調查之結果顯示廣州蓮港於二零一六年及二零一七年向三間公司開出13張增值稅發票，總金額人民幣5,650,000元 (相當於6,448,000港元)，而概無交付貨品及提供任何服務。該三家公司根據虛開的增值稅發票申請扣稅，而廣州蓮港從該三家公司收取相同金額的款項。調查委員會認為，虛開增值稅發票為廣州蓮港前任管理層造成的一次性事件。涉及虛開增值稅發票的所有員工不再於本公司任何附屬公司的管理或營運中擔任任何職務及職責。

根據日期為二零二零年四月二十九日的判決，於二零一七年一月至二零一八年四月期間，廣州蓮港向一間深圳公司 (「深圳方」) 租賃部分物業及設備，以供其營運「清油」業務。深圳方非法應用「硫酸黏土法」在該場所進行清油，並非法將於清油過程中產生的有害廢物 (白土殘渣) 提供予並無擁有有關處置之營業執照之第三方，導致環境污染。廣州蓮港被控向深圳方提供服務及便利以協助並確保深圳方的「清油」業務順利營運。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

a) Legal proceedings against Guangzhou Liangang Vessel Wastewater Treatment Company Limited (“Guangzhou Liangang”) by the local government authority in the PRC (Cont'd)

Findings of the investigation (Cont'd)

Based on the results of the investigation, the investigation committee noted that Guangzhou Liangang did lease its site and oil tank equipment to Shenzhen Party and the terms of the lease contract stipulated that Shenzhen Party should comply with relevant national laws and regulations for the use of oil tanks as well as to comply with the relevant safety regulations and should not use the premises for conducting illegal business activities. As the responsible accounting staff had already left, the completeness and correctness of the record of Guangzhou Liangang's income from Shenzhen Party could not be ascertained. The investigation results indicated that the relevant prima facie evidences show that (i) Guangzhou Liangang did provide Shenzhen Party with additional services other than site and equipment rental. Guangzhou Liangang believed that it was not to cover up Shenzhen Party's criminal acts but only considerations of customer services and safety. However, the court ultimately held that Guangzhou Liangang was an accomplice in the environmental pollution offences; and there was insufficient information to analyse whether Guangzhou Liangang did cooperate in hazardous waste disposal by the third party and the impact on the Group's financial statements.

5. 針對本集團之起訴及法律訴訟及調查 (續)

a) 中國地方政府機關針對廣州市蓮港船舶清油有限公司 (「廣州蓮港」) 之法律訴訟 (續)

調查結果 (續)

根據調查結果，調查委員會注意到，廣州蓮港租賃場所及油罐設備予深圳方，而租賃合約之條款明確訂明，深圳方於使用油罐時須遵守相關國家法律及法規，並須遵守相關安全規例，不應使用場所進行非法業務活動。由於，負責會計員工已離職，且無法確認廣州蓮港來自深圳方之收入記錄之完整性及正確性。調查結果表示相關表面證據顯示(i)除場所及設備租賃外，廣州蓮港確實向深圳方提供額外服務。廣州蓮港認為，此舉並非掩飾深圳方的犯罪行為，而僅為對客戶服務及安全的考慮。然而，法院最終認定廣州蓮港為有關環境污染罪行的共犯；及並無足夠資料以供分析廣州蓮港是否曾與第三方合作處置有害廢物，以及對本集團財務報表的影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

b) Legal proceedings against Zhongshan Haitao Environmental Protection Technology Company Limited (“Zhongshan Haitao”) by the local enforcement authority in the PRC

On 15 April 2019, 中山市第一市區人民檢察院 filed a bill of indictment against Zhongshan Haitao and certain senior management members of Zhongshan Haitao (the “Defendants”) alleging that the Defendants committed a criminal offence of environmental pollution by discharging wastewater and sludge illegally during the period from 2015 to June 2018.

On 14 April 2020, the First People’s Court of Zhongshan City, Guangdong Province, the PRC (廣東省中山市第一人民法院) delivered a judgment against Zhongshan Haitao and ordered Zhongshan Haitao to pay a fine of RMB500,000 (equivalent to HK\$558,000) (the “Zhongshan Haitao Judgment”). The senior management members of Zhongshan Haitao were sentenced to imprisonment plus penalty. After reviewing the Zhongshan Haitao Judgment with the PRC legal advisors, Zhongshan Haitao decided not to appeal against the Zhongshan Haitao Judgment.

5. 針對本集團之起訴及法律訴訟及調查 (續)

b) 中國地方執法機關針對中山海滔環保科技有限公司 (「中山海滔」) 之法律訴訟

於二零一九年四月十五日，中山市第一市區人民檢察院針對中山海滔及中山海滔若干高級管理人員 (「被告」) 提交起訴書，指稱被告於二零一五年至二零一八年六月期間非法排放廢水及污泥，觸犯環境污染刑事罪行。

於二零二零年四月十四日，中國廣東省中山市第一人民法院對中山海滔頒下判決，並頒令中山海滔支付罰款人民幣500,000元 (相當於558,000港元) (「中山海滔判決」)。中山海滔高級管理人員被判入獄，另加罰款。經與中國法律顧問審閱中山海滔判決後，中山海滔決定不對中山海滔判決提出上訴。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

b) Legal proceedings against Zhongshan Haitao Environmental Protection Technology Company Limited (“Zhongshan Haitao”) by the local enforcement authority in the PRC (Cont'd)

Findings of the investigation

According to the judgement dated 14 April 2020, since 2015, the representative of Zhongshan Haitao allowed and/or acquiesced the then plant manager in the arrangement of employees to discharge unprocessed sewage and sludge through concealed pipes and modified the online monitoring data. Therefore, Zhongshan Haitao was convicted of the environmental pollution offence. The management of Zhongshan Haitao acknowledged that the concealed pipes were arranged by the then plant manager who authorised and arranged employees to carry out the process. Zhongshan Haitao and the Group were not aware of the illegal discharge of unprocessed sewage and sludge through concealed pipes and the modification of the online monitoring data. The relevant government authority has completely dismantled the concealed pipes and the clear water pipes used to inject clean water to dilute the sewage and interfere with the online monitoring data. The investigation results showed that Zhongshan Haitao did illegally discharge sewage and sludge and interfered with the online monitoring data. However, there was insufficient information to ascertain the volume of sewage and sludge Zhongshan Haitao had discharged at the material times and the amount of online monitoring data being modified or to quantify the relevant impact on the Group's financial statements as a whole.

5. 針對本集團之起訴及法律訴訟及調查 (續)

b) 中國地方執法機關針對中山海滔環保科技有限公司(「中山海滔」)之法律訴訟 (續)

調查結果

根據日期為二零二零年四月十四日之判決，自二零一五年起，中山海滔之代表允許及／或默許廠房經理安排僱員透過隱藏管道排放未經處理的污水及污泥；及修改線上監控數據。因此，中山海滔被判環境污染罪。中山海滔之管理層承認，隱藏管道被發現為由當時的廠房經理所安排，該廠房經理授權並安排僱員進行程序。中山海滔及本集團並不知悉透過隱藏管道非法排放未經處理污水及污泥及修改線上監控數據。相關政府機關已完全拆除隱藏管道及用於注入清水以稀釋污水並干擾線上監控數據的清水管道。調查結果顯示中山海滔確實已非法排放污水及污泥，並干擾線上監控數據。然而，並無足夠資料以確定中山海滔於關鍵時間已排放之污水及污泥量及所修改之線上監控數據量或量化對本集團財務報表之整體相關影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC

In October 2018, the Ministry of Ecology and Environment of the PRC made allegations against Guangzhou Haitao for illegal disposal of sludge, the deliberate non-performance of certain procedures when providing sludge treatment services and suspected forgery of the seals of state authorities.

Guangzhou Haitao was alleged for having received sludge in excess of its treatment capacity and has deliberately excluded certain procedures when providing sludge treatment services in order to reduce costs. It was also alleged that since 2016, through collusion with other wastewater treatment plants, Guangzhou Haitao had provided false data for the purpose of obtaining local government subsidies.

The allegations were investigated by the relevant local government authority in the PRC. In the meantime, Guangzhou Haitao paid administrative penalties and performed certain remedial work as required by the relevant environmental protection bureau. Certain books and records were seized by the local government authority for the purpose of conducting an investigation on the matter and RMB75,000,000 (equivalent to HK\$83,723,000) (2018: equivalent to HK\$85,598,000) was paid to the local government authority, the recoverability of which will be subject to the outcome of the investigation and subsequent court decision.

5. 針對本集團之起訴及法律訴訟及調查 (續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司 (「廣州海滔」) 之法律訴訟

於二零一八年十月，中國生態環境部就非法傾倒污泥、提供污泥處理服務時蓄意不履行若干程序及涉嫌偽造國家機關印章針對廣州海滔作出指稱。

廣州海滔被指稱接收超出其處理能力的污泥，並於提供污泥處理服務時蓄意排除若干程序以降低成本。廣州海滔亦被指稱自二零一六年起，透過與其他污水處理廠串謀，廣州海滔提供虛假數據，藉以取得地方政府補貼。

有關指稱由中國相關地方政府機關進行調查。與此同時，廣州海滔已支付行政罰款，並按照相關環保局的要求進行若干補救工作。若干賬冊及記錄已遭地方政府機構扣查，以對該事宜進行調查，且已向地方政府機關支付人民幣75,000,000元（相當於83,723,000港元）（二零一八年：相當於85,598,000港元）之款項，其可收回性將取決於調查結果及其後法院決定。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC (Cont'd)

On 23 April 2019, 廣東省廣州市人民檢察院 filed a bill of indictment against Guangzhou Haitao, certain senior management members of Guangzhou Haitao, Mr. Tsui and Mr. Xu Shubiao, a former director alleging that they had committed certain criminal offences, including the deliberate non-performance of certain procedures when providing sludge treatment services, and disposing of sludge illegally in various cities in Guangdong and fabrication and falsification of certain contracts and other documents during the period from 1 January 2016 to 31 March 2018. According to the bill of indictment, amongst others, Guangzhou Haitao was accused of having recognised sludge treatment service fee income of RMB174,261,000 (equivalent to HK\$198,884,000) but without completing all necessary sludge treatment procedures and disposed of the sludge illegally during the period from 1 January 2016 to 31 March 2018. In addition, Guangzhou Haitao was also charged for the issuance of false documents for claiming environmental subsidy totalling RMB7,770,000 (equivalent to HK\$8,868,000) illegally and receiving illegal sludge treatment service fee of RMB9,051,000 (equivalent to HK\$10,330,000). The court hearing has been conducted, However, up to the date of approval of these consolidated financial statements, no judgment has been made by the relevant court.

5. 針對本集團之起訴及法律訴訟及調查 (續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司(「廣州海滔」)之法律訴訟 (續)

於二零一九年四月二十三日，廣東省廣州市人民檢察院針對廣州海滔、廣州海滔之若干高級管理人員、徐先生及前董事徐樹標先生提交起訴書，指稱彼等已觸犯若干刑事罪行，包括於二零一六年一月一日至二零一八年三月三十一日期間提供污泥處理服務時蓄意不履行若干程序、於廣東各城市非法傾倒污泥及捏造及偽造若干合約及其他文件。根據起訴書(其中包括)，廣州海滔被控於二零一六年一月一日至二零一八年三月三十一日期間確認污泥處理服務費收入人民幣174,261,000元(相當於198,884,000港元)，但並未完成所有必要污泥處理程序及非法傾倒污泥。此外，廣州海滔亦被控發出虛假文件，以非法申領環境補貼合共人民幣7,770,000元(相當於8,868,000港元)，並收取非法污泥處理服務費人民幣9,051,000元(相當於10,330,000港元)。法院聆訊已進行，然而，截至該等綜合財務報表獲批准日期，相關法院尚未作出任何判決。

Notes to the Consolidated Financial Statements (*Cont'd*) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (*Cont'd*)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC (*Cont'd*)

Findings of the investigation

Suspected forgery of seals of state authorities

The seals of state authorities were found in a co-working space which is a common area that can be accessed by personnel of the Group and by employees of a non-listed affiliated company. Therefore, it is hard to ascertain which party held or owned the forged official seals at the time when they were found on spot. The statement of claim issued by the People’s Procuratorate of Guangzhou City, Guangdong Province (the “Procuratorate”) showed that neither Guangzhou Haitao nor the Company was prosecuted for forging official seals of the state authorities.

In light of the abovementioned and relevant prima facie evidence, there is no concrete evidence to prove that Guangzhou Haitao and the Company were involved in forging the seals of state authorities.

5. 針對本集團之起訴及法律訴訟及調查 (續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司 (「廣州海滔」) 之法律訴訟 (續)

調查結果

涉嫌偽造國家機關印章

有關國家機關印章乃於共用辦公室空間被發現，該地點屬於共用空間，本集團人員及非上市聯屬公司僱員工均可進出。因此，當於該地點發現偽造公章時，難以確定其由何人持有或擁有該等偽造公章。廣東省廣州市人民檢察院 (「檢察院」) 頒佈之申索陳述書顯示，廣州海滔及本公司均無就偽造國家機關公章而遭受起訴。

鑑於上述各項及相關表面證據，概無具體明顯證據證明廣州海滔及本公司涉及偽造國家機關印章。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC (Cont'd)

Findings of the investigation (Cont'd)

Deliberate non-performance of certain procedures when providing sludge treatment services and disposing of sludge illegally

The management stated that Guangzhou Haitao adopted another sludge treatment process (the “Adopted Process”) which shortened the time required for sludge processing and increased efficiency. The Adopted Process is included in the “Sludge Disposal Technology Policy and Guidelines” issued by the State as a permitted sludge treatment process. According to the industry expert engaged in the investigation, the State has no unified process for sludge disposal and the requirements of sludge treatment process vary according to the ultimate use of sludge. The treatment plant shall determine the most appropriate treatment process depending on the sludge itself. According to the legal advisor of Guangzhou Haitao, the accusation of environmental pollution offence is unfounded as the sludge disposed of by Guangzhou Haitao was anaerobic nutrient soil, which met the standards of agricultural sludge and would not lead to environmental pollution. The dumping site contained sludge other than Guangzhou Haitao’s, and other third parties who piled up construction waste at the same location. Notwithstanding Guangzhou Haitao changed the sludge treatment process, there was not enough prima facie evidence to support that the sludge treatment process and procedures of Guangzhou Haitao are inappropriate which led to the litigation.

5. 針對本集團之起訴及法律訴訟及調查 (續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司 (「廣州海滔」) 之法律訴訟 (續)

調查結果 (續)

於提供污泥處理服務時蓄意不履行若干程序及非法傾倒污泥

管理層表示，廣州海滔採用另一種污泥處理程序 (「已採用程序」)，其縮短污泥處理所需的時間並提高效率。已採用程序包括在國家頒佈的「污泥處置技術政策與指南」其獲准許污泥處理程序內。據進行調查的業內專家表示，國家並無污泥處理之統一程序，而污泥處理程序的要求依照污泥的最終用途而有所不同。處理廠將視乎污泥本身而釐定最合適之處理程序。據廣州海滔的法律顧問表示，對環境污染罪行的指控並無根據，原因為廣州海滔所傾倒的污泥為厭氧營養土壤，符合農業污泥標準，並不會導致環境污染。除廣州海滔的污泥外，傾倒地點亦包括其他第三方於同一位置堆放建築廢物。儘管廣州海滔改變污泥處理程序，惟並無足夠表面證據支持廣州海滔的污泥處理過程及程序不當，導致訴訟出現。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC (Cont'd)

Findings of the investigation (Cont'd)

Issuance of false documents for claiming environmental subsidy totalling RMB7,770,000

The management of Guangzhou Haitao confirmed that Guangzhou Haitao had collaborated with its customers (the “Zhengcheng Sewage Plants”) to manipulate the sludge treatment volume. According to findings of the investigation, the Zhengcheng Sewage Plants requested Guangzhou Haitao to manipulate the sludge treatment volume by informing Guangzhou Haitao the volume to be recorded and Guangzhou Haitao would then produce the related records for the Zhengcheng Sewage Plants. The management of Guangzhou Haitao stated that they were unclear about how the amount of RMB7,770,000 (equivalent to HK\$8,868,000) was calculated. According to the industry expert, the environmental protection subsidy was paid by the government to the Zhengcheng Sewage Plants directly but not paid to Guangzhou Haitao.

5. 針對本集團之起訴及法律訴訟及調查(續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司(「廣州海滔」)之法律訴訟(續)

調查結果(續)

發出虛假文件，以申領環境補貼合共人民幣7,770,000元

廣州海滔管理層確認，廣州海滔確實已與其客戶(「增城污水廠」)合作，以操縱污泥處理量。根據調查結果，增城污水廠要求廣州海滔操縱污泥處理量，方法為告知廣州海滔將記錄的污泥量，而廣州海滔其後將為增城污水廠提交相關記錄。廣州海滔的管理層表示，其不清楚如何計算人民幣7,770,000元(相當於8,868,000港元)之款項。據業內專家表示，環保補貼乃由政府直接支付予增城污水廠，而並非支付予廣州海滔。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited ("Guangzhou Haitao") by the local government authority in the PRC (Cont'd)

Findings of the investigation (Cont'd)

Receiving illegal sludge treatment service fee of RMB9,051,000

Guangzhou Haitao together with a third party (the "Third Party") signed two contracts with the local government authority in providing river dredging, sludge transportation and disposal, and river maintenance services for the Yonghe River in Zengcheng District of Guangzhou City for three years. The contract sum was RMB47,605,000 (equivalent to HK\$54,332,000). The management of Guangzhou Haitao stated that the purpose and scope of the project were mainly the river excavation and dredging and sludge disposal is not the main service required. Guangzhou Haitao did not weigh the sludge dredged from the river as there was no such requirements stated in the contracts. In order to meet the additional requirements subsequently added for processing of payment by the local government, Guangzhou Haitao estimated the amount of sludge dredged and then prepared the "Weighing List" which was subsequently stated in the indictment as fabricated documents. Guangzhou Haitao changed the sludge treatment process to the Adopted Process as Guangzhou Haitao believed that the river sludge could be treated by the Adopted Process. However, Guangzhou Haitao did not report to the local government in advance about the change in the treatment process. The management of Guangzhou Haitao stated that Guangzhou Haitao has no intention to deceive the other parties under the contract and the breach of contracts is of civil in nature instead of a criminal offence. According to the investigation result, the local government paid the Third Party a sum of RMB33,323,000 (equivalent to HK\$38,032,000). After deducting of management fee, tax and other costs, the Third Party paid Guangzhou Haitao a total sum of RMB30,629,000 (equivalent to HK\$34,957,000) under the contracts.

5. 針對本集團之起訴及法律訴訟及調查 (續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司(「廣州海滔」)之法律訴訟 (續)

調查結果 (續)

收取非法污泥處理服務費人民幣9,051,000元

廣州海滔連同一名第三方(「第三方」)與地方政府機關簽署兩份合約,以於廣州市增城區永和河提供河道疏浚、污泥運輸及傾倒及河道維護服務,為期三年。合約金額為人民幣47,605,000元(相當於54,332,000港元)。廣州海滔管理層表示,項目目的及範圍主要是河流開挖及疏浚,而污泥傾倒並非所要求的主要服務。由於合約並無載有關要求,故廣州海滔並無量度從河道挖出的污泥重量。為滿足地方政府其後增加的處理付款的額外要求,廣州海滔估計所疏浚的污泥量,然後編製「重量清單」,該清單其後於起訴書中被列為偽造文件。廣州海滔將污泥處理程序更改為已採用程序,原因為廣州海滔認為河流污泥可以透過已採用程序進行處理。然而,廣州海滔並無事先向地方政府報告更改處理程序。廣州海滔管理層表示,廣州海滔無意欺騙合約之其他各方,而違反合約於性質上屬民事罪行,而並非刑事罪行。根據調查結果,地方政府向第三方支付人民幣33,323,000元(相當於38,032,000港元)之款項。於扣除管理費、稅項及其他成本後,第三方根據合約向廣州海滔支付合共人民幣30,629,000元(相當於34,957,000港元)之款項。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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5. INDICTMENTS AND LEGAL PROCEEDINGS AGAINST THE GROUP AND INVESTIGATIONS (Cont'd)

c) Legal proceedings against Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”) by the local government authority in the PRC (Cont'd)

Given the above circumstances and that certain books and records of Guangzhou Haitao for the previous years were seized by the local government authority for investigation purpose and were not accessible and that Mr. Tsui and certain senior management and staff members of certain subsidiaries were either arrested in 2018 and charged for, amongst others, the fabrication and falsification of certain contracts and other documents or had left the Group and were not contactable, the present directors have not been able to obtain sufficient documentary evidence, information and explanations to satisfy themselves regarding the reliability, completeness and accuracy of the books and records of these subsidiaries for the previous years and whether there are any fraudulently recorded or unrecorded transactions or liabilities for the year ended and as at 31 December 2018. The financial information of the above subsidiaries including, amongst others, revenue of HK\$187,562,000 and loss of HK\$671,726,000 was consolidated into the Group's consolidated financial statements for the year ended 31 December 2018. The former directors and certain senior management members also took managerial role in other subsidiaries in the previous years. As a result, the present directors were also unable to represent the completeness and accuracy of the financial information of these other subsidiaries.

Details of other litigations in which the Group was a party are disclosed in note 50.

5. 針對本集團之起訴及法律訴訟及調查(續)

c) 中國地方政府機關針對廣州海滔環保科技有限公司(「廣州海滔」)之法律訴訟(續)

鑑於上述情況及廣州海滔過往年度的若干賬冊及記錄已遭地方政府機關扣查以作調查用途並無法獲取，且徐先生及若干附屬公司的若干高級管理人員及員工於二零一八年被拘捕，並被控(其中包括)捏造及偽造若干合約及其他文件，或已離開本集團並無法聯絡。因此，現任董事未能取得足夠的文件證據、資料及解釋，以令彼等信納有關該等附屬公司於過往年度之賬冊及記錄之可靠性、完整性及準確性以及截至二零一八年十二月三十一日止年度及於該日是否存在任何欺詐性入賬或未入賬交易或負債。上述附屬公司的財務資料包括(其中包括)已於本集團截至二零一八年十二月三十一日止年度的綜合財務報表內綜合入賬的收益187,562,000港元及虧損671,726,000港元。前董事及若干高級管理人員亦在過往年度於其他附屬公司擔任管理職務。因此，現任董事亦無法對該等其他附屬公司的財務資料的完整性及準確性作出陳述。

本集團作為一方之其他訴訟詳情於附註50內披露。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks, namely, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$ and Renminbi ("RMB"), that is, the functional currency of the Company and of the Group's PRC subsidiaries respectively. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore, any appreciation or depreciation of HK\$ against RMB will affect the Group's financial position and be reflected in exchange reserve. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. 金融風險管理及金融工具的公平值

本集團業務承受各種金融風險，即外匯風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃專注於金融市場無法預測的特性，以及尋求盡量減少對本集團財務表現可能造成的不利影響。

(a) 外匯風險

由於大部分業務交易、資產及負債主要以港元及人民幣(「人民幣」)(即本公司及本集團分別之中國附屬公司之功能貨幣)列值，故本集團所承受的外匯風險甚微。然而，由於主要附屬公司主要以人民幣進行交易，因此，港元兌人民幣之任何升值或貶值將影響本集團之財務狀況，並將於匯兌儲備中反映。本集團目前並無就外幣交易、資產及負債設立外匯對沖政策。本集團將嚴密監察其外匯風險，並將於需要時考慮對沖重大外匯風險。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, loan receivables and cash deposits at banks. The carrying amounts of trade and other receivables, contract assets, loan receivables, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade receivables, contract assets, loan receivables and other receivables, including the amounts due from Mr. Tsui and the entities controlled by him, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

6. 金融風險管理及金融工具的公平價值(續)

(b) 信貸風險

信貸風險指對手方拖欠合約責任給本集團造成財務損失的風險。本集團面臨與其貿易及其他應收款項、合約資產、應收貸款及銀行現金存款有關之信貸風險。貿易及其他應收款項、合約資產、應收貸款、現金及現金等值項目以及受限制現金的賬面值乃本集團就該等金融資產面臨的最高信貸風險。

本集團預期並無與銀行現金存款相關的重大信貸風險，因為該等存款基本上存入國有銀行以及其他大中型上市銀行。管理層預期不會出現該等對手方未履約導致任何重大虧損的情況。

就貿易應收款項、合約資產、應收貸款及其他應收款項(包括應收徐先生及其控制之實體之款項)而言，本集團訂有監控程序，以確保採取跟進措施收回逾期債務。此外，於各報告期末，本集團檢討該等應收款項的可收回性，以確保就不可收回金額提計足夠減值虧損準備。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

6. 金融風險管理及金融工具的公平值 (續)

(b) 信貸風險 (續)

本集團在初始確認資產時考慮違約的可能性，也在各個報告期間持續評估信貸風險是否顯著增加。在評估信貸風險是否顯著增加時，本集團將報告日期資產發生違約的風險與初始確認日期發生違約的風險進行比較，同時也考慮公開且合理可靠的前瞻性資料。尤其會考慮以下指標：

- 信貸評級；
- 預期導致客戶履行責任能力出現重大變動的業務、財務或經濟狀況的實際或預期重大不利變動；
- 債務人／客戶經營業績的實際或預期重大變動；
- 客戶預期表現及行為的重大變動，包括本集團內客戶的付款狀況變動及客戶經營業績的變動。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

(i) Other receivables

The credit risk of other receivables, including the amount due from Mr. Tsui, amounts due from entities controlled by Mr. Tsui and amounts due from other related companies, are managed through internal process of the Group. The Group actively monitors the outstanding amounts owned by each debtor and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In addition, the Group accounts for its credit risk by appropriately providing for expected credit losses. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Details of the amount due from Mr. Tsui and the amounts due from companies controlled by Mr. Tsui are set out in notes 29(c) and 29(d) respectively. At the end of the reporting period, the present directors of the Company have assessed the financial conditions of these debtors, and took appropriate action where it was concluded that there has been significant increase in credit risk since initial recognition of the amounts due from Mr. Tsui and entities controlled by him. Accordingly, the loss allowance for these receivables is measured at an amount equal to lifetime ECL.

6. 金融風險管理及金融工具的公平值 (續)

(b) 信貸風險 (續)

(i) 其他應收款項

其他應收款項(包括應收徐先生款項、應收徐先生控制實體款項及應收其他關連公司款項)的信貸風險通過本集團的內部程序管理。本集團積極監控各名債務人結欠的未償餘額並及時識別任何信貸風險以降低信貸有關虧損。此外,本集團通過就預期信貸虧損適當計提撥備來說明其信貸風險。在計算預期的信貸虧損率時,本集團會考慮各類應收款項的歷史虧損率並就前瞻性的宏觀經濟數據作出調整。

應收徐先生款項及應收徐先生控制之公司之款項之詳情分別載於附註29(c)及29(d)。於報告期末,本公司現任董事已評估該等債務人的財務狀況及採取適當行動,並得出結論,自初始確認應收徐先生及其控制之實體款項以來,信貸風險顯著增加。因此,該等應收款項的虧損撥備乃以相等於整個存續期之預期信貸虧損計量。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

(i) Other receivables (Cont'd)

In assessing the probability of defaults of the amounts due from Mr. Tsui and entities controlled by him, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost of effort. Since the counterparties have financial difficulties with high level of debt and have defaulted the repayments to their other creditors, the management considered that the recoverability of these receivables is remote and fully impaired the outstanding amounts without subsequent settlement.

(ii) Loan receivables

For the loan receivables as detailed in note 29(e) to the consolidated financial statement, the Group recognised lifetime ECL based on significant increase in the likelihood of risk of a default occurring since initial recognition. After considering the adverse changes in business of the borrower since initial recognition that caused a significant change to the borrower's ability to meet its obligations and that the borrower had failed to repay the loans when they became due, the present directors of the Company considered that the recoverability of the overdue loan receivables was remote and fully impaired the outstanding balance.

6. 金融風險管理及金融工具的公平值 (續)

(b) 信貸風險 (續)

(i) 其他應收款項 (續)

於評估應收徐先生及其控制實體款項的違約可能性時，管理層已考慮對手方的財務狀況以及無需付出過多成本即可獲得的前瞻性資料。由於對手方面臨財務困難，債務水平高，且拖欠其他債權人的還款，管理層認為該等應收款項的可收回性極低，且未償還款項已悉數減值，且並無後續結算。

(ii) 應收貸款

就綜合財務報表附註29(e)所詳述之應收貸款而言，本集團基於自初始確認起出現違約風險之可能性大大增加而確認整個存續期之預期信貸虧損。經考慮借款人業務自初始確認起出現不利變動，對借款人之履行義務之能力造成重大變動且借款人未能於到期時償還其貸款，本公司現任董事認為，逾期之應收貸款之可收回性極微，且尚未償還結餘已全數減值。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

(iii) Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on aging. For trade receivables relating to accounts which are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment loss.

The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

6. 金融風險管理及金融工具的公平值(續)

(b) 信貸風險(續)

(iii) 貿易應收款項及合約資產

本集團應用簡化的方法就香港財務報告準則第9號規定的預期信貸虧損計提撥備，該準則允許就所有貿易應收款項及合約資產採用存續期預期虧損撥備。

為計量預期信貸虧損，貿易應收款項及合約資產根據賬齡分組。與長期逾期且大額或已知破產或對催收無回應的賬目有關的貿易應收款項單獨評估減值。

預期虧損率基於銷售付款情況及相應過往信貸虧損經驗。過往虧損率乃經調整以反映影響客戶結算應收款項能力的宏觀經濟因素的現時及前瞻性資料。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

(iii) Trade receivables and contract assets (Cont'd)

On that basis, the loss allowance as at 31 December 2019 was determined as follows for trade receivables and contract assets:

		Contract asset 合約資產		Trade receivables 貿易應收款項			Total 總計 HK\$'000 千港元
		Days past due 逾期天數		Days past due 逾期天數			
		Current 即期 HK\$'000 千港元	Current 即期 HK\$'000 千港元	1-90 days 1至90日 HK\$'000 千港元	91-360 days 91至360日 HK\$'000 千港元	Over 1 year 超過一年 HK\$'000 千港元	
31 December 2019	二零一九年十二月三十一日						
<i>Provision on individual basis</i>	<i>基於個別基準之撥備</i>						
Expected loss rate	預期虧損率	1.0%	N/A 不適用	N/A 不適用	100.0%	100.0%	70.4%
Gross carrying amount	賬面值總額	72,996	-	-	1,648	169,200	243,844
Loss allowance	虧損撥備	757	-	-	1,648	169,200	171,605
<i>Provision on collective basis</i>	<i>基於共同基準之撥備</i>						
Expected loss rate	預期虧損率	0.0%	2.5%	4.1%	7.8%	29.1%	2.9%
Gross carrying amount	賬面值總額	143,275	115,756	49,771	12,407	12,384	333,593
Loss allowance	虧損撥備	-	2,894	2,051	968	3,603	9,516
31 December 2018	二零一八年十二月三十一日						
<i>Provision on individual basis</i>	<i>基於個別基準之撥備</i>						
Expected loss rate	預期虧損率	1.0%	100.0%	100.0%	100.0%	100.0%	69.6%
Gross carrying amount	賬面值總額	77,459	581	2,563	74,517	96,829	251,949
Loss allowance	虧損撥備	775	581	2,563	74,517	96,829	175,265
<i>Provision on collective basis</i>	<i>基於共同基準之撥備</i>						
Expected loss rate	預期虧損率	0.0%	2.0%	3.7%	6.0%	27.2%	2.5%
Gross carrying amount	賬面值總額	252,808	143,024	60,612	38,030	21,091	515,565
Loss allowance	虧損撥備	-	2,860	2,250	2,282	5,745	13,137

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to agree a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 3 years past due without positive response to collection activities.

Impairment losses on trade receivables and contract assets are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

6. 金融風險管理及金融工具的公平價值 (續)

(b) 信貸風險 (續)

(iii) 貿易應收款項及合約資產 (續)

按此基準，於二零一九年十二月三十一日就貿易應收款項及合約資產釐定的虧損撥備如下：

當不存在合理可收回預期時，撇銷貿易應收款項。不存在可收回的合理預期跡象包括(其中包括)債務人無法與本集團達成還款計劃及無法就逾期超過三年的款項作出合約付款且對催收活動無積極反應。

貿易應收款項及合約資產的減值虧損於經營溢利內呈列為減值虧損。其後收回先期撇銷的金額會計入同一單行項目。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit risk (Cont'd)

(iii) Trade receivables and contract assets (Cont'd)

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	187,627	33,907
Impairment losses recognised for the year	年內確認之減值虧損	-	162,267
Reversals	撥回	(2,055)	(1,274)
Exchange differences	匯兌差額	(5,208)	(7,273)
At 31 December	於十二月三十一日	180,364	187,627

As at 31 December 2019, the Group had concentration of credit risk as 62.2% (2018: 64.0%) of the total trade receivables were due from the Group's largest customer and 66.8% (2018: 67.9%) of the total trade receivables were due from the Group's five largest customers.

(iv) The Group does not provide any other guarantees which would expose the Group to credit risk.

6. 金融風險管理及金融工具的公平值 (續)

(b) 信貸風險 (續)

(iii) 貿易應收款項及合約資產 (續)

年內有關應收貿易款項之虧損撥備賬變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	187,627	33,907
Impairment losses recognised for the year	年內確認之減值虧損	-	162,267
Reversals	撥回	(2,055)	(1,274)
Exchange differences	匯兌差額	(5,208)	(7,273)
At 31 December	於十二月三十一日	180,364	187,627

於二零一九年十二月三十一日，本集團擁有信貸集中風險，應收貿易款項總額之62.2%（二零一八年：64.0%）為應收本集團之最大客戶，而應收貿易款項總額之66.8%（二零一八年：67.9%）為應收本集團五大客戶。

(iv) 本集團並無提供將令本集團承受信貸風險之任何其他擔保。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and raising of loans to cover cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions, to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

		On demand or less than 1 year 按要求或 少於1年 HK\$'000 千港元	Between 1-2 years 1至2年 HK\$'000 千港元	Between 2-5 years 2至5年 HK\$'000 千港元	Over 5 years 超過5年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金 流量總額 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
At 31 December 2019	於二零一九年 十二月三十一日						
Bank loans	銀行貸款	1,973,848	-	-	-	1,973,848	1,973,848
Other borrowings	其他借款	252,946	-	-	-	252,946	252,946
Lease liabilities	租賃負債	26,463	8,146	4,519	1,778	40,906	35,339
Trade and other payables	貿易及其他應付款項	643,746	-	-	-	643,746	643,746
Deposits received for disposal of subsidiaries	出售附屬公司之已收按金	50,903	-	-	-	50,903	50,903
		2,947,906	8,146	4,519	1,778	2,962,349	2,956,782
At 31 December 2018	於二零一八年 十二月三十一日						
Bank loans	銀行貸款	2,795,108	-	-	-	2,795,108	2,795,108
Other borrowings	其他借款	212,296	-	-	-	212,296	212,296
Trade and other payables	貿易及其他應付款項	606,383	-	-	-	606,383	606,383
Deposits received for disposal of subsidiaries	出售附屬公司之已收按金	415,342	-	-	-	415,342	415,342
Dividend payable	應付股息	60,641	-	-	-	60,641	60,641
		4,089,770	-	-	-	4,089,770	4,089,770

6. 金融風險管理及金融工具的公平值 (續)

(c) 流動資金風險

本集團內個別經營實體須負責其本身的現金管理，包括將現金盈餘作短期投資，以及籌集貸款以滿足預期現金需求，惟當借款超出獲批准的授權水平，則須就獲得本公司董事會批准。本集團之政策是定期監察目前及預期的流動資金需要以及其遵守借款契約之情況，以確保維持足夠現金儲備及從主要金融機構取得充足的承諾貸款額，滿足短期及長期之流動資金需要。

下表詳列本集團的非衍生金融負債之剩餘合約年期。該表根據本集團須還款的最早日期呈列金融負債未貼現現金流量編製。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

6. 金融風險管理及金融工具的公平值(續)

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank loans issued at variable rates, which expose the Group to cash flow interest rate risk.

Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

		2019 二零一九年		2018 二零一八年	
		Effective interest rate 實際利率 %	HK\$'000 千港元	Effective interest rate 實際利率 %	HK\$'000 千港元
Fixed rate borrowings:	定息借款:				
Lease liabilities (note)	租賃負債(附註)	10.0	35,339	-	-
Other borrowings	其他借款	0.0-30.0	252,946	0.0-30.0	212,296
			288,285		212,296
Variable rate borrowings:	浮息借款:				
Bank loans	銀行貸款	3.70-11.30	1,973,848	3.70-6.37	2,795,108
			1,973,848		2,795,108
Total borrowings	借款總額		2,262,133		3,007,404
Fixed rate borrowings as a percentage of total borrowings	定息借款佔總借款之百分比		12.7%		7.1%

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 4.

本集團的利率風險主要來自按浮動利率發出的銀行貸款，使本集團面臨現金流利率風險。

利率簡介

下表詳述本集團於報告期末之借款利率簡介：

附註：本集團已使用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日之年初結餘，以確認先前根據香港會計準則第17號分類為經營租賃之租賃相關之租賃負債。根據此方法，並無重列比較資料。請見附註4。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(d) Interest rate risk (Cont'd)

As at 31 December 2019, it is estimated that a general increase 100 basis points in interest rates, with all other variables held constant, would have increased the Group's loss after tax for the year by approximately HK\$19,433,000 (2018: HK\$27,608,000), mainly as a result of higher finance costs on bank loans. The impact on the Group's loss after tax is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2018.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Financial Instruments by Category

6. 金融風險管理及金融工具的公平值 (續)

(d) 利率風險 (續)

於二零一九年十二月三十一日，估計利率整體上升100個基點，而所有其他變數維持不變，本集團年內除稅後虧損將增加約19,433,000港元（二零一八年：27,608,000港元），主要由於銀行貸款的融資成本增加所致。對本集團除稅後虧損的影響估計為有關利率變動對利息開支的年度化影響。分析基準與二零一八年相同。

(e) 公平值

於綜合財務狀況表中反映之本集團金融資產及金融負債之賬面值與其各自之公平值相若。

(f) 按類別劃分之金融工具

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial assets	金融資產		
At amortised cost	按攤銷成本		
– Trade and other receivables	– 貿易及其他應收款項	524,191	449,940
– Compensation receivable	– 已收補償	367,263	–
– Bank and cash balances	– 銀行及現金結餘	177,203	273,124
		1,068,657	723,064
Financial liabilities	金融負債		
At amortised cost	按攤銷成本		
– Lease liabilities	– 租賃負債	35,339	–
– Bank loans	– 銀行貸款	1,973,848	2,795,108
– Trade and other payables	– 貿易及其他應付款項	643,746	606,383
– Other borrowings	– 其他借款	252,946	212,296
– Deposits received for disposal of subsidiaries	– 出售附屬公司之已收按金	50,903	415,342
– Dividend payable	– 應付股息	–	60,641
		2,956,782	4,089,770

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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7. REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue

Revenue represents the revenue from the supply of industrial water, the provision of wastewater treatment plants operation services, heating and electricity generation services, sludge and solid waste treatment services, hazardous waste treatment services, BOT project construction services, BOT project operation services and finance income.

Disaggregation of revenue from contracts with customers by service lines is as follows:

7. 收益及分部資料

(a) 收益

(i) 收益劃分

收益指來自供應工業用水、提供污水處理設施營運服務、供熱及發電服務、污泥及固體廢物處理服務、危險廢物處理服務、BOT項目建設服務、BOT項目營運服務及融資收入。

按服務線劃分的客戶合約收益劃分如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue from contracts with customers within the scope by HKFRS 15	香港財務報告準則第15號範圍內的客戶合約收益		
<i>Recognised at a point in time</i>	於某一時間點確認		
Disaggregation by service lines	按服務線劃分		
– Revenue from supply of industrial water	– 供應工業用水之收益	22,987	48,210
– Revenue from provision of wastewater treatment plants operation services	– 提供污水處理設施營運服務之收益	207,430	268,688
– Revenue from BOT project operation services	– BOT項目營運服務之收益	39,335	40,582
– Revenue from provision of heating and electricity generation services	– 提供供熱及發電服務之收益	–	177,202
– Revenue from provision of sludge and solid waste treatment services	– 提供污泥及固體廢物處理服務之收益	169,493	320,669
– Revenue from provision of hazardous waste treatment services	– 提供危險廢物處理服務之收益	397,679	281,578
		836,924	1,136,929
Income from other sources	其他來源收入		
<i>Recognised over time</i>	隨時間確認		
– Finance income	– 融資收入	13,485	16,069
		850,409	1,152,998

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(a) Revenue (Cont'd)

- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The aggregated amounts of transaction price allocated to the remaining performance obligations under the Group's existing contracts at the end of the reporting period are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Expected to be recognised within one year	預計一年內確認入賬	47,394	49,561
Expected to be recognised after one year	預計一年後確認入賬	531,019	614,805
		578,413	664,366

7. 收益及分部資料 (續)

(a) 收益 (續)

- (ii) 於報告日期存在的客戶合約產生預計日後將確認入賬的收益

於報告期末，分配至本集團現有合約項下剩餘履約責任的交易價格總額如下：

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following 6 reportable segments. No operating segments have been aggregated to form the following reportable segments.

- 1) Supply of industrial water: this segment supplies industrial water
- 2) Provision of wastewater treatment plants operation services: this segment operates wastewater treatment plants under Build-Own-Operate ("BOO") arrangement
- 3) BOT project construction and operation services: this segment constructs and operates wastewater and solid waste treatment plants under Build-Operate-Transfer ("BOT") arrangement to generate revenue from construction, operation services and finance income
- 4) Provision of heating services and electricity generation: this segment provides heating services and electricity generation
- 5) Provision of sludge and solid waste treatment services: this segment provides sludge and solid waste treatment services
- 6) Provision of hazardous waste treatment services: this segment provides hazardous waste treatment services

7. 收益及分部資料(續)

(b) 分部呈報

本集團按部門(按業務分部組成)管理業務。本集團按與就資源分配及表現評估向本集團最高行政管理人員內部呈報資料方式一致的方式,呈列以下6個可呈報分部。概無將任何經營分部匯總,以構成下列可呈報分部。

- 1) 供應工業用水:此分部供應工業用水
- 2) 提供污水處理設施營運服務:此分部根據建設-擁有一營運(「BOO」)安排經營污水處理設施
- 3) BOT項目建設及營運服務:此分部根據建設-營運-移交(「BOT」)安排建設及營運污水及固體廢物處理設施,以自建設、營運服務以及融資收入產生收益
- 4) 提供供熱服務及發電:此分部提供供熱服務及發電
- 5) 提供污泥及固體廢物處理服務:此分部提供污泥及固體廢物處理服務
- 6) 提供危險廢物處理服務:此分部提供危險廢物處理服務

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting (Cont'd)

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of wastewater treatment plants operation services, sludge and solid waste treatment services and hazardous waste treatment services, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before share of profits of associates and a joint venture, finance costs, taxes, interest income, depreciation and amortisation, impairment losses on non-current non-monetary assets, gain on disposal of subsidiaries, net foreign exchange gain/(loss)". To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' remuneration and other head office or corporate administration costs.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

7. 收益及分部資料 (續)

(b) 分部呈報 (續)

分部業績、資產及負債

為了評估分部表現及分配分部間之資源，本集團最高行政管理人員按以下基準監察各可呈報分部應佔之業績：

收益及開支乃參考該等分部所產生之銷售及該等分部所產生之開支或該等分部應佔資產折舊或攤銷所產生之其他開支分配至可報告分部。然而，除報告污水處理設施營運服務、污泥及固體廢物處理服務以及危險廢物處理服務之分部間銷售外，並無計量一個分部向另一個分部提供之協助（包括共用資產）。

本集團最高行政管理人員獲取有關分部收益及溢利之分部資料。分部資產及負債並非定期向本集團最高行政管理人員報告。

用於報告分部溢利的計量方式為「調整後EBITDA」，即「未計及分佔聯營公司及一家合營企業的溢利、融資成本、稅項、利息收入、折舊及攤銷、非流動非貨幣資產的減值虧損、出售附屬公司的收益及匯兌收益／（虧損）淨額前的調整後盈利」。為達致調整後EBITDA，本集團之盈利乃對並未指定歸屬於個別分部之項目作出進一步調整，如董事薪酬及其他總部或企業行政成本。

截至二零一九年及二零一八年十二月三十一日止年度本集團最高行政管理人員就資源分配及分部業績評估所提供之可呈報分部有關之資料載列如下。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

7. 收益及分部資料 (續)

(b) Segment reporting (Cont'd)

(b) 分部呈報 (續)

For the year ended 31 December 2019	截至二零一九年 十二月三十一日 止年度	Supply of industrial water 供應 工業用水 HK\$'000 千港元	Provision of wastewater treatment plants operation services 提供污水 處理設施 營運服務 HK\$'000 千港元	BOT project construction and operation services BOT項目 建設及 營運服務 HK\$'000 千港元	Provision of sludge and solid waste treatment services 提供污泥及 固體廢物 處理服務 HK\$'000 千港元	Provision of hazardous waste treatment services 提供危險 廢物處理 服務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Revenue from external customers	來自外部客戶的收益	22,987	207,430	52,820	169,493	397,679	-	850,409
Inter-segment revenue	分部間收益	-	37,811	-	51,042	1,426	-	90,279
Reportable segment revenue	可呈報分部收益	22,987	245,241	52,820	220,535	399,105	-	940,688
Reportable segment profit/(loss) (adjusted EBITDA)	可呈報分部溢利/(虧損) (調整後EBITDA)	259	25,477	2,864	55,291	155,385	(9,627)	229,649
Share of profits of associates	分佔聯營公司之溢利	-	-	-	-	2,080	-	2,080
Depreciation and amortisation for the year	年內折舊及攤銷	(4,116)	(52,405)	(3,187)	(15,313)	(72,939)	(71)	(148,031)
Gain on disposals of subsidiaries	出售附屬公司之收益	-	2,899	-	-	-	1,064	3,963
Impairment loss on payments for acquisition of subsidiaries	收購附屬公司之付款之 減值虧損	-	-	-	-	(22,714)	-	(22,714)
Impairment loss on property, plant and equipment	物業、廠房及設備之 減值虧損	-	(15,016)	-	(10,758)	-	-	(25,774)
Impairment loss on loan receivable	應收貸款之減值虧損	-	-	-	-	-	(69,150)	(69,150)
Impairment loss on amounts due from companies controlled by a former director	應收前董事控制公司 款項之減值虧損	-	-	-	-	-	(59,857)	(59,857)
Reversal of Impairment loss on trade receivables and contract assets	應收貿易款項及 合約資產之 減值虧損撥回	55	1,202	373	(761)	1,186	-	2,055
Impairment loss on other receivables and prepayments	其他應收款項及預付款項 之減值虧損	-	(2,499)	-	(7,458)	-	-	(9,957)

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting (Cont'd)

For the year ended 31 December 2018	截至二零一八年 十二月三十一日 止年度	供應 工業用水 HK\$'000 千港元	Provision of wastewater treatment plants operation services 提供污水 處理設施 營運服務 HK\$'000 千港元	BOT project construction and operation services BOT項目 建設及 營運服務 HK\$'000 千港元	Provision of heating services and electricity generation 提供供熱 服務及發電 HK\$'000 千港元	Provision of sludge and solid waste treatment services 提供污泥及 固體廢物 處理服務 HK\$'000 千港元	Provision of hazardous waste treatment services 提供危險 廢物處理 服務 HK\$'000 千港元	Unallocated	Total
		工業用水 HK\$'000 千港元	提供污水 處理設施 營運服務 HK\$'000 千港元	BOT項目 建設及 營運服務 HK\$'000 千港元	提供供熱 服務及發電 HK\$'000 千港元	提供污泥及 固體廢物 處理服務 HK\$'000 千港元	提供危險 廢物處理 服務 HK\$'000 千港元	未分配 HK\$'000 千港元	總額 HK\$'000 千港元
Revenue from external customers	來自外部客戶的收益	48,210	268,688	56,651	177,202	320,669	281,578	-	1,152,998
Inter-segment revenue	分部間收益	-	66,766	-	-	27,631	14,303	-	108,700
Reportable segment revenue	可呈報分部收益	48,210	335,454	56,651	177,202	348,300	295,881	-	1,261,698
Reportable segment profit/(loss) (adjusted EBITDA)	可呈報分部溢利/(虧損) (調整後EBITDA)	(10,584)	(115,706)	4,222	28,082	(3,358)	(66,953)	(62,684)	(226,981)
Share of profits of associates	分佔聯營公司之溢利	-	-	-	-	-	1,378	-	1,378
Share of loss of a joint venture	分佔一間合營企業之虧損	-	(2,825)	-	-	-	-	-	(2,825)
Depreciation and amortisation for the year	年內折舊及攤銷	(12,632)	(104,226)	(5,791)	(22,243)	(100,562)	(86,809)	(1,025)	(333,288)
Impairment losses on goodwill	商譽之減值虧損	(27,383)	(33,530)	-	-	(72,664)	(34,813)	-	(168,390)
Impairment losses on property, plant and equipment	物業、廠房及設備之減值虧損	(34,578)	(620,330)	(951)	(20,954)	(1,012,919)	(177,070)	(19,333)	(1,886,135)
Impairment losses on intangible assets	無形資產之減值虧損	(11,507)	(38,316)	(309,602)	-	(99,679)	(62,434)	-	(521,538)
Impairment losses on lease prepayments	租賃預付款項之減值虧損	-	(5,453)	-	-	(34,032)	-	-	(39,485)
Impairment losses on trade receivables and contract assets	應收貿易款項及合約資產之減值虧損	(15,237)	(59,939)	(5,939)	(2,263)	(54,798)	(23,620)	-	(161,796)
Impairment loss on prepayments for purchase of property, plant and equipment and lease prepayments	購買物業、廠房及設備及租賃預付款項之預付款項之減值虧損	-	(55,882)	-	-	(45,165)	-	(7,294)	(108,341)
Impairment losses on other receivables and prepayments	其他應收款項及預付款項之減值虧損	-	(82,274)	(15,588)	(2,263)	(23,940)	(4,470)	(16,359)	(144,894)
Impairment losses on interest in a joint venture	於一家合營企業之權益之減值虧損	-	(925)	-	-	-	-	-	(925)
Impairment losses on payments for acquisition of subsidiaries	收購附屬公司之付款之減值虧損	-	-	-	-	-	(40,232)	(24,258)	(64,490)
Impairment loss on amount due from a former director	應收前董事款項之減值虧損	-	-	-	-	-	-	(245,300)	(245,300)
Impairment loss on amounts due from companies controlled by a former director	應收前董事控制公司款項之減值虧損	-	-	-	-	-	-	(28,331)	(28,331)
Impairment loss on consideration receivable from disposal of a subsidiary	出售一家附屬公司之應收代價之減值虧損	-	-	-	-	-	-	(45,198)	(45,198)

7. 收益及分部資料 (續)

(b) 分部呈報 (續)

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting (Cont'd)

The Group's revenue for the year ended 31 December 2018 included revenue of HK\$52,479,000 of two subsidiaries namely Guangzhou Kaizhou and Guangzhou Xintao derived from the provision of wastewater treatment plant operation services, the provision of heating services and the electricity generation business. Guangzhou Kaizhou and Guangzhou Xintao ceased their business operations during the year ended 31 December 2018. A substantial portion of these revenue were not substantiated with relevant supporting documents including value added tax invoices while almost all of these revenue were without subsequent settlements. These, together with other long outstanding trade receivables brought forward from previous years, were assessed to be impaired by the present directors and a provision for impairment loss of RMB44,375,000 (equivalent to HK\$52,509,000) was charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

The Group's revenue also included revenue of HK\$396,236,000 (2018: HK\$282,963,000) of another subsidiary namely Guangzhou Lvyou. Guangzhou Lvyou had trade receivable of HK\$69,941,000 and HK\$104,693,000 as at 31 December 2019 and 2018 respectively. Guangzhou Lvyou recognized revenue and trade receivables upon receiving hazardous waste from its customers without taking into account the performance obligations under the contracts with customers. As at 31 December 2019 and 2018, certain hazardous waste received from the customers were kept by Guangzhou Lvyou at its plant without being processed all the necessary treatment services. However, revenue was fully recognized in respect of these hazardous waste for the years ended 31 December 2019 and 2018.

As there were insufficient supporting documents, the present directors were unable to quantify the financial effect of this cut off error and no adjustments to the revenue recognised were made to these consolidated financial statements.

7. 收益及分部資料(續)

(b) 分部呈報(續)

本集團截至二零一八年十二月三十一日止年度的收益包括兩間附屬公司(即廣州凱洲及廣州新滔)提供污水處理廠營運服務、提供供熱服務及發電業務產生的收益52,479,000港元。廣州凱洲及廣州新滔於截至二零一八年十二月三十一日止年度終止其業務營運。大部分該等收入並無經相關證明文件(包括增值稅發票)證實,而絕大部分該等收入並無獲其後結算。該等情況連同過往年度結轉的其他長期未償還貿易應收款項被現任董事評估為已減值,並於截至二零一八年十二月三十一日止年度之綜合損益表扣除減值虧損撥備人民幣44,375,000元(相當於52,509,000港元)。

本集團之收益亦包括另一間附屬公司廣州綠由之收益396,236,000港元(二零一八年:282,963,000港元)。於二零一九年及二零一八年十二月三十一日,廣州綠由之應收貿易款項分別為69,941,000港元及104,693,000港元。廣州綠由於自其客戶收取危險廢物後確認收益及應收貿易款項,並無計及客戶合約項下之履約責任。於二零一九年及二零一八年十二月三十一日,廣州綠由在其廠房保存自客戶收取的若干有害廢棄物,而並無進行所有必要的處理服務。然而,截至二零一九年及二零一八年十二月三十一日止年度,已就該等危險廢物悉數確認收益。

由於證明文件不足,故現任董事未能量化此截數錯誤之財務影響,故並無對該等綜合財務報表作出收益確認之調整。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting (Cont'd)

(i) Reconciliations of reportable segment profit/(loss)

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	Note 附註			
Reportable segment profit/(loss)		可呈報分部溢利／(虧損)	229,649	(226,981)
Share of profit of associates		分佔聯營公司的溢利	2,080	1,378
Share of losses of a joint venture		分佔一家合營企業的 虧損	-	(2,825)
Finance costs	11(a)	融資成本	(228,359)	(242,286)
Interest income	8	利息收入	1,016	13,647
Depreciation and amortisation	11(c)	折舊及攤銷	(148,031)	(333,288)
Impairment losses on intangible assets		無形資產之減值虧損	-	(521,538)
Impairment losses on goodwill		商譽之減值虧損	-	(168,390)
Impairment losses on property, plant and equipment		物業、廠房及設備之 減值虧損	(25,774)	(1,886,135)
Impairment losses on lease prepayments		租賃預付款項之減值 虧損	-	(39,485)
Impairment loss on amount due from a former director		應收前董事款項之 減值虧損	-	(245,300)
Impairment losses on amounts due from companies controlled by a former director		應收前董事控制之 公司款項之減值虧損	(59,857)	(28,331)
Impairment loss on interest in a joint venture		於合營企業之權益之 減值虧損	-	(925)
Impairment loss on payments for acquisition of subsidiaries		收購附屬公司之付款之 減值虧損	(22,714)	(64,490)
Impairment loss on consideration receivable from disposal of a subsidiary		來自出售一家附屬公司之 應收代價之減值虧損	-	(45,198)
Impairment loss on loan receivables		應收貸款減值虧損	(69,150)	-
Impairment loss on prepayments for purchase of property, plant and equipment and lease prepayments		購買物業、廠房及設備及 租賃預付款項之 預付款項之減值虧損	-	(108,341)
Impairment loss on amounts due from related companies (not controlled by Mr. Tsui)		應收關連公司 (並非由徐先生 控制)款項之減值 虧損	-	(4,141)
Impairment loss on prepayments for construction work		建築工程預付款項之 減值虧損	(8,594)	(31,796)
Impairment loss on prepayments for purchase of land		購買土地預付款項之 減值虧損	-	(15,759)
Impairment loss on interest receivables		應收利息之減值虧損	-	(7,484)
Gain on disposal of subsidiaries	9	出售附屬公司的收益	3,963	-
Net foreign exchange gain/(loss)	9	匯兌收益／(虧損)淨額	(1,419)	14,739
Consolidated loss before tax		綜合除稅前虧損	(327,190)	(3,942,929)

7. 收益及分部資料 (續)

(b) 分部呈報 (續)

(i) 可呈報分部溢利／(虧損)對賬

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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7. REVENUE AND SEGMENT INFORMATION (Cont'd)

(b) Segment reporting (Cont'd)

(ii) Information about major customers

The Group has transactions with the PRC local government authorities (under common control from the PRC central government) which in aggregate exceeded 10% of the Group's revenue. Revenue from the provision of wastewater treatment plants operation services, BOT project construction and operation services and provision of sludge and solid waste treatment services derived from local government authorities in the PRC for the year ended 31 December 2019 amounted to HK\$85,176,000 (2018: HK\$133,153,000). Details of concentrations of credit risk arising from customers are set out in note 6(b).

(iii) Geographic information

Analysis of the Group's revenue and assets by geographical market has not been presented as substantially all of the Group's revenue and assets are generated and located in the PRC.

8. OTHER INCOME

7. 收益及分部資料 (續)

(b) 分部呈報 (續)

(ii) 有關主要客戶之資料

本集團與中國地方政府機關(受中國中央政府共同控制)進行的交易合共超過本集團營業額的10%。截至二零一九年十二月三十一日止年度,為中國地方政府機關提供污水處理設施營運服務、BOT項目建設及營運服務及提供污泥及固體廢物處理服務帶來的收入為85,176,000港元(二零一八年:133,153,000)。來自客戶之集中信貸風險詳情載於附註6(b)。

(iii) 地區資料

由於本集團絕大部分收益及資產產生於及位於中國境內,故並未呈列本集團按地區市場劃分的營業額及資產分析。

8. 其他收入

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Government grants	政府補助	(a)	3,862	9,500
Value-added tax refund	增值稅退稅	(b)	820	17,557
Interest income	利息收入		1,016	13,647
Land levelling services	土地平整服務	(c)	-	4,742
Consultancy service income	顧問服務收入		4,286	-
Others	其他		2,108	875
			12,092	46,321

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

8. OTHER INCOME (Cont'd)

Note

- (a) Government grants represents various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.
- (b) The Group was entitled to value-added tax refund of HK\$820,000 (2018: HK\$17,557,000) during the year ended 31 December 2019 in relation to the provision of wastewater, sludge and solid waste treatment services of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund.
- (c) For the project of Yulin (Fumian) Energy-Saving Environmental Protection Industrial Park ("Yulin Industrial Park"), Yulin Xintao acts as the overall representative for the local government authority to provide agency services in their performance including, the appointment and supervision of external construction contractors in land levelling projects for local entities who subscribed for land use rights and who are to build up and operate production plants in the Yulin Industrial Park.

8. 其他收入 (續)

附註

- (a) 政府補助指中國地方機關授予本集團不同形式之獎金及資助。
- (b) 截至二零一九年十二月三十一日止年度，本集團有權就本集團於中國提供的污水、污泥及固體廢物處理服務獲增值稅退稅820,000港元（二零一八年：17,557,000港元）。概無有關收取該等退稅款項之未達成條件或其他或然事項。
- (c) 於玉林（福綿）節能環保產業園（「玉林產業園」）項目中，玉林新滔作為地方政府機關的總代表，須於履約時提供代理服務，包括為認購土地使用權並將於玉林產業園建設及營運生產廠房的當地實體委任及監督土地平整項目的外部建築承包商。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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9. OTHER NET GAINS/(LOSSES)

9. 其他收益／(虧損)淨額

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Gain on disposals of subsidiaries	出售附屬公司的收益	3,963	-
Net foreign exchange (loss)/gain	匯兌(虧損)/收益淨額	(1,419)	14,739
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(53)	(1,390)
Loss on disposal of lease prepayments	出售租賃預付款項之虧損	-	(38,190)
Penalty	罰款	(2,005)	(106,340)
Others	其他	(4)	(7,788)
		482	(138,969)

Note:

- (a) On 19 October 2018, Qingyuan Lvyou entered into an agreement with an independent third party for the disposal of a piece of land and properties located in Qingyuan, Guangdong, the PRC at a net consideration of RMB118,182,000 (equivalent to HK\$139,844,000). The land and properties were classified as prepayments for purchase of lease prepayments and equipment as at 31 December 2017 as the Group had not obtained the relevant ownership certificates. Upon disposal, Qingyuan Lvyou paid the relevant taxes and obtained the ownership certificates from the local government authority. After deduction of all the costs and taxes, the Group recorded a loss of HK\$38,190,000 on the disposal.
- (b) The penalty mainly represented fines and penalties imposed by local government environmental authorities as a result of the breach of environmental regulations and environmental pollution caused by a number of subsidiaries and the provision of penalty for illegal structures and legal proceedings.

附註：

- (a) 於二零一八年十月十九日，清遠綠由與一名獨立第三方訂立協議，以出售位於中國廣東清遠之一幅土地及物業，代價淨額為人民幣118,182,000元（相當於139,844,000港元）。於二零一七年十二月三十一日，由於本集團並未取得相關所有權證，故有關土地及物業被分類為購買租賃預付款項及設備之預付款項。於出售後，清遠綠由支付相關稅項並自地方政府機關取得所有權證。於扣除所有相關成本及稅項後，本集團錄得出售虧損38,190,000港元。
- (b) 罰款主要指地方政府環境部門因若干附屬公司違反環境法規及環境污染而施加的罰款及處罰以及有關非法建築物及法律訴訟之罰款撥備。

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綜合財務報表附註 (續)

for the year ended 31 December 2019

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10. IMPAIRMENT LOSS ON NON-CURRENT ASSETS

10. 非流動資產之減值虧損

		Impairment loss on 以下項目之減值虧損					
	Property, plant and equipment (note 18) 物業、廠房及 設備 (附註18)	Intangible assets 無形資產	Goodwill 商譽	Lease prepayments 租賃預付 款項	Total 總計		
Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
Year ended 31 December 2019	截至二零一九年十二月 三十一日止年度						
Guangzhou Haitao	廣州海滔	18(a)(v)	14,641	-	-	-	14,641
Qingyuan Lvyou	清遠綠由	18(a)(ii)	9,063	-	-	-	9,063
Others	其他		2,070	-	-	-	2,070
			25,774	-	-	-	25,774
		Impairment loss on 以下項目之減值虧損					
	Property, plant and equipment (note 18) 物業、廠房及 設備 (附註18)	Intangible assets (note 20) 無形資產 (附註20)	Goodwill (note 21) 商譽 (附註21)	Lease prepayments (note 19) 租賃預付 款項 (附註19)	Total 總計		
Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
Year ended 31 December 2018	截至二零一八年十二月 三十一日止年度						
Guangzhou Yinglong	廣州盈隆	18(a)(viii)	231,842	24,372	20,156	-	276,370
Longmen Zhongtao Recycling	龍滔循環	18(a)(iii)	951	309,602	-	-	310,553
Longmen Zhongtao	龍門中滔	18(a)(xv)	241,224	-	-	-	241,224
Qingyuan Lvyou	清遠綠由	18(a)(ii)	624,934	64,274	59,100	34,032	782,340
Guangzhou Liangang	廣州蓮港	18(a)(vi)	118,200	50,961	28,693	-	197,854
Ganghui Huanbao	港滙環保	18(a)(x)	40,565	4,544	5,774	-	50,883
Guangyuan Xizhou	廣元西州	18(a)(vii)	134,792	-	-	5,453	140,245
Heyuan Solid	河源固廢	18(a)(xii)	57,771	28,824	11,344	-	97,939
Guangzhou Xintao	廣州新滔	18(a)(viii)	87,255	-	-	-	87,255
Zhongshan Haitao	中山海滔	18(a)(iv)	63,290	9,401	7,599	-	80,290
Guangzhou Lvyou	廣州綠由	18(a)(i)	53,981	-	-	-	53,981
Guangzhou Haitao	廣州海滔	18(a)(v)	138,024	-	-	-	138,024
Hanyang Shuiwu	韓洋水務	18(a)(ix)	13,175	11,506	27,383	-	52,064
Guangzhou Kangxiang	廣州康翔	18(a)(xi)	4,889	11,474	6,120	-	22,483
Guangzhou Kaizhou	廣州凱洲	18(a)(viii)	21,402	-	-	-	21,402
Yingde Yingtao	英德英滔	18(a)(xiii)	19,333	-	-	-	19,333
Zhongshan Lvjie	中山綠潔		1,819	-	-	-	1,819
Guangzhou Xinzhou	廣州新洲	18(a)(viii)	576	-	-	-	576
Haoying Solid	浩盈固廢	18(a)(xiv)	32,112	6,580	2,221	-	40,913
			1,886,135	521,538	168,390	39,485	2,615,548

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS BEFORE TAX

The Group's loss before tax for the year is stated after charging/ (crediting) the following:

(a) Finance costs

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	155,966	166,143
Loan facility fees	貸款融資費用	1,236	54,269
Interest on other borrowings	其他借貸利息	67,334	25,924
Interest on deposit received	已收按金利息	-	15,342
Interest on lease liabilities	租賃負債利息	3,823	-
		228,359	261,678
Less: Interest expenses capitalised into construction in progress (note)	減：資本化入在建工程的利息開支(附註)	-	(19,392)
Total finance costs	融資成本總額	228,359	242,286

Note:

The borrowing costs have been capitalised at rates of 3.70% – 5.75% per annum for the year ended 31 December 2018.

(b) Staff costs

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, bonuses and allowances	薪金、花紅及準貼	161,018	198,782
Contributions to defined contribution plans	界定供款計劃供款	8,029	11,255
		169,047	210,037

11. 除稅前虧損

本集團年內之除稅前虧損乃經扣除／(計入)以下各項後呈列：

(a) 融資成本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	155,966	166,143
Loan facility fees	貸款融資費用	1,236	54,269
Interest on other borrowings	其他借貸利息	67,334	25,924
Interest on deposit received	已收按金利息	-	15,342
Interest on lease liabilities	租賃負債利息	3,823	-
		228,359	261,678
Less: Interest expenses capitalised into construction in progress (note)	減：資本化入在建工程的利息開支(附註)	-	(19,392)
Total finance costs	融資成本總額	228,359	242,286

附註：

截至二零一八年十二月三十一日止年度，借款成本已按年利率3.70%至5.75%資本化。

(b) 員工成本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, bonuses and allowances	薪金、花紅及準貼	161,018	198,782
Contributions to defined contribution plans	界定供款計劃供款	8,029	11,255
		169,047	210,037

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS BEFORE TAX (Cont'd)

(c) Other items

	Note	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	附註		
Auditor's remuneration		3,500	3,500
Amortisation of intangible assets		47,421	90,627
Amortisation of lease prepayments		–	9,221
Amortisation of right-of-use assets		28,216	–
Lease payment not under the measurement of lease liabilities		3,140	–
Cost of inventories (note)		99,937	214,690
Depreciation		72,394	233,440
Operating lease charges			
– Land and buildings		–	19,285
Research and development expenses		163	3,574
Impairment losses on goodwill	10	–	168,390
Impairment losses on property, plant and equipment	10	25,774	1,886,135
Impairment losses on intangible assets	10	–	521,538
Impairment losses on lease prepayments	10	–	39,485
Impairment losses on amount due from a former director	29(c)	–	245,300
Impairment losses on amounts due from companies controlled by a former director	29(d)	59,857	28,331
(Reversal of impairment losses)/ impairment losses on trade receivables and contract assets	26 & 29(b)	(2,055)	161,796
Impairment losses on other receivables and prepayments	(i)	9,957	144,894
Impairment loss on prepayments for purchase of lease prepayment and equipment	(ii)	–	108,341
Impairment loss on consideration receivable from disposal of a subsidiary	(iii)	–	45,198
Impairment loss on loan receivables	29(e)	69,150	–
Impairment losses on payments for acquisition of subsidiaries	27(a)	22,714	64,490
Impairment losses on interest in a joint venture		–	925

11. 除稅前虧損 (續)

(c) 其他項目

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS BEFORE TAX (Cont'd)

(c) Other items (Cont'd)

Note: Cost of inventories represented raw materials consumed during the supply of industrial water, provision of wastewater treatment plants operation services, provision of heating services and electricity generation, provision of sludge and solid waste treatment services and provision of hazardous waste treatment services.

(i) Impairment loss on other receivables and prepayments

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Security deposit due from Menghui	27(a)	-	54,189
Prepayments for construction work		8,594	31,796
Prepayments for purchase of land		-	15,759
Trade security deposits		-	18,868
Security deposits paid to local government authorities		-	1,775
Interest receivables		-	7,484
Amounts due from related companies (not controlled by Mr. Tsui)		-	4,141
Others		1,363	10,882
		9,957	144,894

The present directors considered that impairment loss should be made on the above other receivables and prepayments as the amounts have been outstanding for a long period of time and there were no progress on the related projects and no refund was made to the Group up to the date of approval of these consolidated financial statements.

11. 除稅前虧損 (續)

(c) 其他項目 (續)

附註：存貨成本指供應工業用水及提供污水處理設施營運服務、提供供熱服務及發電、提供污泥及固體廢物處理服務及提供危險廢棄物處理服務所消耗的原材料。

(i) 其他應收款項及預付款項之減值虧損

現任董事認為，應就上述其他應收款項及預付款項作出減值虧損，原因為該等款項已長期未償還，且相關項目並無進展，且截至批准該等綜合財務報表日期，本集團並無獲退款。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS BEFORE TAX (Cont'd)

(c) Other items (Cont'd)

Notes: (Cont'd)

(ii) Impairment loss on prepayments for purchase of property, plant and equipment and lease prepayments

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Prepayments for construction work by Guangyuan Xizhou	廣元西洲建設工程之預付款項	18(a)(vii)&(a)	-	39,085
Prepayments for purchase of lease prepayments	購買租賃預付款項之預付款項	(b)	-	59,120
Others	其他		-	10,136
			-	108,341

Notes:

- (a) The present directors considered that the recoverability of this amount was remote as the future development of the project and the commencement of the commercial operations is uncertain and an impairment loss was made in 2018.
- (b) This represented the impairment loss made on assets without ownership certificates transferred from Mr. Gu Yaokun classified as prepayments for purchase of lease prepayments (note 18(a)(ii)) and impairment on payments of HK\$28,154,000 made for the purchase of various land in previous years. The present directors considered that the possibility of obtaining land use rights was remote, therefore, impairment loss was made in the year ended 31 December 2018.

11. 除稅前虧損 (續)

(c) 其他項目 (續)

附註：(續)

(ii) 購買物業、廠房及設備以及租賃預付款項之預付款項減值虧損

附註：

- (a) 現任董事認為，由於項目未來發展及商業營運之開展並不明朗，故款項的可收回性甚微及於二零一八年作出減值虧損。
- (b) 該款項指就轉讓自古耀坤先生且並無所有權證的資產（分類為購買租賃預付款項的預付款項）作出的減值虧損（附註18(a)(ii)）及於過往年度就購買多幅土地之付款之減值28,154,000港元。現任董事認為取得土地使用權的可能性甚微，因此，已於截至二零一八年十二月三十一日止年度作出減值虧損。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS BEFORE TAX (Cont'd)

(c) Other items (Cont'd)

Notes: (Cont'd)

(iii) Impairment loss on consideration receivable from disposal of a subsidiary

The Group recorded a consideration receivable from the disposal of a subsidiary of HK\$70,059,000 and HK\$4,565,000 as at 31 December 2017 and 2018 respectively. In March, 2018, the Group received a settlement of HK\$22,826,000 from the purchaser. A further settlement of HK\$4,565,000 was received in 2019. Since then, no further payments were made by the purchaser. According to the management, prior to the disposal, the land acquired by the subsidiary from the local government had been laid idle for more than three years without any development and this was a breach of the original contract for the acquisition. The purchaser encountered difficulties in obtaining approval for the development of the land and, as a result, had to pay a penalty imposed by the local government for the breach of contract, namely, a delay in development which was caused by the Group. The purchaser also incurred financial losses resulted from the project delay. In the absence of sufficient documents, the present directors were unable to ascertain the amount of penalty paid and the financial losses incurred by the purchaser. To avoid a claim from the purchaser on the above matter, the Group did not follow up with the purchaser for settlement of the balance of the consideration receivable. As the outstanding balance has been overdue for a long period of time and without any further subsequent settlements, the present directors made an impairment loss of HK\$45,198,000 on the consideration receivable from the disposal of a subsidiary for the year ended 31 December 2018.

11. 除稅前虧損 (續)

(c) 其他項目 (續)

附註：(續)

(iii) 出售一家附屬公司之應收代價之減值虧損

於二零一七年及二零一八年十二月三十一日，本集團分別錄得出售一間附屬公司之應收代價70,059,000港元及4,565,000港元。於二零一八年三月，本集團自買方收取償付款項22,826,000港元。進一步償付款項4,565,000港元已於二零一九年收取。自此，買方並無作出進一步付款。據管理層告知，於出售前，該附屬公司向地方政府收購之土地已被閒置超過三年且並無任何發展，此乃違反收購的原合約。買家在取得土地開發批文時遇到困難，因而須支付當地政府就違反合約（即本集團導致的開發延誤）而徵收的罰款。買方亦因項目延誤而產生財務虧損。由於缺乏足夠文件，現任董事未能確定買方所支付之罰款金額及所產生之財務虧損。為避免買方就上述事項提出申索，本集團並無與買方跟進結算應收代價結餘。由於未償還結餘已逾期一段長時間，且並無任何進一步後續償付，截至二零一八年十二月三十一日止年度，現任董事就出售一間附屬公司之應收代價作出減值虧損45,198,000港元。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

12. INCOME TAX CREDIT

- (a) Income tax credit has been recognised in profit or loss as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current tax – PRC income tax	即期稅項 – 中國所得稅		
Provision for the year	年度撥備	22,652	8,923
(Over)/Under-provision in respect of prior years	過往年度(超額撥備)/撥備不足	(1,285)	10,285
		21,367	19,208
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 41)	暫時性差額的產生及撥回(附註41)	(31,525)	(78,374)
Income tax credit	所得稅抵免	(10,158)	(59,166)

12. 所得稅抵免

- (a) 已於損益確認所得稅抵免如下:

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

12. INCOME TAX CREDIT (Cont'd)

(b) Reconciliation between income tax credit and accounting loss at applicable tax rates:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss before tax	除稅前虧損	(327,190)	(3,942,929)
Notional tax on loss before tax, calculated at the rates applicable to profits in the jurisdictions concerned (note i)	按照在相關司法權區適用於溢利的比率就除稅前虧損計算的名義稅項 (附註i)	(58,426)	(917,191)
Tax effect of expenses that are not deductible	不可扣減開支的稅項影響	77,350	812,658
Tax effect of income that is not taxable	非應課稅收入的稅項影響	(27,417)	(3,572)
Tax effect of preferential tax treatments (note ii)	優惠稅項待遇的稅項影響 (附註ii)	(21,642)	(9,618)
Effect of tax losses not recognised	未確認稅項虧損的影響	21,269	51,700
Under/(over)-provision in prior years	過往年度撥備不足 / (超額撥備)	(1,285)	10,285
Tax effect of utilisation of tax losses not previously recognised	使用先前未確認稅項虧損的稅項影響	(7)	(3,428)
Income tax credit	所得稅抵免	(10,158)	(59,166)

Notes:

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

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the years ended 31 December 2019 and 2018.

The statutory income tax rate for the PRC subsidiaries is 25%.

12. 所得稅抵免 (續)

(b) 所得稅抵免與按適用稅率計算的會計虧損對賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss before tax	除稅前虧損	(327,190)	(3,942,929)
Notional tax on loss before tax, calculated at the rates applicable to profits in the jurisdictions concerned (note i)	按照在相關司法權區適用於溢利的比率就除稅前虧損計算的名義稅項 (附註i)	(58,426)	(917,191)
Tax effect of expenses that are not deductible	不可扣減開支的稅項影響	77,350	812,658
Tax effect of income that is not taxable	非應課稅收入的稅項影響	(27,417)	(3,572)
Tax effect of preferential tax treatments (note ii)	優惠稅項待遇的稅項影響 (附註ii)	(21,642)	(9,618)
Effect of tax losses not recognised	未確認稅項虧損的影響	21,269	51,700
Under/(over)-provision in prior years	過往年度撥備不足 / (超額撥備)	(1,285)	10,285
Tax effect of utilisation of tax losses not previously recognised	使用先前未確認稅項虧損的稅項影響	(7)	(3,428)
Income tax credit	所得稅抵免	(10,158)	(59,166)

附註：

(i) 根據開曼群島及英屬處女群島的規則及法規，本集團於開曼群島及英屬處女群島毋須繳納任何所得稅。

由於截至二零一九年及二零一八年十二月三十一日止年度本集團並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅作出撥備。

中國附屬公司的法定所得稅率為25%。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

12. INCOME TAX CREDIT (Cont'd)

(b) (Cont'd)

Notes: (Cont'd)

- (ii) Certain subsidiaries of the Group are entitled to the following PRC preferential tax treatments:

Guangzhou CT Lvyou Environmental Protection Technology Company Limited (formerly known as Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited) ("Guangzhou Lvyou") was approved as a High and New Technology Enterprise in September 2015 and November 2018, which entitled it to the preferential income tax rate of 15% from 2015 to 2017 and from 2018 to 2020.

Heyuan Solid Waste Centralized Treatment Centre Company Limited ("Heyuan Solid") was approved as a High and New Technology Enterprise in December 2016, which entitled it to the preferential income tax rate of 15% from 2016 to 2018.

Guangzhou Haitao, being an entity engaged in wastewater treatment and sludge treatment, is entitled to a tax holiday of 3-year exemption and 3-year 50% reduction on income derived from its principal activities (the "3+3 tax holiday") starting from the year in which the project starts to generate operating revenue. There are 3 phases of waste treatment facilities under Guangzhou Haitao. The tax holiday for Phase I and Phase II facilities ended in 2015; while Phase III facilities are subject to exemption from income tax from 2013 to 2015 and reduction of half of the income tax from 2016 to 2018. Additionally, in October 2015, Guangzhou Haitao was approved as a High and New Technology Enterprise, which then entitled it to the preferential income tax rate of 15% from 2016 to 2018. During the year ended 31 December 2018, Guangzhou Haitao was not entitled to any preferential income tax treatment as a result of the breach of certain environmental regulations. The income tax rate was restored to 25%.

Guangzhou Yinglong Wastewater Treatment Company Limited ("Guangzhou Yinglong"), a subsidiary engaged in wastewater treatment, is entitled to the 3+3 tax holiday starting from the year in which the project starts to generate operating revenue. Guangzhou Yinglong is subject to exemption from income tax from 2012 to 2014 and reduction of half of the income tax from 2015 to 2017. In November 2017, Guangzhou Yinglong was approved as a High and New Technology Enterprises, which then entitled it to the preferential income tax rate of 15% from 2018 to 2020. During the year ended 31 December 2018, Guangzhou Yinglong breached certain environmental regulations and all tax benefits were therefore cancelled.

12. 所得稅抵免 (續)

(b) (續)

附註：(續)

- (ii) 本集團的若干附屬公司享有以下中國優惠稅項待遇：

廣州中滔綠由環保科技有限公司(原名廣州綠由工業廢物回收處理有限公司)於二零一五年九月及二零一八年十一月被認定為高新技術企業，於二零一五年至二零一七年及於二零一八年至二零二零年享有15%的優惠所得稅率。

河源市固體廢物集中處置中心有限公司(「河源固廢」)於二零一六年十二月被認定為高新技術企業，於二零一六年至二零一八年享有15%的優惠所得稅率。

廣州海滔為從事污水處理及污泥處理的實體，自項目開始產生營運收益年度起享有三年悉數豁免稅項優惠以及三年享有其主要活動收入之所得稅稅率減半之優惠(「3+3稅項優惠」)。廣州海滔的廢物處理設施有3個階段。第一期及第二期設施之稅務優惠期於二零一五年完結；而第三期設施於二零一三年至二零一五年獲豁免徵收所得稅及於二零一六年至二零一八年獲減免一半所得稅。此外，於二零一五年十月，廣州海滔被認定為高新技術企業，其後於二零一六年至二零一八年享有15%的優惠所得稅率。於截至二零一八年十二月三十一日止年度，廣州海滔因違反若干環境法規而無權享有任何優惠所得稅待遇。所得稅率回復至25%。

廣州盈隆污水處理有限公司(「廣州盈隆」)為從事污水處理的附屬公司，從項目開始產生營運收益的年度起享有3+3稅項優惠。廣州盈隆於二零一二年至二零一四年獲豁免徵收所得稅及於二零一五年至二零一七年獲減免一半所得稅。於二零一七年十一月，廣州盈隆被認定為高新技術企業，其後於二零一八年至二零二零年享有15%的優惠所得稅率。於截至二零一八年十二月三十一日止年度，廣州盈隆違反若干環境法規，因此，所有稅項優惠取消。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

12. INCOME TAX CREDIT (Cont'd)

(b) (Cont'd)

Notes: (Cont'd)

(ii) (Cont'd)

Qingyuan Lvyou Environmental Protection Technology Company Limited (“Qingyuan Lvyou”), a subsidiary engaged in solid waste treatment, is entitled to the 3+3 tax holiday starting from the year in which the project starts to generate operating revenue. Qingyuan Lvyou is subject to exemption from income tax from 2014 to 2016 and reduction of half of the income tax from 2017 to 2019. Additionally, in October 2015 and November 2018, Qingyuan Lvyou was approved as a High and New Technology Enterprise, which then entitled it to the preferential income tax rate of 15% from 2015 to 2017 and from 2018 to 2020. As the tax rate applied during the tax holiday is lower than the tax rate applied for High and New Technology Enterprise, the effective income tax rate of Qingyuan Lvyou is 12.5% from 2017 to 2018. No preferential tax was enjoyed by Qingyuan Lvyou during the year ended 31 December 2019 as Qingyuan Lvyou failed to file the annual application to local tax authority and meet the annual research and development requirement.

Yulin Xintao Environmental Protection Technology Company Limited (“Yulin Xintao”), a subsidiary engaged in water supply, wastewater treatment, land levelling, heating services and electricity generation, is entitled to the 3+3 tax holiday for waste water treatment services starting from the year in which the project starts to generate operating revenue. Yulin Xintao is subject to exemption from income tax from 2017 to 2019 and reduction of half of the income tax from 2020 to 2022.

Lvyou Environmental Protection Equipment Company Limited (“Lvyou Equipment”) was approved as a High and New Technology Enterprise in December 2016, which entitled it to the preferential income tax rate of 15% from 2016 to 2018.

12. 所得稅抵免 (續)

(b) (續)

附註：(續)

(ii) (續)

清遠綠由環保科技有限公司(「清遠綠由」)為從事固體廢物處理的附屬公司，從項目開始產生營運收益的年度起享有3+3稅項優惠。清遠綠由二零一四年至二零一六年獲豁免徵收所得稅及於二零一七年至二零一九年獲減免一半所得稅。此外，於二零一五年十月及二零一八年十一月，清遠綠由被認定為高新技術企業，其後於二零一五年至二零一七年及於二零一八年至二零二零年享有15%的優惠所得稅率。由於稅項優惠期內所適用之稅率較高新技術企業所適用之稅率為低，故清遠綠由於二零一七年至二零一八年的實際所得稅稅率為12.5%。截至二零一九年十二月三十一日止年度，清遠綠由並無享有優惠稅項，原因為清遠綠由未能向地方稅務機關提交年度申請及達成研發要求。

玉林市新滔環保科技有限公司(「玉林新滔」)為從事供水、污水處理、土地平整以及提供供熱服務及發電的附屬公司，從項目開始產生營運收益的年度起就污水處理服務享有3+3稅項優惠。於二零一七年至二零一九年，玉林新滔獲豁免徵收所得稅及於二零二零年至二零二二年獲減免一半所得稅。

Lvyou Environmental Protection Equipment Company Limited (「Lvyou Equipment」)於二零一六年十二月認定為高新技術企業，於二零一六年至二零一八年享有15%的優惠所得稅率。

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綜合財務報表附註 (續)

for the year ended 31 December 2019

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13. DIRECTORS' EMOLUMENTS

13. 董事薪酬

		Year ended 31 December 2019 截至二零一九年十二月三十一日止年度						
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (note 44)	Total		
		Fees			Sub-Total			
		袍金	薪金、津貼及 實物福利	酌情花紅	退休計劃 供款	股份支付 (附註44)	總計	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	
Executive directors	執行董事							
Mr. Tsui Cham To (resigned on 8/4/2020)	徐湛滔先生 (於二零二零年 四月八日辭任)	-	6,407	-	36	6,443	-	6,443
Mr. Zhao Keyin (appointed on 14/1/2019 and resigned on 20/6/2019)	趙克銀先生 (於二零一九年 一月十四日獲委任及 於二零一九年 六月二十日辭任)	-	265	-	34	299	-	299
Ms. Xu Liuqi (appointed on 6/12/2019 and resigned on 3/8/2020)	徐柳齊小姐 (於二零一九年 十二月六日獲委任及 於二零二零年 八月三日辭任)	-	187	284	13	484	-	484
Mr. Xu Juwen (resigned on 2/6/2020)	徐炬文先生 (於二零二零年 六月二日辭任)	-	823	-	33	856	-	856
Mr. Yuan Guanghua (appointed on 20/6/2019 and resigned on 11/2/2020)	袁廣華先生 (於二零一九年 六月二十日獲委任及 於二零二零年 二月十一日辭任)	-	205	15	25	245	-	245
Mr. Liang Zhenjie (resigned on 24/1/2020)	梁振傑先生 (於二零二零年 一月二十四日辭任)	-	1,138	-	10	1,148	-	1,148
Mr. Tsui Wai Kin (appointed on 11/12/2019 and resigned on 3/8/2020)	徐偉健先生 (於二零一九年 十二月十一日獲委任並 於二零二零年 八月三日辭任)	-	261	8	9	278	-	278
Mr. Lu Xiao'an (resigned on 18/6/2020)	陸小安先生 (於二零二零年 六月十八日辭任)	-	541	300	7	848	-	848
Mr. Liang Qilin (resigned on 11/12/2019)	梁啟麟先生 (於二零一九年十二月 十一日辭任)	-	435	-	36	471	-	471
Sub-total	小計	-	10,262	607	203	11,072	-	11,072

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綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

13. DIRECTORS' EMOLUMENTS (Cont'd)

13. 董事薪酬 (續)

		Year ended 31 December 2019 截至二零一九年十二月三十一日止年度					
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments (note 44)	Total	
		Fees	in kind	bonuses	contributions	Sub-Total	Total
		袍金	薪金·津貼及 實物福利	酌情花紅	退休計劃 供款	小計	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Independent non-executive directors	獨立非執行董事						
Mr. Zhang Lu Fu (resigned on 3/8/2020)	張魯夫先生 (於二零二零年 八月三日辭任)	300	-	-	-	300	300
Mr. Suen To Wai (resigned on 10/4/2019)	孫多偉先生 (於二零一九年 四月十日辭任)	83	-	-	-	83	83
Dr. Ng Wai kuen (appointed on 28/1/2019 and resigned on 3/8/2020)	吳惠權博士 (於二零一九年 一月二十八日獲委任及 於二零二零年 八月三日辭任)	275	-	-	-	275	275
Mr. He Jingyong (appointed on 24/1/2019 and resigned on 28/1/2019 and reappointed on 10/4/2019)	何景涌先生 (於二零一九年 一月二十四日獲委任及 於二零一九年 一月二十八日辭任及 於二零一九年四月十日 獲重新委任)	173	-	-	-	173	173
Mr. Yu Chung Leung (appointed on 18/4/2019 and resigned on 17/2/2020)	余仲良先生 (於二零一九年 四月十八日獲委任及 於二零二零年 二月十七日辭任)	281	-	-	-	281	281
Sub-total	小計	1,112	-	-	-	1,112	1,112
Total	總計	1,112	10,262	607	203	12,184	12,184

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13. DIRECTORS' EMOLUMENTS (Cont'd)

13. 董事薪酬 (續)

		Year ended 31 December 2018 截至二零一八年十二月三十一日止年度						
		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note 44)	Total
		袍金	薪金、津貼及實物福利	酌情花紅	退休計劃供款	小計	股份支付 (附註44)	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Executive directors	執行董事							
Mr. Tsui Cham To (resigned on 8/4/2020)	徐湛滔先生 (於二零二零年 四月八日辭任)	-	6,340	9	36	6,385	-	6,385
Mr. Xu Shubiao (resigned on 28/12/2018)	徐樹標先生 (於二零一八年 十二月二十八日辭任)	-	232	-	30	262	-	262
Mr. Gu Yaokun (resigned on 24/5/2018)	古耀坤先生 (於二零一八年 五月二十四日辭任)	-	-	-	-	-	-	-
Mr. Xu Juwen (resigned on 2/6/2020)	徐炬文先生 (於二零二零年 六月二日辭任)	-	906	-	25	931	-	931
Mr. Xu Zhencheng (appointed on 24/8/2017 and resigned on 8/11/2018)	許振成先生 (於二零一七年 八月二十四日獲委任及 於二零一八年 十一月八日辭任)	-	1,151	18	14	1,183	-	1,183
Mr. Lu Xiao'an (appointed on 5/11/2018 and resigned on 18/6/2020)	陸小安先生 (於二零一八年 十一月五日獲委任及 於二零二零年 六月十八日辭任)	-	568	312	7	887	-	887
Mr. Liang Zhenjie (appointed on 8/11/2018 and resigned on 24/1/2020)	梁振傑先生 (於二零一八年 十一月八日獲委任及 於二零二零年 一月二十四日辭任)	-	675	28	5	708	-	708
Mr. Liang Qilin (appointed on 30/11/2018 and resigned on 11/12/2019)	梁啟麟先生 (於二零一八年 十一月三十日獲委任及 於二零一九年 十二月十一日辭任)	-	308	-	28	336	-	336
Sub-total	小計	-	10,180	367	145	10,692	-	10,692

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

13. DIRECTORS' EMOLUMENTS (Cont'd)

13. 董事薪酬 (續)

		Year ended 31 December 2018 截至二零一八年十二月三十一日止年度						
		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note 44)	Total
		袍金	薪金、津貼及 實物福利	酌情花紅	退休計劃 供款	小計	股份支付 (附註44)	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Independent non-executive directors	獨立非執行董事							
Mr. Liu Yung Chau (resigned on 26/10/2018)	廖裕就先生 (於二零一八年 十月二十六日辭任)	86	-	-	-	86	-	86
Mr. Du Hequn (resigned on 16/1/2018)	杜鶴群先生 (於二零一八年 一月十六日辭任)	29	-	-	-	29	-	29
Mr. Chau Paul (appointed on 24/10/2017 and resigned on 14/2/2018)	周弋邦先生 (於二零一七年 十月二十四日獲委任及 於二零一八年 二月十四日辭任)	38	-	-	-	38	-	38
Mr. Zhang Lu Fu (appointed on 16/1/2018 and resigned on 3/8/2020)	張魯夫先生 (於二零一八年一月十六日 獲委任及於二零二零年 八月三日辭任)	287	-	-	-	287	-	287
Mr. Suen To Wai (appointed on 14/2/2018 and resigned on 10/4/2019)	孫多偉先生 (於二零一八年二月十四日 獲委任及於二零一九年 四月十日辭任)	263	-	-	-	263	-	263
Sub-total	小計	703	-	-	-	703	-	703
Non-executive director	非執行董事							
Mr. Yang Chunlin (appointed on 3/4/2018 and resigned on 25/10/2018)	楊春林先生 (於二零一八年 四月三日獲委任及 於二零一八年 十月二十五日辭任)	168	-	-	-	168	-	168
Sub-total	小計	168	-	-	-	168	-	168
Total	總計	871	10,180	367	145	11,563	-	11,563

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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13. DIRECTORS' EMOLUMENTS (Cont'd)

The details of appointment and resignations of directors subsequent to 31 December 2019 were as follows:

Executive director 執行董事

Mr. Xu Huagen
徐華根先生

Appointed on 於以下日期獲委任

11/2/2020
二零二零年二月十一日

13. 董事薪酬(續)

於二零一九年十二月三十一日後委任及辭任之董事詳情如下：

Resigned on 於以下日期辭任

3/8/2020
二零二零年八月三日

Mr. Wu Changbiao
伍暢標先生

31/1/2020
二零二零年一月三十一日

N/A
不適用

Ms. Huang Qing
黃青女士

12/5/2020
二零二零年五月十二日

N/A
不適用

Mr. Cheung Siu Fai
張少輝先生

3/8/2020
二零二零年八月三日

10/11/2020
二零二零年十一月十日

Mr. Li Yang
李陽先生

3/8/2020
二零二零年八月三日

N/A
不適用

Mr. Lam Wai Tong
林瑋塘先生

29/10/2020
二零二零年十月二十九日

N/A
不適用

Independent non-executive director 獨立非執行董事

Mr. Fong Wai Ho
方偉豪先生

Appointed on 於以下日期獲委任

3/8/2020
二零二零年八月三日

Resigned on 於以下日期辭任

N/A
不適用

Ms. Lai Pik Chi Peggy
黎碧芝女士

3/8/2020
二零二零年八月三日

N/A
不適用

There were no amounts paid during the year ended 31 December 2019 (2018: Nil) to the directors as inducement to join or upon joining the Company or the Group or as compensation for loss of office. No directors waived or agreed to waive any emolument during the year (2018: Nil).

截至二零一九年十二月三十一日止年度，概無向董事支付任何款項作為吸引其加入或加入本公司或本集團後之獎勵或作為其離職補償(二零一八年：無)。年內概無董事放棄或同意放棄任何薪酬(二零一八年：無)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individuals

The five highest paid individuals in the Group during the year included 4 (2018: 3) directors whose emoluments are reflected in the analysis presented in note 13. The emoluments of the remaining 1 (2018: 2) individuals are set out below:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	1,800	2,083
Retirement benefit scheme contributions	退休福利計劃供款	36	43
		1,836	2,126

The emoluments fell within the following band:

		Number of individuals 人數	
		2019 二零一九年	2018 二零一八年
Nil to HK\$1,000,000	零至1,000,000港元	-	1
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	1	-

14. 最高薪酬人士

五名最高薪酬人士

年內本集團五名最高薪酬人士包括4名(二零一八年:3名)董事,其薪酬反映於附註13呈列之分析。其餘1名(二零一八年:兩名)人士之薪酬載於下文:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	1,800	2,083
Retirement benefit scheme contributions	退休福利計劃供款	36	43
		1,836	2,126

有關薪酬位列以下範圍內:

		Number of individuals 人數	
		2019 二零一九年	2018 二零一八年
Nil to HK\$1,000,000	零至1,000,000港元	-	1
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	1	-

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綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

15. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interim dividend of HK\$Nil (2018: HK\$0.0096) per ordinary share	-	60,641

The board of directors of the Company (the "Board") declared an interim dividend of HK\$0.0096 per share totalling HK\$60,641,000 during the year ended 31 December 2018. However, due to the continued volatility of the market and in order to preserve the cash level of the Group for better working capital management purposes, the Board on 26 March 2019 announced and resolved to withdraw its recommendation for the payment of the interim dividend. As a result, dividend payable of HK\$60,641,000 as at 31 December 2018 was reversed in the year ended 31 December 2019.

No final dividend was paid or proposed in respect of years ended 31 December 2019 and 2018.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Final dividend in respect of the previous financial year of HK\$Nil (2018: HK\$0.0095) per ordinary share and a special dividend of HK\$Nil (2018: HK\$0.0198) per ordinary share	-	184,352

15. 股息

(a) 本年度應付本公司權益持有人股息：

截至二零一八年十二月三十一日止年度，本公司董事會（「董事會」）宣派中期股息每股0.0096港元，合共60,641,000港元。然而，由於市場持續波動及為保持本集團的現金水平，以達致更佳營運資金管理，董事會於二零一九年三月二十六日宣佈及議決撤回其派付中期股息的建議。因此，於二零一八年十二月三十一日之應付股息60,641,000港元將於截至二零一九年十二月三十一日止年度撥回。

概無就截至二零一九年及二零一八年十二月三十一日止年度派付或建議末期。

(b) 本年度批准及派付上一財政年度應付本公司權益持有人股息

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

16. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$316,721,000 (2018: HK\$3,872,815,000) and the weighted average number of ordinary shares of 6,281,584,000 (2018: 6,286,457,000) in issue during the year, calculated as follows:

Number of shares 股份數目	2019 二零一九年 '000 千股	2018 二零一八年 '000 千股
Issued ordinary shares at 1 January 於一月一日的已發行普通股	6,316,792	6,316,792
Effect of purchase of shares under the Share Award Scheme 根據股份獎勵計劃購買股份的影響	(35,208)	(30,335)
Weighted average number of ordinary shares at 31 December 於十二月三十一日的普通股加權平均數	6,281,584	6,286,457

(b) Diluted loss per share

During the years ended 31 December 2019 and 2018, there were no dilutive potential ordinary shares issued. The diluted loss per share is the same as the basic loss per share.

16. 每股虧損

(a) 每股基本虧損

年內每股基本虧損乃根據本公司擁有人應佔年內虧損約316,721,000港元(二零一八年:3,872,815,000港元)及年內已發行普通股加權平均數6,281,584,000股(二零一八年:6,286,457,000股),計算所得如下:

(b) 每股攤薄虧損

截至二零一九年及二零一八年十二月三十一日止年度,概無已發行潛在攤薄普通股。每股攤薄虧損與每股基本虧損相同。

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綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

17. DEFINED CONTRIBUTION PLANS

The employees of the subsidiaries in the PRC participate in a defined contribution retirement scheme operated by the local government authorities whereby the Group is required to contribute to the scheme at rates of 13% to 19% of the eligible employees' basic salary (2018: 13% to 19%). The local government authorities are responsible for the entire pension obligations payable to the retired employees.

Contributions to the Mandatory Provident Fund ("MPF") are required under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The Group and its employees in Hong Kong make monthly mandatory contributions to the MPF scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from employees and employers are subject to a cap of monthly relevant income of HK\$30,000 (2018: HK\$30,000).

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

17. 界定供款計劃

於中國的附屬公司僱員參與由地方政府機關運營的界定供款退休福利計劃，本集團須按合資格僱員基本薪金的13%至19%向計劃作出供款(二零一八年：13%至19%)。地方政府機關負責應付退休僱員的全部退休責任。

香港強制性公積金計劃條例規定向強制性公積金(「強積金」)作出供款。本集團及其香港僱員每月按強制性公積金計劃條例下界定的僱員相關收入的5%向強積金計劃作出強制性供款。僱員及僱主供款須受限於強積金強制性供款的每月相關收入上限為30,000港元(二零一八年：30,000港元)。

除上述供款外，本集團並無就支付僱員退休及其他退休後福利承擔其他重大責任。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT

18. 物業、廠房及設備

		Buildings and other infrastructure 樓宇及 其他基礎設施 HK\$'000 千港元	Machinery 機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Office equipment and others 辦公設備 及其他 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本						
At 1 January 2018	於二零一八年一月一日	2,100,571	1,224,195	16,541	66,289	773,738	4,181,334
Additions	添置	88,635	27,723	1,108	4,009	575,297	696,772
Transfer from construction in progress	自在建工程轉出	201,083	67,117	-	1,198	(269,398)	-
Disposals	處置	-	(2,698)	(511)	(1,632)	(1,087)	(5,928)
Reclassified as held-for-sale (note 32)	重新分類為持作出售 (附註32)	(488,493)	(164,941)	(2,098)	(1,255)	(462,402)	(1,119,189)
Exchange differences	匯兌調整	(106,857)	(59,652)	(567)	(3,248)	(46,430)	(216,754)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	1,794,939	1,091,744	14,473	65,361	569,718	3,536,235
Additions	添置	619	8,432	-	123	90,771	99,945
Transfer from construction in progress	自在建工程轉出	110,684	39,190	-	-	(149,874)	-
Disposals	處置	(6,146)	(74,532)	-	(1,785)	-	(82,463)
Disposal of a subsidiary	出售一家附屬公司	-	-	-	(83)	-	(83)
Reclassified as held-for-sale (note 32)	重新分類為持作出售 (附註32)	(252,960)	(17,969)	-	(3,231)	(4,597)	(278,757)
Exchange differences	匯兌調整	(41,114)	(23,455)	(233)	(2,135)	(11,470)	(78,407)
At 31 December 2019	於二零一九年十二月三十一日	1,606,022	1,023,410	14,240	58,250	494,548	3,196,470
Accumulated depreciation and impairment losses	累計折舊及減值虧損						
At 1 January 2018	於二零一八年一月一日	288,629	353,663	14,535	28,306	-	685,133
Charge for the year	年內扣除	99,838	117,175	1,308	15,119	-	233,440
Written back on disposals	處置時撇銷	-	(2,245)	(207)	(1,754)	-	(4,206)
Impairment losses	減值虧損	846,660	470,885	-	6,773	561,817	1,886,135
Reclassified as held-for-sale (note 32)	重新分類為持作出售 (附註32)	(15,738)	(16,628)	(433)	(231)	-	(33,030)
Exchange differences	匯兌調整	(46,900)	(37,132)	(730)	(1,098)	(19,942)	(105,802)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	1,172,489	885,718	14,473	47,115	541,875	2,661,670
Charge for the year	年內扣除	28,445	40,298	-	3,651	-	72,394
Written back on disposals	處置時撇銷	(5,967)	(69,363)	-	(1,763)	-	(77,093)
Transfer from construction in progress	自在建工程轉出	98,328	-	-	-	(98,328)	-
Written back on disposal of a subsidiary	出售一家附屬公司時撇銷	-	-	-	(10)	-	(10)
Impairment losses	減值虧損	4,815	165	-	114	20,680	25,774
Reclassified as held-for-sale (note 32)	重新分類為持作出售 (附註32)	(124,994)	(8,282)	-	(1,146)	(1,050)	(135,472)
Exchange differences	匯兌調整	(27,829)	(18,908)	(233)	(1,787)	(10,541)	(59,298)
At 31 December 2019	於二零一九年十二月三十一日	1,145,287	829,628	14,240	46,174	452,636	2,487,965
Carrying amount	賬面值						
At 31 December 2019	於二零一九年十二月三十一日	460,735	193,782	-	12,076	41,912	708,505
At 31 December 2018	於二零一八年十二月三十一日	622,450	206,026	-	18,246	27,843	874,565

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment

Included in property, plant and equipment are the costs less accumulated depreciation and impairment losses of the Group's interests in various environmental pollution servicing facilities for its operations under different segments.

During the years ended 31 December 2018 and 2019, the Group's business operations were adversely affected by a number of factors including the indictments and legal proceedings against the Group and investigations as mentioned in note 5 to the consolidated financial statements, the expropriation of certain land and facilities and early termination of BOT contracts by local government authorities and insufficient market demand of its services in certain locations. As a consequence, a number of cash generating units of the Group ceased or suspended their operations.

In determining the recoverable amount of these cash generating units, the present directors adopted the fair value less costs of disposal basis and made reference to the compensations that might be received from the local government authorities which is still under negotiation with the relevant government officials. However, up to the date of approval of these consolidated financial statements, certain amount of the compensations has not been confirmed in writing and might still be subject to change.

18. 物業、廠房及設備 (續)

(a) 減值評估

物業、廠房及設備計入本集團於其不同分部營運之各種環境污染服務設施之權益之成本減累計折舊及減值虧損。

截至二零一八年及二零一九年十二月三十一日止年度，本集團的業務營運受到多項因素的不利影響，包括綜合財務報表附註5所述針對本集團的起訴及法律訴訟及調查、地方政府機關徵收若干土地及設施及提早終止BOT合約以及若干地區對其服務的市場需求不足。因此，本集團若干現金產生單位終止或暫停營運。

於釐定該等現金產生單位的可收回金額時，現任董事採納公平值減出售成本基準，並參考可能自地方政府機關收取的補償（其仍正在與相關政府官員磋商）。然而，直至該等綜合財務報表批准日期，若干賠償金額尚未以書面確認並可能仍有所變動。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

For other cash-generating units with continuing business operations, the directors adopted a value-in-use basis for impairment assessment. The calculation of value-in-use of the other cash generating units, key assumptions used include growth rate and discount rate. The details of the impairment assessment on the CGUs were as follows:

(i) Impairment assessment – Guangzhou Lvyou

Guangzhou Lvyou had been operating in the hazardous waste treatment and sludge and solid waste business segment. On 28 September 2020, Guangzhou Lvyou entered into a compensation agreement with the local government authority of Nansha, Guangzhou pursuant to which the local government authority would expropriate the land owned by Guangzhou Lvyou and pay Guangzhou Lvyou a cash compensation of RMB1,237,884,000 (equivalent to HK\$1,381,850,000) and transfer a piece of land to Guangzhou Lvyou for relocation of the existing plant. In determining the recoverable amount of the cash generating unit of Guangzhou Lvyou as at 31 December 2019 and 2018, the present directors made reference to the amount of compensations for the expropriation of its land, facilities and the business operation. As the compensations substantially exceed the carrying amounts of the property, plant and equipment, lease prepayments and intangible assets totalling HK\$854,332,000 and HK\$902,725,000 of Guangzhou Lvyou as at 31 December 2019 and 2018, respectively, the present directors are of the opinion that there is no impairment on these assets as at 31 December 2019 and 2018.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

就持續經營業務的其他現金產生單位而言，董事採用使用價值基準進行減值評估。計算其他現金產生單位的使用價值時，所使用的主要假設包括增長率及貼現率。現金產生單位的減值評估詳情如下：

(i) 減值評估－廣州綠由

廣州綠由一直經營危險廢物處理以及污泥及固體廢物業務分部。於二零二零年九月二十八日，廣州綠由與廣州南沙地方政府機關訂立賠償協議，據此，地方政府機關將徵用廣州綠由擁有的土地並支付廣州綠由現金補償人民幣1,237,884,000元（相當於1,381,850,000港元），並轉讓一幅土地予廣州綠由，以搬遷現有廠房。於釐定廣州綠由現金產生單位於二零一九年及二零一八年十二月三十一日的可收回金額時，現任董事已參考將就徵用其土地、設施及業務營運的賠償金額。由於賠償已大幅超過廣州綠由於二零一九年及二零一八年十二月三十一日之物業、廠房及設備、租賃預付款項及無形資產分別合共854,332,000港元及902,725,000港元，故現任董事認為，該等資產於二零一九年及二零一八年十二月三十一日並無減值。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(i) Impairment assessment – Guangzhou Lvyou (Cont'd)

In 2017, the Guangzhou environmental authority informed Guangzhou Lvyou that certain of Guangzhou Lvyou's sludge and solid waste and hazardous waste treatment facilities did not comply with the relevant environmental regulations in Guangzhou and ordered that the relevant sludge and solid waste and hazardous waste treatment operation be terminated and the related facilities be demolished. However, Guangzhou Lvyou did not take any corrective measures. In 2018, the environmental authority imposed a penalty of RMB1,000,000 and ordered Guangzhou Lvyou to demolish all the related facilities. Finally, Guangzhou Lvyou engaged contractors and demolished the related facilities in 2019. In addition, certain property, plant and equipment items were laid idle as there was no market demand for the related processing services and these items were without alternative use. As such, an impairment loss of HK\$7,289,000 on those unqualified property, plant and equipment together with the impairment loss of HK\$46,692,000 on those assets being laid idle totalling HK\$53,981,000 was made in the consolidated statement of profit or loss for the year ended 31 December 2018.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(i) 減值評估 – 廣州綠由 (續)

於二零一七年，廣州環境局告知廣州綠由，廣州綠由若干污泥及固體廢物以及危險廢物處理設施不符合廣州相關環境法規，並命令終止相關污泥及固體廢物以及危險廢物處理的運作及拆除相關設施。然而，廣州綠由並無採取任何改正措施。於二零一八年，環境局施加罰款人民幣1,000,000元，並命令廣州綠由拆除所有相關設施。最終，廣州綠由委聘承包商並於二零一九年拆除相關設施。此外，若干物業、廠房及設備項目閒置，原因為並無相關加工服務之市場需求，且該等項目並無替代用途。因此，已於截至二零一八年十二月三十一日止年度之綜合損益表對該等不合格物業、廠房及設備及該等閒置資產分別作出減值虧損7,289,000港元及46,692,000港元，合共為53,981,000港元。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ii) Impairment assessment – Qingyuan Lvyou

On 30 April 2014, the Group acquired 100% equity interest of Qingyuan Lvyou from a former director, Mr. Gu Yaokun. On the same date, Qingyuan Lvyou and Mr. Gu Yaokun entered into an agreement (the “Original Agreement”) pursuant to which Qingyuan Lvyou transferred the title of certain fixed assets and land use rights (together the “Assets”) to Mr. Gu Yaokun. In addition, Qingyuan Lvyou would purchase the Assets back when the local government authority issued formal land and property ownership certificates for the Assets. Pursuant to an undated supplementary agreement, if the formal land and property ownership certificates for the Assets were not issued by 31 December 2015, the Group would have the right to recover the net assets value of the Assets and subsequent expenditures on the Assets from Mr. Gu Yaokun.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(ii) 減值評估—清遠綠由

於二零一四年四月三十日，本集團自前董事古耀坤先生收購清遠綠由之100%股權。於同日，清遠綠由與古耀坤先生訂立協議（「原協議」），據此清遠綠由轉讓若干固定資產及土地使用權（統稱為「該等資產」）轉讓予古耀坤先生。此外，於當地政府機關發出該等資產之正式土地及物業所有權證後，清遠綠由將購回該等資產。根據一份未註明日期的補充協議，倘資產的正式土地及房屋所有權證於二零一五年十二月三十一日前尚未發出，則本集團有權自古耀坤先生收回資產的資產淨值及資產的其後開支。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ii) Impairment assessment – Qingyuan Lvyou (Cont'd)

Subsequent to 31 December 2015, no formal land and property ownership certificates for the Assets were issued by the local government authority, nor were repayments from Mr. Gu Yaokun made to the Group.

On 14 February 2018, the Group entered into a termination agreement (the “Termination Agreement”) with Mr. Gu Yaokun under which the title of the Assets were transferred back to the Group in consideration for an offsetting of part of the amount of HK\$149,338,000 due from Mr. Gu Yaokun brought forward from 2017. After offsetting, the Group recorded property, plant and equipment of RMB72,105,000 (equivalent to HK\$82,293,000), lease prepayments of RMB28,760,000 (equivalent to HK\$32,824,000) and prepayments for purchase of lease prepayments and equipment of RMB26,169,000 (equivalent to HK\$29,867,000), totalling RMB127,034,000 (equivalent to HK\$144,984,000) in the books and the amount due from Mr. Gu Yaokun was reduced by the same amount.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(ii) 減值評估 – 清遠綠由 (續)

於二零一五年十二月三十一日後，地方政府機關並無就該等資產發出正式土地及房屋所有權證，古耀坤先生亦無向本集團作出還款。

於二零一八年二月十四日，本集團與古耀坤先生訂立終止協議（「終止協議」），據此，該等資產之所有權轉回本集團，作為抵銷自二零一七年起結轉的部分應收古耀坤先生款項149,338,000港元之代價。於抵銷後，物業、廠房及設備人民幣72,105,000元（相當於82,293,000港元）、租賃預付款項人民幣28,760,000元（相當於32,824,000港元）及購買租賃預付款項及設備之預付款項人民幣26,169,000元（相當於29,867,000港元），合共為人民幣127,034,000元（相當於144,984,000港元）於賬簿內入賬，而應收古耀坤先生之款項已按相同金額減少。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ii) Impairment assessment – Qingyuan Lvyou (Cont'd)

In addition, Qingyuan Lvyou also held properties without ownership certificates with carrying amount before impairment loss of HK\$62,353,000 as at 31 December 2018.

On 30 October 2020, the Group obtained a legal opinion from a PRC lawyer which stated that the Group may be able to obtain formal legal title of the subject land use right in respect of the Assets if the Group would purchase the subject land use right in respect of the Assets through a public auction or other means when the local government authority in Qingyuan should offer the subject land use right to the public for auction, and the Group pays the related consideration upon a successful bidding. The PRC legal opinion also stated that the structures built on the land which had no ownership certificates were illegal structures and the local government authority may impose a penalty equals to 10% of the construction costs of the illegal structures. In addition, further actions may be taken to rectify the illegal structures including an order for these to be demolished or confiscated by the local government authority.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(ii) 減值評估—清遠綠由(續)

此外，於二零一八年十二月三十一日，清遠綠由亦持有並無所有權證之物業，其扣除減值虧損前之賬面值為62,353,000港元。

於二零二零年十月三十日，本集團已取得中國律師的法律意見，當中指出倘本集團將透過公開拍賣或其他方式購買該等資產的標的土地使用權，而清遠地方政府機關應向公眾提呈標的土地使用權進行拍賣，且本集團於成功投標後支付相關代價，則本集團可取得該等資產的標的土地使用權的正式合法業權。中國法律意見亦指出，建於未取得所有權證的土地上的構築物為非法構築物，而地方政府機關可施加相等於非法構築物建築成本10%的罰款。此外，可能會採取進一步行動以糾正違法建築包括該等違法建築可能被地方政府機關責令拆除或沒收。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ii) Impairment assessment – Qingyuan Lvyou (Cont'd)

Taking into consideration of the PRC legal opinion, the present directors consider that the possibility of obtaining the ownership certificates for these land is remote and the structures built on the land which had no ownership certificates were illegal structures and may be ordered to be demolished or confiscated by the local government authority and therefore the assets without ownership certificates should have no commercial value. Full impairment loss of HK\$149,970,000 on property, plant and equipment and HK\$34,032,000 on lease prepayments for the Assets transferred to the Group and other assets without ownership certificate and a provision for penalty of HK\$18,982,000 in respect of the illegal structures were charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

Since 2015, Qingyuan Lvyou commenced the development of new facilities for the manufacture of a new product needed for transforming sludge into an environmental product called ceramsite. However, due to the new environmental regulations, Qingyuan Lvyou decided to suspend this project as it would not be profitable taking into account the costs in meeting the new standards. As such, the present directors made full impairment loss of HK\$9,063,000 (2018: HK\$126,086,000) on the costs incurred in this project which was classified as construction in progress under property, plant and equipment for the years ended 31 December 2019 and 2018 respectively.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(ii) 減值評估 – 清遠綠由 (續)

經考慮中國法律意見後，現任董事認為就該等土地取得所有權證之可能性甚微，而建於並無所有權證的土地上的構築物為非法構築物，可能被地方政府機關責令拆除或沒收，因此，並無無所有權證的資產應並無任何商業價值。該等資產之物業、廠房及設備之全數減值虧損149,970,000港元及該等資產之租賃預付款項34,032,000港元已轉讓予本集團，以及並無所有權證之其他資產及有關非法建築物之罰款撥備18,982,000港元已於截至二零一八年十二月三十一日止年度之綜合損益表入賬扣除。

自二零一五年起，清遠綠由開始開發新設施，以製造將污泥轉化為環保產品（稱為瓷片場）所需的新產品。然而，由於新的環保法規，考慮到符合新標準的成本，清遠綠由因其並無盈利而決定暫停該項目。因此，截至二零一九年及二零一八年十二月三十一日止年度，現任董事就該項目產生的成本（分類為物業、廠房及設備項下的在建工程）作出全數減值虧損分別為9,063,000港元（二零一八年：126,086,000港元）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ii) Impairment assessment – Qingyuan Lvyou (Cont'd)

The present directors made an impairment assessment on the remaining assets by engaging a professional valuer to provide their recoverable amounts based on a value-in-use calculation using cash flow projections and financial budgets approved by the directors covering a period of 5 years and determined that the recoverable amount of the Qingyuan Lvyou CGU to be HK\$240,814,000 as at 31 December 2018. The pre-tax discount rate applied to cash flow projections is 17.36%. The growth rates adopted in the first three years are -14% to 18% and cash flows beyond the three-year period are extrapolated using a 3% growth rate that is the same as the long term average growth rate for the industry. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. Based on the impairment assessment, the present directors made impairment losses of HK\$348,878,000 on property, plant and equipment, HK\$64,274,000 on intangible assets and HK\$59,100,000 on goodwill in the consolidated statement of profit or loss for the year ended 31 December 2018.

Based on the valuation report for 2019, the present directors considered that no impairment loss for the year ended 31 December 2019 was necessary. The pre-tax discount rate applied to the cash flow projections for the valuation is 16.76%. The growth rates adopted in the first two years are -14% to 18% and cash flows after the two-year period are extrapolated using a 3% growth rate.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(ii) 減值評估 – 清遠綠由 (續)

現任董事透過委聘專業估值師對餘下資產進行減值評估，根據使用價值計算（使用董事批准涵蓋5年期間之現金流量預測及財務預算）提供其可收回金額，並釐定清遠綠由現金產生單位於二零一八年十二月三十一日之可收回金額為240,814,000港元。應用於現金流量預測之稅前貼現率為17.36%。於首三年所採納之增長率為-14%至18%，而超過三年期的現金流量使用與行業長期平均增長率相同的3%增長率推算。結論為公平值減出售成本並不超出使用價值。基於減值評估，現任董事於截至二零一八年十二月三十一日止年度之綜合損益表分別就物業、廠房及設備、無形資產及商譽作出減值虧損348,878,000港元、64,274,000港元及59,100,000港元。

根據二零一九年的估值報告，現任董事認為截至二零一九年十二月三十一日止年度毋須作出減值虧損。用於估值的現金流量預測的稅前貼現率為16.76%。首兩年採用的增長率為-14%至18%，而兩年期後的現金流量則採用3%的增長率推算。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(iii) Impairment assessment – Longmen Zhongtao Recycling

廣東龍滔循環經濟發展有限公司 (“Longmen Zhongtao Recycling”) a subsidiary of the Group, was assigned to take up the BOT contract entered into by the Group with 龍門縣環境衛生管理局 (Longmen County Environmental Hygiene Administration) (the “Longmen Authority”) for the construction of a solid waste treatment plant. Longmen Zhongtao Recycling completed the construction in 2017. As at 31 December 2017, the intangible assets, gross amounts due from customers for contract work and the deferred tax liabilities relating to this BOT contract were HK\$640,506,000, HK\$107,547,000 and HK\$33,084,000 respectively.

However, on 20 February 2019, the Group received a notice from the Longmen Authority pursuant to which the Longmen Authority ordered to early terminate the BOT contract. According to the notice, amongst others, the construction of the solid waste treatment plant was behind schedule and certain of its facilities as constructed had quality and safety issues and not built within the official red line of the BOT project site and which had therefore seriously violated the terms of the BOT contract. In this regard, the Longmen Authority ordered to terminate the BOT contract and took over the operation of the plant.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(iii) 減值評估 – 龍滔循環

本集團之附屬公司廣東龍滔循環經濟發展有限公司(「龍滔循環」)被指派承接本集團與龍門縣環境衛生管理局(「龍門機關」)訂立之BOT合約，以建設固體廢物處理設施。於二零一七年，龍滔循環完成建設。於二零一七年十二月三十一日，有關該BOT合約之無形資產、應收客戶合約工程款項總額及遞延稅項負債分別為640,506,000港元、107,547,000港元及33,084,000港元。

然而，於二零一九年二月二十日，本集團接獲龍門機關的通知，據此，龍門機關頒令提早終止BOT合約。根據該通知(其中包括)建設固體廢物處理設施進度落後及所建設之若干設施存在質量及安全問題，且並未於BOT項目地盤的官方紅線範圍內建設，因此，嚴重違反BOT合約之條款。就此而言，龍門機關頒令終止BOT合約並接管設施之營運。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(iii) Impairment assessment – Longmen Zhongtao Recycling (Cont'd)

On 21 February 2019, the Group signed a release agreement with the Longmen Authority on the BOT project. On 22 November 2019, the Group entered into a supplementary agreement with the Longmen Authority pursuant to which the parties agreed, among others, that the compensation for the early termination of the BOT project to be paid by the Longmen Authority to the Group shall be based on the value stated in the valuation report issued by a PRC valuer. The compensation to be received shall be deposited into a designated bank account on escrow under the joint custody of the Longmen Authority, the Group and the bank and is to be used firstly to pay off salaries, construction costs, bank loans and interests of Longmen Zhongtao Recycling. The Longmen Authority shall pay all the compensation within 180 days when the Longmen Authority enters into a new operating contract with a new project operator and pay the compensation to the Group within 30 days when the Longmen Authority receives payments for the project from the new operator.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(iii) 減值評估－龍滔循環 (續)

於二零一九年二月二十一日，本集團與龍門機關就BOT項目簽訂解除協議。於二零一九年十一月二十二日，本集團與龍門機關訂立補充協議，據此，訂約方同意（其中包括）龍門機關就提早終止BOT項目將向本集團支付的補償將根據中國估值師發出的估值報告中所述的價值。將予收取的補償須應存置於龍門機關、本集團及銀行以共同託管方式託管的指定銀行賬戶，並首先用於償付工資、建設成本、龍滔循環的銀行貸款及利息。龍門機關須於龍門機關與新項目經營商訂立新經營合約之180日內支付所有補償，並於龍門機關自新項目經營商收取項目付款之30日內向本集團支付補償。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(iii) Impairment assessment – Longmen Zhongtao Recycling (Cont'd)

According to the supplementary agreement, the total compensation shall be based on a valuation report issued by a professional valuer in the PRC. On 24 April 2020, the Group received the first installment of compensation payment of RMB65,800,000 (equivalent to HK\$73,453,000) from the local government authority. However, no formal valuation report has been issued by the professional valuer up to the date of approval of the consolidated financial statements.

The present directors estimated that the total compensation would be RMB329,000,000 (equivalent to HK\$375,488,000 as at 31 December 2018) which has been used as the basis for the impairment assessment on the Longmen Zhongtao Recycling CGU. The estimate has been made based on the management's negotiation with the Longmen Authority up to date although no formal written agreement has been entered into in respect of the compensation from the Longmen Authority up to the date of approval of these consolidated financial statements. After the impairment assessment, impairment losses of HK\$309,602,000 and HK\$951,000 on the intangible assets and property, plant and equipment respectively, were charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

During the year ended 31 December 2019, the Group derecognised the property, plant and equipment, intangible assets and contract assets of Longmen Zhongtao Recycling as the BOT contract was terminated and a compensation receivable was recognised as disclosed in note 28 to the consolidated financial statements.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(iii) 減值評估 – 龍滔循環 (續)

根據補充協議，補償總額須以中國專業估值師發出的估值報告為基準。於二零二零年四月二十四日，本集團接獲當地政府機關的首期補償付款人民幣65,800,000元（相當於73,453,000港元）。然而，截至綜合財務報表獲批准日期，專業估值師尚未發出正式估值報告。

現任董事估計，補償總額將為人民幣329,000,000元（於二零一八年十二月三十一日相當於375,488,000港元），其用作對龍滔循環現金產生單位的減值評估基礎。儘管截至該等綜合財務報表獲批准日期，尚未就來自龍門機關的補償訂立任何正式書面協議，惟估計乃根據管理層與龍門機關迄今為止的磋商作出。經減值評估後，已於截至二零一八年十二月三十一日止年度的綜合損益表分別扣除無形資產及物業、廠房及設備之減值虧損309,602,000港元及951,000港元。

於截至二零一九年十二月三十一日止年度，由於綜合財務報表附註28所披露，BOT合約已終止並確認應收補償，故本集團已終止確認龍滔循環之物業、廠房及設備、無形資產及合約資產。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(iv) Impairment assessment – Zhongshan Haitao

Zhongshan Haitao was engaged in the provision of wastewater treatment plants operation services and the supply of industrial water. On 25 April 2019, the Group entered into an agreement with an independent third party pursuant to which the independent third party agreed to inject RMB98,000,000 (equivalent to HK\$109,397,000) into Zhongshan Haitao in form of equity and shareholder's loan for 49% equity interest in Zhongshan Haitao. The deemed disposal was completed on 20 August 2020. The recoverable amount of Zhongshan Haitao of HK\$100,702,000 as at 31 December 2018 has been determined based on the transaction price of RMB98,000,000 (equivalent to HK\$111,847,000) of which RMB43,235,000 (equivalent to HK\$49,344,000) was in form of equity. The present directors considered that the transaction price reflected the fair value of Zhongshan Haitao. As a result, the directors made impairment losses of HK\$7,599,000 on goodwill, HK\$9,401,000 on intangible assets and HK\$63,290,000 on property, plant and equipment in the consolidated statement of profit or loss for the year ended 31 December 2018. Zhongshan Haitao has been reclassified to the asset held for sale in 2019, the details of which are set out in note 32(a) to the consolidated financial statements.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(iv) 減值評估－中山海滔

中山海滔從事提供污水處理設施營運服務及供應工業用水。於二零一九年四月二十五日，本集團與一名獨立第三方訂立協議，據此，該名獨立第三方同意以股權及股東貸款之形式向中山海滔注資人民幣98,000,000元（相當於109,397,000港元），以取得中山海滔之49%股權。該視作出售事項已於二零二零年八月二十日完成。於二零一八年十二月三十一日，中山海滔的可收回金額100,702,000港元乃根據交易價格人民幣98,000,000元（相當於111,847,000港元），其中人民幣43,235,000元（相當於49,344,000港元）為權益形式而釐定。現任董事認為，交易價格反映中山海滔的公平值。因此，董事於截至二零一八年十二月三十一日止年度之綜合損益表對商譽、無形資產及物業、廠房及設備分別作出減值虧損7,599,000港元、9,401,000港元及63,290,000港元。中山海滔已於二零一九年重新分類為持作出售資產，詳情載於綜合財務報表附註32(a)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(v) Impairment assessment – Guangzhou Haitao

Guangzhou Haitao commenced the construction of a wastewater pipe system in 2018 in connecting the wastewater treatment facilities between Guangzhou Haitao and Guangzhou Yinglong. Upon completion of the construction, Guangzhou Haitao would be able to divert wastewater collected from its customers through the pipe system, to Guangzhou Yinglong and utilize Guangzhou Yinglong's wastewater treatment capacity to generate more business.

In March 2020, the local government authority in Xintang informed Guangzhou Yinglong that its plant and facilities would be expropriated in the near future. As such, Guangzhou Yinglong would no longer be able to operate its business as a wastewater treatment service provider. Therefore, Guangzhou Haitao suspended the construction work and the pipe system project was abandoned. In this connection, the present directors considered that the recoverable amount of the construction in progress relating to the pipe system is nil. Therefore, an impairment loss of HK\$14,641,000 (2018: HK\$44,626,000) on the carrying amount of construction in progress as included in property, plant and equipment was charged to the consolidated statement of profit or loss for the years ended 31 December 2019 and 2018 respectively.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(v) 減值評估 – 廣州海滔

廣州海滔於二零一八年開始建設污水管道系統，以連接廣州海滔與廣州盈隆之污水處理設施。於建設完成後，廣州海滔將能夠透過管道系統將自客戶收集的污水分流予廣州盈隆，並利用廣州盈隆的污水處理能力產生更多業務。

於二零二零年三月，新塘地方政府機關通知廣州盈隆，其廠房及設施將在不久的將來被徵收。因此，廣州盈隆將不再能夠作為污水處理服務供應商營運業務。因此，廣州海滔暫停建設工程，並放棄管道系統項目。就此而言，現任董事認為，與管道系統有關的在建工程的可收回金額為零。因此，已於截至二零一九年及二零一八年十二月三十一日止年度的綜合損益表扣除計入物業、廠房及設備的在建工程賬面值減值虧損分別為14,641,000港元（二零一八年：44,626,000港元）。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(v) Impairment assessment – Guangzhou Haitao (Cont'd)

Subsequent to the indictment for illegal disposal of sludge made against Guangzhou Haitao, the management decided to terminate the sludge treatment operation of Guangzhou Haitao. As a result, a full impairment loss of HK\$56,876,000 on the property, plant and equipment related to the sludge treatment facilities was made during the year ended 31 December 2018.

The recoverable amount of the Guangzhou Haitao of HK\$205,434,000 as at 31 December 2018 has been determined based on a value-in-use calculation using cash flow projections and financial budgets approved by the present directors covering a period of 5 years. The pre-tax discount rate applied to cash flow projections is 16.68%. The growth rates adopted in the first three years are -51% to 20% and cash flows beyond the three-year period are extrapolated using a 3% growth rate that is the same as the long term average growth rate for the industry. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. Based on the impairment assessment, the directors made an impairment loss of HK\$36,522,000 on property, plant and equipment in the consolidated statement of profit or loss for the year ended 31 December 2018.

Based on the valuation report for 2019, the present directors considered that no impairment loss for the year ended 31 December 2019 was necessary. The pre-tax discount rate applied to the cash flow projections for the valuation is 16.71%. The growth rates applied in the first two years are -51% to 19% and cash flows after the two-year period are extrapolated using a 3% growth rate.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(v) 減值評估—廣州海滔(續)

廣州海滔遭起訴非法傾倒污泥後，管理層決定終止廣州海滔的污泥處理營運。因此，截至二零一八年十二月三十一日止年度，已對與污泥處理設施有關的物業、廠房及設備作出全數減值虧損56,876,000港元。

廣州海滔於二零一八年十二月三十一日的可收回金額205,434,000港元乃根據使用價值計算釐定，該計算使用現任董事批准的涵蓋5年期間的現金流量預測及財務預算。應用於現金流量預測的稅前貼現率為16.68%。於首三年所採納之增長率為-51%至20%，而三年期間後的現金流量使用3%增長率推算，該增長率與行業長期平均增長率相同。所得出之結論為公平值減出售成本並不超過使用價值。基於減值評估，董事於截至二零一八年十二月三十一日止年度的綜合損益表對物業、廠房及設備作出減值虧損36,522,000港元。

根據二零一九年的估值報告，現任董事認為截至二零一九年十二月三十一日止年度毋須作出減值虧損。用於估值的現金流量預測的稅前貼現率為16.71%。首兩年採用的增長率為-51%至19%，而兩年期後的現金流量使用3%之增長率進行推斷。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(vi) Impairment assessment – Guangzhou Liangang

Since April 2018, Guangzhou Liangang suspended its hazardous waste treatment and sludge operation as a result of the investigation and charge made by the local government authority as disclosed in note 5(a) to the consolidated financial statements. In 2019, the local government in Nansha, Guangzhou planned to expropriate the land owned by Guangzhou Liangang, therefore, in determining the recoverable amount of the cash generating unit of Guangzhou Liangang as at 31 December 2019 and 2018, the present directors made reference to the amount of compensation of not less than RMB541,000,000 (equivalent to HK\$603,918,000) for the expropriation of its land to be received from the local government authority. Although no formal agreement has been entered into in respect of the compensation up to the date of approval of these consolidated financial statements, the present directors considered that the amount of compensation has been agreed verbally. As the compensation for land substantially exceeds the carrying amount of the lease prepayments of Guangzhou Liangang, the present directors are of the opinion that there is no impairment on the lease prepayments of HK\$51,947,000 (2018: HK\$54,556,000) as at 31 December 2019. As the compensation does not cover the loss in the business operation and other operating assets, full impairment losses of HK\$118,200,000, HK\$50,961,000 and HK\$28,693,000 on the respective property, plant and equipment, intangible assets and goodwill were therefore charged to the consolidated statement of profit or loss for the year ended 31 December 2018. No further impairment loss was considered necessary for the year ended 31 December 2019.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(vi) 減值評估—廣州蓮港

自二零一八年四月起，由於綜合財務報表附註5(a)所披露之地方政府機關的調查及指控，廣州蓮港暫停其危險廢物處理及污泥營運。於二零一九年，廣州市南沙地方政府計劃徵用廣州蓮港擁有的土地，因此，於釐定廣州蓮港現金產生單位於二零一九年及二零一八年十二月三十一日的可收回金額時，現任董事參考就徵用土地將自地方政府機關收取的補償不少於人民幣541,000,000元（相當於603,918,000港元）。儘管截至該等綜合財務報表獲批准日期，並未就補償訂立正式協議，惟現任董事認為，補償金額已獲口頭協定。由於土地補償遠超過廣州蓮港租賃預付款項的賬面值，故現任董事認為，於二零一九年十二月三十一日之租賃預付款項51,947,000港元（二零一八年：54,556,000港元）並無減值。由於補償並不涵蓋業務營運之虧損及其他經營資產，故已於截至二零一八年十二月三十一日止年度之綜合損益表分別扣除物業、廠房及設備、無形資產及商譽之全數減值虧損118,200,000港元、50,961,000港元及28,693,000港元。截至二零一九年十二月三十一日止年度，概無被認為須予作出之進一步減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(vii) Impairment assessment – Guangyuan Xizhou

Since 2011, Guangyuan Xizhou made prepayments for the acquisition of a piece of industrial land in an industrial park located at Guangyuan, Sichuan, the PRC and commenced the construction of water supply and wastewater treatment facilities upon the land. Upon completion of the construction, Guangyuan Xizhou is able to supply water and provide wastewater treatment services to garment factories operating within the industry park. However, the present directors realized that only a few garment companies moved into the industry park and the demand for water supply and wastewater treatment services would not be sufficient to justify a profitable operation. As such, the construction work has been slowed down and delayed. Given the prolonged insufficient demand for the water supply and wastewater treatment services, and the uncertainties in the future development and commencement of the commercial operation, a full impairment loss of HK\$134,792,000 on the construction in progress and prepayments for purchase of property, plant and equipment was charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

In addition, an impairment loss of HK\$5,453,000 on lease prepayments was also made as the carrying amount of the lease prepayments was higher than its recoverable amount, which was arrived at based on a valuation performed by a professional valuer based on a fair value less costs of disposal basis. No further impairment loss was considered necessary for the year ended 31 December 2019.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(vii) 減值評估－廣元西洲

自二零一一年起，廣元西洲作出預付款項，以收購位於中國四川廣元的一個工業園區內的一幅工業土地，並開始於該土地上建設供水及污水處理設施。於建設完成後，廣元西洲能夠為工業園區內營運的製衣廠供水及提供污水處理服務。然而，現任董事獲悉，僅少數製衣公司搬入工業園區，而對供水及污水處理服務的需求不足以支持具盈利營運。因此，建設工程已放緩及延遲。鑑於對供水及污水處理服務的需求長期不足，以及未來發展及商業營運之開展之不確定性，已於截至二零一八年十二月三十一日止年度之綜合損益表扣除在建工程及購買物業、廠房及設備之預付款項之全數減值虧損134,792,000港元。

此外，由於租賃預付款項的賬面價值高於其可收回金額，亦對租賃預付款項作出減值虧損5,453,000港元，該金額乃根據專業估值師按公平值減銷售成本基準進行之估值達致。截至二零一九年十二月三十一日止年度，概無被認為須予作出之進一步減值虧損。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(viii) Impairment assessment – Guangzhou Kaizhou, Guangzhou Yinglong, Guangzhou Xintao and Guangzhou Xinzhou

Four of the Group's subsidiaries namely Guangzhou Kaizhou, Guangzhou Xintao, Guangzhou Xinzhou and Guangzhou Yinglong were located within two industrial parks in Xintang, Guangzhou, the PRC and providing wastewater treatment services and supply of industrial water to factories operating in the industrial parks. The local government promulgated a number of new environment protection policies which adversely affected the subsidiaries' operations. A significant number of the Group's customers moved out from the areas where the subsidiaries facilities were situated in the last quarter of 2017 and early 2018. Guangzhou Kaizhou, Guangzhou Xinzhou and Guangzhou Xintao also ceased their business operations whereas Guangzhou Yinglong continued to maintain a minimal facility for its business operation. The present directors considered this as an impairment indicator and carried out an impairment review on the property, plant and equipment and the related prepaid land lease payments based on the fair value less costs of disposal basis. The present directors estimated that except for Guangzhou Yinglong which expected a compensation of RMB259,000,000 from the local government authority, there were no compensation for Guangzhou Kaizhou, Guangzhou Xintao and Guangzhou Xinzhou. The present directors concluded that except for the lease prepayments, full impairment should be made on all other items of property, plant and equipment not covered by the compensation as these assets no longer have a value-in-use and their residual value would be immaterial. As a result, impairment losses of HK\$21,402,000, HK\$87,255,000, HK\$576,000 and HK\$231,842,000 on the property, plant and equipment of Guangzhou Kaizhou, Guangzhou Xintao, Guangzhou Xinzhou and Guangzhou Yinglong and impairment losses of HK\$20,156,000 on goodwill and HK\$24,372,000 on intangible assets of Guangzhou Yinglong were charged to the consolidated statement of profit or loss for the year ended 31 December 2018. No further impairment loss was considered necessary for the year ended 31 December 2019 by the present directors of the Company.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(viii) 減值評估—廣州凱洲、廣州盈隆、廣州新滔及廣州新洲

本集團的四家附屬公司 (即廣州凱洲、廣州新滔、廣州新洲及廣州盈隆) 均位於中國廣州新洲的兩個工業園區內，並為該工業園區營運的工廠提供污水處理服務及供應工業用水。地方政府頒佈數項新環保政策，對附屬公司營運造成不利影響。大量本集團客戶已於二零一八年最後一季及二零一八年年初搬離該等附屬公司之設施所處之地區。廣州凱洲、廣州新滔及廣州新洲亦停止業務營運，而廣州盈隆繼續維持最小的業務營運。現任董事認為，此乃重要指標，並按公平價值減出售成本基準對物業、廠房及設備及相關預付土地租賃款項進行減值審閱。現任董事估計，除廣州盈隆預期自地方政府機關補償人民幣259,000,000元外，廣州凱洲、廣州新滔及廣州新洲概無賠償。現任董事得出結論為，除租賃預付款項外，應對所有其他不在補償範圍內的物業、廠房及設備項目作出全數減值，因為該等資產不再具有使用價值，且其剩餘價值將不重大。因此，已於截至二零一八年十二月三十一日止年度之綜合損益表對廣州凱洲、廣州新滔、廣州新洲及廣州盈隆之物業、廠房及設備作出減值虧損21,402,000港元、87,255,000港元、576,000港元及231,842,000港元及對商譽扣除減值虧損20,156,000港元及對廣州盈隆之無形資產作出減值虧損24,372,000港元。本公司現任董事認為，毋須就截至二零一九年十二月三十一日止年度作出進一步減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(viii) *Impairment assessment – Guangzhou Kaizhou, Guangzhou Yinglong, Guangzhou Xintao and Guangzhou Xinzhou (Cont'd)*

The present directors considered that the local government authority would compensate the subsidiaries as their business operations were seriously affected by the new environmental rules and regulations. However, up to the date of approval of these consolidated financial statements, except for Guangzhou Yinglong, the local government authority did not contact the subsidiaries for any discussions. Therefore, no compensation has been taken into consideration in the impairment assessment of Guangzhou Kaizhou, Guangzhou Xintao and Guangzhou Xinzhou.

(ix) *Impairment assessment – Hanyang Shuiwu*

The recoverable amount of 佛山市順德區韓洋水務工程有限公司 (Shunde Hanyang Industrial Water Supply Company Limited) (“Hanyang Shuiwu”) which was engaged in the supply of industrial water of HK\$62,772,000 as at 31 December 2018 has been determined based on a value-in-use calculation using cash flow projections for financial budgets approved by the present directors covering a period of 5 years. The pre-tax discount rate applied to cash flow projections is 18.77%. The growth rates adopted in the first three years are -13% to 12% and cash flows beyond the three-year period are extrapolated using a 3% growth rate that is the same as the long term average growth rate for the industry. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. Based on the impairment assessment, the present directors made impairment losses of HK\$13,175,000 on property, plant and equipment, HK\$11,506,000 on intangible assets and HK\$27,383,000 on goodwill in the consolidated statement of profit or loss for the year ended 31 December 2018.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(viii) *減值評估 – 廣州凱洲、廣州盈隆、廣州新滔及廣州新洲 (續)*

現任董事認為，由於新環境規則及法規嚴重影響附屬公司的業務營運，地方政府機關將對附屬公司作出補償。然而，截至該等綜合財務報表獲批准日期，除廣州盈隆外，地方政府機關並無與附屬公司聯絡進行任何討論。因此，廣州凱洲、廣州新滔及廣州新洲的減值評估並未考慮任何補償。

(ix) *減值評估 – 韓洋水務*

佛山市順德區韓洋水務工程有限公司 (「韓洋水務」) (從事供應工業用水) 於二零一八年十二月三十一日的可收回金額 62,772,000 港元乃根據使用價值計算釐定，該計算使用現任董事批准的涵蓋五年期間的現金流量預測及財務預算。應用於現金流量預測的稅前貼現率為 18.77%。於首三年所採納之增長率為 -13% 至 12%，而三年期間後的現金流量使用 3% 增長率推算，該增長率與行業長期平均增長率相同。所得出之結論為公平值減出售成本並不超過使用價值。基於減值評估，現任董事於截至二零一八年十二月三十一日止年度的綜合損益表對物業、廠房及設備、無形資產及商譽分別作出減值虧損 13,175,000 港元、11,506,000 港元及 27,383,000 港元。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(ix) Impairment assessment – Hanyang Shuiwu (Cont'd)

Based on the valuation report for 2019, the present directors considered that no impairment loss for the year ended 31 December 2019 was necessary. The pre-tax discount rates applied to the cash flow projections for the valuation is 18.64%. The growth rates applied in the first two years are -13% to 12% and cash flows after the two-year period are extrapolated using a 3% growth rate.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(ix) 減值評估－韓洋水務 (續)

根據二零一九年的估值報告，現任董事認為截至二零一九年十二月三十一日止年度毋須作出減值虧損。用於估值的現金流量預測的稅前貼現率為18.64%。首兩年採用的增長率為-13%至12%，而兩年期後的現金流量則採用3%的增長率推算。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(x) Impairment assessment – Ganghui Huanbao

The recoverable amount of 佛山市順德區港滙環保污水處理有限公司 (Foshan Shunde Ganghui Wastewater Treatment Company Limited) (“Ganghui Huanbao”) which was engaged in the provision of wastewater treatment plants operation services of HK\$120,978,000 as at 31 December 2018 has been determined based on a value-in-use calculation using cash flow projections and financial budgets approved by the directors covering a period of 5 years. The pre-tax discount rate applied to cash flow projections is 18.05%. The growth rates adopted in the first three years are 6% to 17% and cash flows beyond the three-year period are extrapolated using a 3% growth rate that is the same as the long term average growth rate for the industry. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. Based on the impairment assessment, the present directors made impairment losses of HK\$5,774,000 on goodwill, HK\$4,554,000 on intangible assets and HK\$40,565,000 on property, plant and equipment respectively in the consolidated statement of profit or loss for the year ended 31 December 2018.

Based on the valuation report for 2019, the present directors considered that no impairment loss for the year ended 31 December 2019 was necessary. The pre-tax discount rate applied to the cash flow projections for the valuation is 18.37%. The growth rates adopted in the first two years are 6% to 16% and cash flows after the two-year period are extrapolated using a 3% growth rate.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(x) 減值評估－港滙環保

佛山市順德區港滙環保污水處理有限公司(「港滙環保」)(從事提供污水處理設施營運服務)於二零一八年十二月三十一日的可收回金額120,978,000港元乃根據使用價值計算釐定，該計算使用董事批准的涵蓋5年期間的現金流量預測及財務預算。應用於現金流量預測的稅前貼現率為18.05%。於首三年所採納之增長率為6%至17%，而三年期間後的現金流量使用3%增長率推算，該增長率與行業長期平均增長率相同。所得出之結論為公平值減出售成本並不超過使用價值。基於減值評估，現任董事於截至二零一八年十二月三十一日止年度的綜合損益表對商譽、無形資產及物業、廠房及設備分別作出減值虧損5,774,000港元、4,554,000港元及40,565,000港元。

根據二零一九年的估值報告，現任董事認為截至二零一九年十二月三十一日止年度毋須作出減值虧損。用於估值的現金流量預測的稅前貼現率為18.37%。首兩年採用的增長率為6%至16%，而兩年期後的現金流量則採用3%的增長率推算。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(xi) Impairment assessment – Guangzhou Kangxiang

Guangzhou Kangxiang was engaged in the provision of hazardous waste treatment services. The recoverable amount of Guangzhou Kangxiang CGU of HK\$6,848,000 as at 31 December 2018 has been determined based on a value-in-use calculation using cash flow projections for financial budgets approved by the present directors covering a period of 5 years. The pre-tax discount rate applied to cash flow projections is 17.72%. The growth rates adopted in the first three years are -9% to 19% and cash flows beyond the three-year period are extrapolated using a 3% growth rate that is the same as the long term average growth rate for the industry. It was concluded that the fair value less costs of disposal did not exceed the value-in-use. Based on the impairment assessment, the present directors made impairment losses of HK\$6,120,000 on goodwill, HK\$11,474,000 on intangible assets and HK\$4,889,000 on property, plant and equipment respectively in the consolidated statement of profit or loss for the year ended 31 December 2018.

Based on the valuation report for 2019, the present directors considered that no impairment loss for the year ended 31 December 2019 was necessary. The pre-tax discount rates applied to the cash flow projections for the valuation is 17.78%. The growth rates applied in the first two years are 7% to 19% and cash flows after the two-year period are extrapolated using a 3% growth rate.

18. 物業、廠房及設備 (續)

(a) 減值評估 (續)

(xi) 減值評估 – 廣州康翔

廣州康翔從事提供危險廢物處理服務。廣州康翔現金產生單位於二零一八年十二月三十一日的可收回金額6,848,000港元乃根據使用價值計算釐定，該計算使用現任董事批准的涵蓋5年期間的現金流量預測及財務預算。應用於現金流量預測的稅前貼現率為17.72%。於首三年所採納之增長率-9%至19%，而三年期間後的現金流量使用3%增長率推算，該增長率與行業長期平均增長率相同。所得出之結論為公平值減出售成本並不超過使用價值。基於減值評估，現任董事於截至二零一八年十二月三十一日止年度的綜合損益表對商譽、無形資產及物業、廠房及設備分別作出減值虧損6,120,000港元、11,474,000港元及4,889,000港元。

根據二零一九年的估值報告，現任董事認為截至二零一九年十二月三十一日止年度毋須作出減值虧損。用於估值的現金流量預測的稅前貼現率為17.78%。首兩年採用的增長率為7%至19%，而兩年期後的現金流量則採用3%的增長率推算。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(xii) Impairment assessment – Heyuan Solid

Heyuan Solid was engaged in the provision of solid waste treatment services and had continued operating at a loss. The valuation based on value-in-use calculation was a negative amount, therefore, the present directors determine the recoverable amount of Heyuan Solid at 31 December 2019 and 2018 based on fair value less cost of disposal. Except for the lease prepayments, the directors considered that the fair value less cost of disposal for other assets was immaterial. As a result, the present directors made impairment losses of HK\$57,771,000 on property, plant and equipment, HK\$28,824,000 on intangible assets and HK\$11,344,000 on goodwill in the consolidated statement of profit or loss for the year ended 31 December 2018. No further impairment loss was considered necessary for the year ended 31 December 2019.

(xiii) Impairment assessment – Yingde Yingtao

Yingde Yingtao had not yet commenced any business operations. In previous years, Yingde Yingtao incurred certain costs on preliminary site formation which was recorded as construction in progress under property, plant and equipment. Due to the tight cash flow of the Group, the project was suspended and would not be proceeded further. As a result, full impairment of HK\$19,333,000 on property, plant and equipment was made in the consolidated financial statements for the year ended 31 December 2018. No further impairment loss was considered necessary for the year ended 31 December 2019.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(xii) 減值評估－河源固廢

河源固廢從事提供固體廢物處理服務及持續產生營運虧損，而根據使用價值計算之估值為負數金額。因此，現任董事按公平值減出售成本釐定河源固廢於二零一九年十二月三十一日之可收回金額。除預付租賃款項外，董事認為其他資產之公平值減出售成本並不重大。因此，現任董事於截至二零一八年十二月三十一日止年度的綜合損益表對物業、廠房及設備、無形資產商譽及分別作出減值虧損57,771,000港元、28,824,000港元及11,344,000港元。截至二零一九年十二月三十一日止年度，概無被認為須予作出之進一步減值虧損。

(xiii) 減值評估－英德英滔

英德英滔並未開展任何業務營運。於過往年度，英德英滔於初步地盤平整產生若干成本，其於物業、廠房及設備項下入賬為在建工程。由於本集團現金流量緊張，該項目被暫停，且將不再進行。因此，已於截至二零一八年十二月三十一日止年度的綜合損益表作出物業、廠房及設備之全數減值19,333,000港元。截至二零一九年十二月三十一日止年度，概無被認為須予作出之進一步減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(xiv) Impairment assessment – Haoying Solid

Since 2016, Haoying Solid commenced the construction of solid waste treatment facilities in an industry park located at Foshan, Guangdong, the PRC. Upon the completion of the construction, Haoying Solid would be able to provide solid waste transit warehouse service to factories operating within the industry park. However, the present directors realized that only a few companies had moved into the industry park and the demand for solid waste transit warehouse services would not be sufficient to justify a profitable operation. Given that the insufficient demand for solid waste treatment services, the present directors decided not to pursue the project. Therefore, impairment losses of HK\$2,221,000 on goodwill, HK\$6,580,000 on intangible assets and HK\$32,112,000 on construction in progress as included in property, plant and equipment were charged to the consolidated statement of profit or loss for the year ended 31 December 2018. No further impairment loss was considered necessary for the year ended 31 December 2019.

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(xiv) 減值評估－浩盈固體

自二零一六年起，浩盈固體開始於位於中國廣東佛山的一個工業園區建設固廢處理設施。於建設完成後，浩盈固體將能夠為工業園區內營運的工廠提供固廢轉運倉庫服務。然而，現任董事獲悉，僅少數公司搬入工業園區，而對固廢轉運倉庫服務的需求不足以支持具盈利營運。鑑於對固廢處理服務的需求不足，現任董事決定不進行該項目。因此，已於截至二零一八年十二月三十一日止年度之綜合損益表對商譽、無形資產及計入在建工程之物業、廠房及設備扣除減值虧損2,221,000港元、6,580,000港元及32,112,000港元。截至二零一九年十二月三十一日止年度，概無被認為須予作出之進一步減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

18. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Impairment assessment (Cont'd)

(xv) Impairment assessment – Longmen Zhongtao

During the year ended 31 December 2018, Longmen Zhongtao was in the construction of a solid waste treatment plant adjacent to the site of Longmen Zhongtao Recycling. Following the Longmen Authority early terminated the BOT contract with Longmen Zhongtao Recycling and the quality and safety issues as set out in note 18(a)(iii), Longmen Zhongtao also suspended the construction of its solid waste treatment plant. The present directors believe that the project would be expropriated by the local government authority eventually. However, up to the date of approval of these consolidated financial statements, the local government authority did not contact Longmen Zhongtao for discussion of compensations. Therefore, no compensation has been taken into consideration in the impairment assessment of Longmen Zhongtao as at 31 December 2019 and 2018. Except for the lease prepayments, full impairment loss of HK\$241,224,000 on the property, plant and equipment was charged to the consolidated statement of profit or loss for the year ended 31 December 2018. No further impairment loss was made for the year ended 31 December 2019.

- (b) At 31 December 2019 the carrying amount of property, plant and equipment pledged as security for the Group's bank loans amounted to HK\$183,650,000 (2018: HK\$188,627,000) (note 35).

18. 物業、廠房及設備(續)

(a) 減值評估(續)

(xv) 減值評估－龍門中滔

於截至二零一八年十二月三十一日，龍門中滔正在興建鄰近龍滔循環的固體廢物處理廠。於龍門機關提早終止與龍滔循環之BOT合約後及由於附註18(a)(iii)所載之質量及安全問題，龍門中滔亦已暫停建設其固體廢物處理廠。現任董事相信，該項目最終將被地方政府徵收。然而，直至該等財務報表獲批准之日期，地方政府機關並無聯絡龍門中滔以討論賠償。因此，於二零一九年及二零一八年十二月三十一日，龍門中滔之減值評估中並未計及賠償。除租賃預付款項外，物業、廠房及設備之全數減值虧損241,224,000港元已於截至二零一八年十二月三十一日止年度之綜合損益表內扣除。截至二零一九年十二月三十一日止年度並無作出進一步減值虧損。

- (b) 於二零一九年十二月三十一日，賬面值為183,650,000港元(二零一八年：188,627,000港元)之物業、廠房及設備已質押為本集團銀行貸款之擔保(附註35)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

19. LEASE PREPAYMENTS

19. 租賃預付款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost	成本		
At 1 January	於一月一日	331,640	358,644
Effect of adoption of HKFRS16	採納香港財務報告準則第16號之影響	(331,640)	-
At 1 January, as restated	於一月一日(經重列)	-	358,644
Additions	添置	-	215,861
Disposals	出售	-	(178,034)
Reclassified as held-for-sale (note 32)	重新分類為持作銷售(附註32)	-	(47,000)
Exchange differences	匯兌差額	-	(17,831)
At 31 December 2018	於二零一八年十二月三十一日	-	331,640
Accumulated amortisation and impairment losses	累計攤銷及減值虧損		
At 1 January	於一月一日	67,648	23,201
Effect of adoption of HKFRS16	採納香港財務報告準則第16號之影響	(67,648)	-
At 1 January, as restated	於一月一日(經重列)	-	23,201
Charge for the year	年內扣除	-	9,221
Reclassified as held-for-sale (note 32)	重新分類為持作銷售(附註32)	-	(1,464)
Impairment loss	減值虧損	-	39,485
Exchange differences	匯兌差額	-	(2,795)
At 31 December	於十二月三十一日	-	67,648
Carrying amount	賬面值		
At 31 December	於十二月三十一日	-	263,992

Upon the adoption of HKFRS16 Leases, the lease prepayments were reclassified to right of use assets as at 1 January 2019 (note 22).

於採納香港財務報告準則第16號租賃後，租賃預付款項已於二零一九年一月一日重新分類為使用權資產(附註22)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

19. LEASE PREPAYMENTS (Cont'd)

Impairment assessment

The directors conducted an impairment assessment on the lease prepayments by estimating their recoverable amount which is determined based on either value-in-use or fair value less costs of disposal and made reference to the compensations from local government. As a result of the assessment, an impairment loss of HK\$39,485,000 was made in the consolidated statement of profit or loss for the year ended 31 December 2018. The details of the impairment assessment and reasons for impairment loss are set out in note 18.

At 31 December 2018, the remaining period of the land use rights ranges from 24 to 48 years.

At 31 December 2018, lease prepayments with carrying amount of HK\$63,763,000 were pledged for bank loans (note 35).

19. 租賃預付款項(續)

減值評估

董事透過估計租賃預付款項之可收回金額對租賃預付款項進行減值評估，可收回金額乃根據使用價值或公平值減出售成本，並經參考當地政府之補償釐定。評估導致於截至二零一八年十二月三十一日止年度之綜合損益表作出減值虧損39,485,000港元。減值評估之詳情及減值虧損之理由載於附註18。

於二零一八年十二月三十一日，土地使用權之餘下期間介乎24至48年。

於二零一八年十二月三十一日，賬面值63,763,000港元之租賃預付款項已就銀行貸款作抵押(附註35)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

20. INTANGIBLE ASSETS

20. 無形資產

		Supply of industrial water operation right 供應 工業用水 經營權 HK\$'000 千港元	Wastewater treatment plants operation rights 污水處理廠 經營權 HK\$'000 千港元	Sludge and solid waste treatment operation rights 污泥及 固體廢物 處理經營權 HK\$'000 千港元	Hazardous waste treatment operation rights 危險 廢物處理 經營權 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本					
At 1 January 2018	於二零一八年一月一日	47,852	111,376	827,313	917,562	1,904,103
Written off	撇銷	-	-	-	(15,978)	(15,978)
Exchange adjustments	匯兌調整	(2,200)	(5,121)	(42,642)	(42,185)	(92,148)
At 31 December 2018	於二零一八年十二月三十一日	45,652	106,255	784,671	859,399	1,795,977
At 1 January 2019	於二零一九年一月一日	45,652	106,255	784,671	859,399	1,795,977
Classified as held for sale	分類為持作出售	-	(11,163)	-	-	(11,163)
Disposal (Note)	出售 (附註)	-	-	(593,168)	-	(593,168)
Exchange adjustments	匯兌調整	(1,000)	(2,328)	(17,187)	(18,825)	(39,340)
At 31 December 2019	於二零一九年十二月三十一日	44,652	92,764	174,316	840,574	1,152,306
Accumulated amortisation and impairment losses	累計攤銷及減值虧損					
At 1 January 2018	於二零一八年一月一日	6,646	20,308	43,839	129,481	200,274
Amortisation for the year	年內攤銷	3,155	5,923	34,393	47,156	90,627
Impairment loss	減值虧損	11,507	38,316	409,279	62,436	521,538
Written off	撇銷	-	-	-	(15,978)	(15,978)
Exchange adjustments	匯兌調整	(826)	(2,504)	(17,762)	(9,845)	(30,937)
At 31 December 2018	於二零一八年十二月三十一日	20,482	62,043	469,749	213,250	765,524
At 1 January 2019	於二零一九年一月一日	20,482	62,043	469,749	213,250	765,524
Classified as held for sale	分類為持作出售	-	(11,163)	-	-	(11,163)
Amortisation for the year	年內攤銷	2,102	3,036	3,411	38,872	47,421
Disposal (Note)	出售 (附註)	-	-	(314,208)	-	(314,208)
Exchange adjustments	匯兌調整	(485)	(1,412)	(10,347)	(5,334)	(17,578)
At 31 December 2019	於二零一九年十二月三十一日	22,099	52,504	148,605	246,788	469,996
Carrying amount	賬面值					
At 31 December 2019	於二零一九年十二月三十一日	22,553	40,260	25,711	593,786	682,310
At 31 December 2018	於二零一八年十二月三十一日	25,170	44,212	314,922	646,149	1,030,453

Note:

The amount represented the intangible assets which had been taken over by the Longmen Authority upon the early termination of the BOT contract.

附註：

該金額指於提早終止BOT合約後已由龍門機關接管的無形資產。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

20. INTANGIBLE ASSETS (Cont'd)

The present directors conducted an impairment assessment on the intangible assets by estimating the recoverable amount of the CGU which is determined based on either the value-in-use calculation or fair value less costs of disposal and made reference to the compensations from local government authorities. As a result of the assessment, an impairment loss of HK\$Nil (2018: HK\$521,538,000) was made in the consolidated statement of profit or loss for the year ended 31 December 2019. The details of the impairment assessment and reasons for impairment loss are set out in note 18.

The amortisation charge for the year is included in cost of sales in the consolidated statements of profit or loss.

20. 無形資產(續)

現任董事透過估計現金產生單位之可收回金額對無形資產進行減值評估，可收回金額乃根據使用價值計算或公平值減出售成本，並經參考當地政府機關之補償釐定。評估導致於截至二零一九年十二月三十一日止年度之綜合損益表作出減值虧損零港元(二零一八年：521,538,000港元)。減值評估之詳情及減值虧損之理由載於附註18。

年內扣除之攤銷計入綜合損益表之銷售成本。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

21. GOODWILL

21. 商譽

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost	成本		
At 1 January	於一月一日	164,725	172,663
Reclassified as held for sale	重新分類為持作出售	(7,169)	-
Exchange differences	匯兌差額	(5,870)	(7,938)
At 31 December	於十二月三十一日	151,686	164,725
Accumulated impairment losses	累計減值虧損		
At 1 January	於一月一日	164,725	2,423
Reclassified as held for sale	重新分類為持作出售	(7,169)	-
Impairment loss (note 10)	減值虧損(附註10)	-	168,390
Exchange differences	匯兌差額	(5,870)	(6,088)
At 31 December	於十二月三十一日	151,686	164,725
Carrying amount	賬面值		
At 31 December	於十二月三十一日	-	-

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

21. GOODWILL (Cont'd)

Goodwill acquired through acquisition of subsidiaries is allocated to the Group's cash-generating unit ("CGU") identified as follows.

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Water supply services	供水服務		
– Hanyang Shuiwu	– 韓洋水務	–	–
Wastewater treatment services	污水處理服務		
– Guangzhou Yinglong	– 廣州盈隆	–	–
– Ganghui Huanbao	– 港匯環保	–	–
– Zhongshan Hailan Water Resources Development Company Limited ("Zhongshan Hailan")	– 中山市海藍水資源開發有限公司 (「中山海藍」)	–	–
Sludge and solid waste treatment services	污泥及固體廢物處理服務		
– Qingyuan Lvyou	– 清遠綠由	–	–
– Heyuan Solid	– 河源固廢	–	–
– Guangzhou Kangxiang	– 廣州康翔	–	–
– Haoying Solid	– 浩盈固廢	–	–
Hazardous waste treatment services	危險廢物處理服務		
– Guangzhou Liangang	– 廣州蓮港	–	–
		–	–

Impairment assessment

Year ended 31 December 2018

The present directors conducted an impairment amount on the goodwill by estimating the recoverable amount of the CGU which is determined based on either the value-in-use calculation or the fair value less costs of disposal and made reference to the compensations from local government authorities. As a result of the assessment, the directors made full impairment loss on the goodwill during the year ended 31 December 2018. The details of the impairment assessment and the reasons for impairment loss are set out in note 18.

21. 商譽 (續)

通過收購附屬公司獲得之商譽於本集團之已識別現金產生單位 (「現金產生單位」) 進行分配如下。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Water supply services	供水服務		
– Hanyang Shuiwu	– 韓洋水務	–	–
Wastewater treatment services	污水處理服務		
– Guangzhou Yinglong	– 廣州盈隆	–	–
– Ganghui Huanbao	– 港匯環保	–	–
– Zhongshan Hailan Water Resources Development Company Limited ("Zhongshan Hailan")	– 中山市海藍水資源開發有限公司 (「中山海藍」)	–	–
Sludge and solid waste treatment services	污泥及固體廢物處理服務		
– Qingyuan Lvyou	– 清遠綠由	–	–
– Heyuan Solid	– 河源固廢	–	–
– Guangzhou Kangxiang	– 廣州康翔	–	–
– Haoying Solid	– 浩盈固廢	–	–
Hazardous waste treatment services	危險廢物處理服務		
– Guangzhou Liangang	– 廣州蓮港	–	–
		–	–

減值評估

截至二零一八年十二月三十一日止年度

現任董事透過估計現金產生單位之可收回金額對商譽進行減值金額，可收回金額乃根據使用價值計算或公平值減出售成本，並經參考當地政府機關之補償釐定。評估導致董事於截至二零一八年十二月三十一日止年度對商譽作出全數減值虧損。減值評估之詳情及減值虧損之理由載於附註18。

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

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

22. RIGHT-OF-USE ASSETS

- (a) The carrying amounts of the Group's right-of-use assets and movements during the year are as follows:

		Leasehold land 租賃土地 HK\$'000 千港元	Leased properties 租賃物業 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019, upon adoption of HKFRS 16	於二零一九年一月一日，因採納香港財務報告準則第16號	263,992	45,517	309,509
Additions	添置	-	678	678
Reclassified as assets held for sale	重新分類為持作出售資產	(17,882)	-	(17,882)
Amortisation for the year	年內攤銷	(7,898)	(20,318)	(28,216)
Exchange adjustments	匯兌調整	(5,648)	(715)	(6,363)
At 31 December 2019	於二零一九年十二月三十一日	232,564	25,162	257,726

- (b) The amounts recognised in the profit or loss in relation to leases are as follows:

		2019 二零一九年 Total 總額 HK\$'000 千港元
Interest on lease liabilities	租賃負債之利息	3,823
Amortisation of right-of-use assets	使用權資產之攤銷	28,216
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	與租期於首次應用香港財務報告準則第16號日期計起12個月內結束之短期租賃及其他租賃有關之開支	3,140

22. 使用權資產

- (a) 年內本集團使用權資產之賬面值及其變動如下：

- (b) 於損益內確認之租賃金額如下：

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

22 RIGHT-OF-USE ASSETS (Cont'd)

(b) (Cont'd)

As at 31 December 2019, the leasehold land of HK\$60,052,000 was pledged to secure the bank loans of the Group (note 35).

The directors conducted an impairment loss assessment on the right-of-use assets by estimating their recoverable amount which is determined based on either value-in-use or fair value less cost of disposal and made reference to the compensations from the local government. The details of impairment loss assessment are set out in note 18.

23. INVESTMENTS IN SUBSIDIARIES

Particulars of major subsidiaries as at 31 December 2019 are as follows:

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及 營業地點	Issued and paid up capital 已發行及實繳資本	Percentage of ownership interest 擁有權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Guangzhou Xintao (廣州中滔環保技術發展集團有限公司) (前稱「廣州新滔水質淨化 有限公司」) (ii) 廣州新滔(ii)	Guangzhou, the PRC 中國廣州	HK\$1,510,000,000 1,510,000,000港元	-	100%	Provision of wastewater processing and heating service 提供污水處理及供熱服務
Guangzhou Haitao (廣州海滔環保科技有限公司) (i) 廣州海滔(i)	Guangzhou, the PRC 中國廣州	RMB80,000,000 人民幣80,000,000元	-	100%	Design, construction, operation and maintenance of wastewater treatment plant 設計、建設、營運及 維護污水處理廠

22. 使用權資產 (續)

(b) (續)

於二零一九年十二月三十一日，租賃土地60,052,000港元已質押，作為本集團銀行貸款的抵押(附註35)。

董事透過估計使用權資產之可收回金額對使用權資產進行減值評估，可收回金額乃根據使用價值或公平值減出售成本，並經參考當地政府之補償釐定。減值虧損評估之詳情及載於附註18。

23. 於附屬公司之投資

於二零一九年十二月三十一日之主要附屬公司之詳情如下：

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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23. INVESTMENTS IN SUBSIDIARIES (Cont'd)

23. 於附屬公司之投資 (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及 營業地點	Issued and paid up capital 已發行及實繳資本	Percentage of ownership interest 擁有權權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Qingyuan Lvyou (清遠綠由環保科技有限公司) (i)	Qingyuan, the PRC	RMB25,000,000	-	100%	Provision of sludge and solid waste treatment services 提供污泥及 固體廢物處理服務
清遠綠由(i)	中國清遠	人民幣25,000,000元			
Guangzhou Lvyou (廣州中滔綠由環保科技 有限公司) (ii)	Guangzhou, the PRC	RMB81,870,000	-	100%	Provision of sludge and solid waste and hazardous waste treatment services 提供污泥及固體廢物及 危險廢物處理服務
廣州綠由(ii)	中國廣州	人民幣81,870,000元			
Longmen Zhongtao (龍門中滔環保科技有限公司) (i)	Guangdong, the PRC	RMB30,000,000	-	100%	Provision of sludge and solid waste treatment services 提供污泥及 固體廢物處理服務
龍門中滔(i)	中國廣東	人民幣30,000,000元			
Longmen Zhongtao Recycling (廣東龍滔循環經濟發展有限公司) (i)	Guangzhou, the PRC	Issued: RMB10,000,000	-	100%	Design, construction, operation and maintenance of solid waste treatment plant
龍滔循環(i)	中國廣東	Paid up: RMB10,000,000 已發行: 人民幣10,000,000元 實繳: 人民幣10,000,000元			設計、建設、 營運及 維護固體 廢物處理設施
Guangzhou Liangang (廣州市蓮港船舶清油有限公司) (i)	Guangzhou, the PRC	Issued: RMB60,000,000	-	100%	Provision of hazardous waste treatment services
廣州蓮港(i)	中國廣州	Paid up: RMB60,000,000 已發行: 人民幣60,000,000元 實繳: 人民幣60,000,000元			提供危險廢物 處理服務

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綜合財務報表附註 (續)

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23. INVESTMENTS IN SUBSIDIARIES (Cont'd)

23. 於附屬公司之投資 (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/註冊及 營業地點	Issued and paid up capital 已發行及實繳資本	Percentage of ownership interest 擁有權權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Zhongshan Haitao (中山海滔環保 科技有限公司) (i)	Zhongshan, the PRC	Issued: RMB45,000,000	-	100%	Provision of wastewater processing services
中山海滔(i)	中國中山	Paid up: Nil 已發行: 人民幣45,000,000元 實繳: 無			提供污水處理服務
Guangzhou Yinglong (廣州盈隆污水處理有限公司) (i)	Guangzhou, the PRC	Issued: RMB80,000,000	-	100%	Provision of wastewater processing services
廣州盈隆(i)	中國廣州	Paid up: RMB80,000,000 已發行: 人民幣80,000,000元 實繳: 人民幣80,000,000元			提供污水處理服務
Ganghui Huanbao (佛山市順德區港匯環保污水處理 有限公司) (i)	Foshan, the PRC	Issued: RMB3,000,000	-	100%	Provision of wastewater processing services
港匯環保(i)	中國佛山	Paid up: RMB3,000,000 已發行: 人民幣3,000,000元 實繳: 人民幣3,000,000元			提供污水處理服務

Note:

- (i) These are private limited liability companies in the PRC. The official names of these entities are in Chinese. The English translation of the names is for reference only.
- (ii) These are wholly foreign owned enterprises in the PRC. The official names of these entities are in Chinese. The English translation of the names is for reference only.
- (iii) The equity interest in major operating subsidiaries including Guangzhou Lvyou, Guangzhou Yinglong, Guangzhou Liangang, Zhongshan Haitao, Ganghui Huanbao and Qingyuan Lvyou were pledged to secure the bank loans granted to the Group.

附註:

- (i) 該等公司為位於中國的有限責任公司。該等公司的官方名稱為中文，英文譯名僅供識別。
- (ii) 該等公司為中國的外商獨資企業。該等公司之正式名稱為中文名稱，英文譯名僅供參考。
- (iii) 於廣州綠由、廣州盈隆、廣州蓮港、中山海滔、港匯環保及清遠綠由等主要營運附屬公司的股權已質押，作為授予本集團的銀行貸款的抵押。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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24. INVESTMENTS IN ASSOCIATES

24. 於聯營公司之投資

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Share of net assets			
– Guangzhou Huayue Environmental Protection Technology Co., Ltd. (“Guangzhou Huayue”)	分佔資產淨值 – 廣州華越環保技術有限公司 (「廣州華越」)	6,812	4,646
– Guangzhou Suiqin Dangerous Waste Transportation Co., Ltd. (“Guangzhou Suiqin”)	– 廣州穗勤危險貨物運輸有限公司 (「廣州穗勤」)	4,584	4,915
		11,396	9,561

Details of the Group’s associates at 31 December 2019 are as follows:

於二零一九年十二月三十一日之本集團聯營公司詳情如下：

Name 名稱	Form of business structure 業務結構形式	Place of incorporation/ registration and operation 註冊成立/註冊及營業地點	Issued and paid up capital 已發行及實繳資本	Percentage of ownership interest 擁有權權益百分比 2019 二零一九年	Principal activities 主要業務
Guangzhou Huayue (廣州華越) (i)	Limited liability company	Guangzhou, the PRC	RMB3,000,000	41%	Provision of environmental protection consulting service
廣州華越(i)	有限責任公司	中國廣州	人民幣3,000,000元		提供環保諮詢服務
Guangzhou Suiqin (廣州穗勤) (i)	Limited liability company	Guangzhou, the PRC	RMB5,000,000	41%	Transportation of hazardous wastes
廣州穗勤(i)	有限責任公司	中國廣州	人民幣5,000,000元		有害廢棄物運送

Note:

附註：

(i) Guangzhou Huayue and Guangzhou Suiqin are private limited liability companies in the PRC. The official names of the entities are in Chinese. The English translation of the names is for reference only.

(i) 廣州華越及廣州穗勤均為於中國之私人有限責任公司。該等實體官方名稱為中文。英文譯名僅供參考。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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25. INVESTMENT IN A JOINT VENTURE

25. 於一家合營企業之投資

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Unlisted investment:	非上市投資：		
Share of net assets	分佔資產淨值	440	449
Goodwill	商譽	485	476
Less: Impairment	減：減值	(925)	(925)
		-	-

Details of the Group's joint venture at 31 December 2019 are as follows:

本集團於二零一九年十二月三十一日之合營企業詳情如下：

Name 名稱	Place of incorporation/ registration 註冊成立／註冊地點	Issued and paid up capital 已發行及實繳資本	Percentage of ownership interest 擁有權益百分比	Principal activities 主要業務
Haiqin Tiancheng (廣州海沁天城技術檢測服務有限公司)	Guangzhou, the PRC	RMB3,000,000	50%	Pollutants measurement
海沁天城	中國廣州	人民幣3,000,000元		污染物測量

Note: This is a private limited liability company in the PRC. The official name of the entity is in Chinese. The English translation of the name is for reference only.

附註：此乃於中國之私人有限責任公司。該實體官方名稱為中文。英文譯名僅供參考。

Haiqin Tiancheng was suffered from operating losses for recent years. With reference to the latest management accounts of Haiqin Tiancheng, there was no improvement in its financial performance. As such, the present directors were of the view that the investment in Haiqin Tiancheng should be fully impaired.

海沁天城近年蒙受經營虧損。經參考海沁天城之最近期管理賬目，其財務表現並無改善。因此，現任董事認為於海沁天城之投資成本應予全面減值。

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綜合財務報表附註(續)

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26. CONTRACT ASSETS

26. 合約資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contract assets arising from service concession arrangement	服務特許權安排產生之合約資產	216,271	330,267
Less: Impairment loss	減：減值虧損	(757)	(775)
		215,514	329,492
Portion classified as non-current asset	分類為非流動資產部分	(194,481)	(300,048)
Current	流動	21,033	29,444
Impairment of contract assets		2019	2018
合約資產減值		二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於一月一日	775	-
Impairment loss recognized	已確認減值虧損	-	803
Exchange adjustments	匯兌調整	(18)	(28)
At 31 December	於十二月三十一日	757	775

Certain subsidiaries of the Group entered into service concession arrangements with legal government authorities (the "Grantors") for the design, construction and operation of wastewater and solid waste treatment plants in the PRC, with operation periods varying from 25 to 30 years. The Group has the obligations to maintain the wastewater and solid waste treatment plants in good condition. The Grantors guarantee that the Group will receive minimum annual payments for certain service concession arrangements. Upon expiry of the concession periods, the wastewater and solid waste treatment plants and the related facilities will be handed over to the Grantors at nil consideration.

本集團的若干附屬公司已與法定政府機關(「授予人」)訂立服務特許權安排，以於中國設計、建築、經營污水及固體廢物處理設施，經營期介乎25至30年。本集團有義務維持污水及固體廢物處理設施處於良好狀態。授予人保證本集團將就若干服務特許權安排收取最低年度費用。於特許權期屆滿後，污水及固體廢物處理廠及有關設施將按零代價移交予授予人。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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26. CONTRACT ASSETS (Cont'd)

The service concession arrangements do not contain renewal options. The standard rights of the Grantors to terminate the agreements include failure of the Group to construct or operate the wastewater and solid waste treatment plants and in the event of a material breach of the terms of the agreements by the Group. The standard rights of the Group to terminate the agreements include failure of the Grantors to make payment under the agreements and in the event of a material breach of the terms of the agreements by the Grantors.

Revenue relating to the construction services provided in constructing the wastewater and solid waste treatment plants is recognised as contract assets and intangible assets in the financial statements according to accounting policies as set out in note 3(e) and note 3(h) respectively.

Contract assets represent revenue from BOT arrangements and bear interest at rates ranging from 5.94% to 6.80% per annum for the year ended 31 December 2019 (2018: 5.94% to 6.80%). The amounts for BOT arrangements are not yet due for payment and will be settled by way of receiving revenue to be generated during the operating periods of the BOT arrangements.

For the contract assets arising from concession operating right, since the party to concession agreements are local government authorities in PRC, the Group considers the credit risk is low as at 31 December 2019. The Group does not hold any collateral over the balance.

26. 合約資產 (續)

服務特許權安排並不包括續期選擇權。授予人可行使標準權利終止協議的情況包括：本集團未能建造或經營污水及固體廢物處理廠，以及協議條款遭本集團重大違反。本集團可行使標準權利終止協議的情況包括：授予人未能根據協議支付款項，以及協議條款遭授予人重大違反。

根據附註3(e)及附註3(h)所載會計政策，因建造污水及固體廢物處理設施而提供建造服務所得的相關收益在財務報表中確認為「合約資產」及無形資產。

截至二零一九年十二月三十一日止年度，「合約資產」指來自BOT安排項下的收益，並按年利率5.94%至6.80%（二零一八年：5.94%至6.80%）計息。BOT安排的款項屬未到期付款，並將於BOT安排經營期以收取將會產生的收益支付。

就特許經營權產生的合約資產而言，由於特許經營協議的訂約方為中國地方政府機關，故本集團認為於二零一九年十二月三十一日之信貸風險甚低。本集團並無就該結額持有任何抵押品。

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27. PAYMENTS FOR ACQUISITION OF SUBSIDIARIES

27. 收購附屬公司之付款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost	成本		
At 1 January	於一月一日	62,201	-
Payments made for the acquisition	因收購作出付款	22,714	79,873
Refunded during the year	年內退款	-	(15,383)
Exchange difference	匯兌差額	(1,751)	(2,289)
At 31 December	於十二月三十一日	83,164	62,201
Impairment loss	減值虧損		
At 1 January	於一月一日	62,201	-
Provide for the year	年內撥備	22,714	64,490
Exchange difference	匯兌差額	(1,751)	(2,289)
At 31 December	於十二月三十一日	83,164	62,201
Carrying amount	賬面值		
At 31 December	於十二月三十一日	-	-

a) 廣州市萌輝電子科技有限公司

In 2015, Guangzhou Xintao entered into an operation agreement with 廣州市萌輝電子科技有限公司 ("Menghui") pursuant to which Guangzhou Xintao was engaged to provide wastewater treatment services and manage the wastewater facilities of Menghui. According to the operation agreement, Guangzhou Xintao was required to pay a security deposit of RMB45,000,000 to Menghui and the security deposit was subsequently increased to RMB47,045,000 as at 31 December 2018. As from May 2018, Guangzhou Xintao ceased to provide the wastewater treatment services to Menghui. As at 31 December 2019, the security deposit paid of RMB48,045,000 (equivalent to HK\$53,633,000) (2018: RMB47,045,000 (equivalent to HK\$53,692,000)) was recorded as other receivables and prepayments.

a) 廣州市萌輝電子科技有限公司

於二零一五年，廣州新滔與廣州市萌輝電子科技有限公司(「萌輝」)訂立營運協議，據此，廣州新滔獲委聘提供污水處理服務及管理萌輝之污水設施。根據營運協議，廣州新滔須向萌輝支付人民幣45,000,000元，該抵押按金其後於二零一八年十二月三十一日增加至人民幣47,045,000元。由二零一八年五月起，廣州新滔不再向萌輝提供污水處理服務。於二零一九年十二月三十一日，已付抵押按金人民幣48,045,000元(相當於53,633,000港元)(二零一八年：人民幣47,045,000元(相當於53,692,000港元))入賬為其他應收款項及預付款項。

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27. PAYMENTS FOR ACQUISITION OF SUBSIDIARIES (Cont'd)

a) 廣州市萌輝電子科技有限公司 (Cont'd)

During the year ended 31 December 2018, the Group made payments of RMB47,000,000 (equivalent to HK\$55,615,000) for the proposed acquisition of 100% equity interest in Menghui from its equity owner which was an independent third party namely 廣州盈州投資有限公司 (“Guangzhou Yingzhou”). Guangzhou Yingzhou was owned by a former employee of two subsidiaries of the Group in the PRC and who was also a former supervisor of an entity controlled by Mr. Tsui. The former employee resigned from both positions in February 2017 and in March 2017 respectively. Due to the delay in the completion of the acquisition, Guangzhou Yingzhou refunded RMB13,000,000 (equivalent to HK\$15,383,000) to the Group in 2018. In 2019, the Group made further payments totalling RMB20,000,000 (equivalent to HK\$22,714,000) to Guangzhou Yingzhou for the acquisition. As at 31 December 2019 and 2018, the net amount of payments for the acquisition made to Guangzhou Yingzhou was carried at RMB54,000,000 (equivalent to HK\$60,280,000) and RMB34,000,000 (equivalent to HK\$38,804,000) respectively.

27. 收購附屬公司之付款(續)

a) 廣州市萌輝電子科技有限公司 (續)

截至二零一八年十二月三十一日止年度，本集團就向萌輝之股權擁有人（其為一名獨立第三方（即廣州盈州投資有限公司（「廣州盈州」）建議收購萌輝100%股權而作出付款人民幣47,000,000元（相當於55,615,000港元）。廣州盈州由本集團之兩間中國附屬公司的前僱員（其亦為徐先生控制的一間實體的前監事）擁有。該名前僱員分別於二零一七年二月及二零一七年三月辭任兩個職位。由於延遲完成收購，廣州盈州於二零一八年向本集團退還人民幣13,000,000元（相當於15,383,000港元）。於二零一九年，本集團已就收購向廣州盈州作出進一步付款合共人民幣20,000,000元（相當於22,714,000港元）。於二零一九年及二零一八年十二月三十一日，就收購向廣州盈州作出的付款淨額之賬面值分別為人民幣54,000,000元（相當於60,280,000港元）及人民幣34,000,000元（相當於38,804,000港元）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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27. PAYMENTS FOR ACQUISITION OF SUBSIDIARIES (Cont'd)

a) 廣州市萌輝電子科技有限公司 (Cont'd)

Based on its unaudited management accounts, the net assets of Menghui as at 31 December 2019 was RMB4,500,000 (equivalent to HK\$5,023,000) (2018: RMB465,000 (equivalent to HK\$531,000)) and the current account balance with the Group as shown in these management accounts differed from the accounting records of the Group by RMB98,000,000 (equivalent to HK\$109,397,000) (2018: RMB98,000,000 (equivalent to HK\$111,847,000)). The present directors are unable to reconcile the discrepancies which cast significant doubt as to the accuracy and reliability of the financial information and management accounts presented by Menghui.

On 14 October 2019, the Group entered into an agreement to fix the consideration for the acquisition at RMB56,150,000 (equivalent to HK\$63,770,000). Under the agreement, Guangzhou Yingzhou was to undertake a reorganisation of Menghui to spin-off those unrelated investments from Menghui. The balance of consideration of RMB2,150,000 (equivalent to HK\$2,442,000) was paid to Guangzhou Yingzhou in January 2020. However, Guangzhou Yingzhou was unable to complete its reorganization subsequently to spin-off those unrelated investments from Menghui. As a consequence, the acquisition was not completed.

27. 收購附屬公司之付款 (續)

a) 廣州市萌輝電子科技有限公司 (續)

根據其未經審核管理賬目，萌輝於二零一九年十二月三十一日的資產淨值為人民幣4,500,000元（相當於5,023,000港元）（二零一八年：人民幣465,000元（相當於531,000港元）），且按該等管理賬目所示之與本集團的流動賬目餘額與本集團的會計記錄之間的差額約為人民幣98,000,000元（相當於109,397,000港元）（二零一八年：98,000,000元（相當於111,847,000港元））。現任董事無法對賬差異，其對萌輝呈列的財務資料及管理賬目的準確性及可靠性產生重大疑問。

於二零一九年十月十四日，本集團訂立協議，釐定收購代價為人民幣56,150,000元（相當於63,770,000港元）。根據該協議，廣州盈州須對萌輝進行重組以自萌輝分拆該等無關投資。於二零二零年一月，已向廣州盈州支付代價餘額人民幣2,150,000元（相當於2,442,000港元）。然而，廣州盈州其後無法完成重組以自萌輝分拆該等無關投資。因此，並無完成該收購。

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27. PAYMENTS FOR ACQUISITION OF SUBSIDIARIES (Cont'd)

a) 廣州市萌輝電子科技有限公司 (Cont'd)

On 30 June 2020, the Group entered into a cancellation agreement with Guangzhou Yingzhou to cancel the acquisition. According to the terms of the cancellation agreement, Guangzhou Yingzhou should refund the payments of RMB56,150,000 (equivalent to HK\$63,770,000) to the Group on or before 31 August 2020.

Notwithstanding repeated requests, up to the date of approval of these consolidated financial statements, Guangzhou Xintao received from Menghui a payment of RMB2,250,000 (equivalent to HK\$2,555,000) in 2020, but no refund of the balance was received from Guangzhou Yingzhou.

As the financial information presented by Menghui could not be reconciled with those of the Group, the reliability of the financial information of Menghui was in doubt and, taking into account the repeated futile requests for settlement, the present directors are of the opinion that full impairment loss on the payments for the acquisition of Menghui of RMB20,000,000 (equivalent to HK\$22,714,000) and RMB34,000,000 (equivalent to HK\$40,232,000) made in 2019 and 2018 are necessary and the losses were charged to the consolidated statement of profit or loss for the years ended 31 December 2019 and 2018 respectively. An impairment loss of RMB45,795,000 (equivalent to HK\$54,189,000) on security deposit is also charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

27. 收購附屬公司之付款 (續)

a) 廣州市萌輝電子科技有限公司 (續)

於二零二零年六月三十日，本集團與廣州盈州訂立註銷協議以取消收購。根據註銷協議的條款，廣州盈州應於二零二零年八月三十一日或之前向本集團退還付款人民幣56,150,000元（相當於63,770,000港元）。

儘管多次提出要求，惟直至該等綜合財務報表獲批准日期，廣州新滔於二零二零年自萌輝接獲付款人民幣2,250,000元（相當於2,555,000港元），但概無自廣州盈收取該結餘之退款。

由於萌輝的財務資料無法與本集團的財務資料對賬，對萌輝的財務資料可靠性存在疑問，並經計及多次徒勞無功的清償要求，現任董事認為，於二零一九年及二零一八年對收購萌輝之付款人民幣20,000,000元（相當於22,714,000港元）及人民幣34,000,000元（相當於40,232,000港元）作出全數減值乃屬必要，且虧損於截至二零一九年及二零一八年十二月三十一日止年度之綜合損益表中扣除。抵押按金之減值虧損人民幣45,795,000元（相當於54,189,000港元）亦已於截至二零一八年十二月三十一日止年度之綜合損益表扣除。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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27. PAYMENTS FOR ACQUISITION OF SUBSIDIARIES (Cont'd)

b) 惠州市盛華農業發展有限公司

On 11 February 2018, Guangzhou Haitao entered into a capital injection agreement with two individual registered shareholders of 惠州市盛華農業開發有限公司 (“Huizhou Shenghua”) pursuant to which Guangzhou Haitao shall invest RMB42,000,000 (equivalent to HK\$49,699,000) and the registered shareholders shall invest RMB6,000,000 (equivalent to HK\$7,100,000) by way of cash into Huizhou Shenghua. Upon the completion of the capital injection, Guangzhou Haitao will hold 60% equity interest in Huizhou Shenghua. According to the capital injection agreement, Guangzhou Haitao shall invest RMB25,000,000 (equivalent to HK\$29,583,000) within 7 working days from the date of the capital injection agreement, RMB10,000,000 (equivalent to HK\$11,833,000) shall be invested within 10 working days after the completion of the registration procedures of the increase in registered capital with the relevant PRC authority. The remaining balance of RMB7,000,000 (equivalent to HK\$8,283,000) shall be invested within 10 working days after the publish of a public notice of outstanding debts by Huizhou Shenghua. Guangzhou Haitao invested RMB20,500,000 (equivalent to HK\$24,258,000) into Huizhou Shenghua in 2018, however, no procedures on the increase in registered capital of Huizhou Shenghua were performed by the registered shareholders and Guangzhou Haitao was still not a registered shareholder in the public records up to the date of approval of these consolidated financial statements. In view of the prolonged delay in performing the capital increase procedures, no up-to-date financial information of Huizhou Shenghua was available for impairment assessment purpose and the uncertainty in further proceeding the investment or the recovering of the amount invested in Huizhou Shenghua, the present directors made full impairment loss on the amount of RMB20,500,000 (equivalent to HK\$24,258,000) invested in Huizhou Shenghua in the consolidated statement of profit or loss for the year ended 31 December 2018.

27. 收購附屬公司之付款 (續)

b) 惠州市盛華農業發展有限公司

於二零一八年二月十一日，廣州海滔與惠州市盛華農業開發有限公司（「惠州盛華」）的兩名個人登記股東訂立注資協議，據此，廣州海滔將投資人民幣42,000,000元（相當於49,699,000港元），而登記股東須以現金方式向惠州盛華投資人民幣6,000,000元（相當於7,100,000港元）。於注資完成後，廣州海滔將持有惠州盛華之60%股權。根據注資協議，廣州海滔須在注資協議日期起計7個工作日內投資人民幣25,000,000元（相當於29,583,000港元），並須於中國有關機關完成增加註冊資本的登記程序後10個工作日內投資人民幣10,000,000元（相當於11,833,000港元）。餘額人民幣7,000,000元（相當於8,283,000港元）須於惠州盛華刊發未償還債務公開通告後10個工作日內投資。廣州海滔於二零一八年向惠州盛華投資人民幣20,500,000元（相當於24,258,000港元），然而，註冊股東並無辦理惠州盛華註冊資本增加的手續，且直至該等綜合財務報表獲批准日期，廣州海滔於公開記錄中仍未為註冊股東。鑑於履行增資程序被長時間延誤，並無惠州盛華之最新財務資料可用作減值評估，且進一步進行於惠州盛華之投資或收回投資金額的不確定性，截至二零一八年十二月三十一日止年度，現任董事於綜合損益表對投資於惠州盛華之金額人民幣20,500,000元（相當於24,258,000港元）作出全數減值虧損。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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28. COMPENSATION RECEIVABLE

28. 應收補償

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance as at 31 December	於十二月三十一日之結餘	367,263	-

The amount represented the estimated compensation of RMB329,000,000 (equivalent to HK\$367,263,000) that might be received from the Longmen Authority for the early termination of the BOT project as disclosed in note 18(a)(iii) to the consolidated financial statements.

該金額指按綜合財務報表附註18(a)(iii)所披露，就提早終止BOT項目而可能自龍門機關收取之估計補償人民幣329,000,000元（相當於367,263,000港元）。

In November 2019, the Group reached a supplementary agreement with the Longmen Authority pursuant to which both parties agreed that the compensation for the early termination of the BOT project in Longmen County shall be based on a valuation report issued by a professional valuer recognised by both parties. Up to the date of approval of these consolidated financial statements, the valuation was still in progress and the amount of compensation has not been officially confirmed and might still be subject to change. On 24 April 2020, the Group received the first installment of the compensation payment of RMB65,800,000 (equivalent to HK\$73,453,000) from the local government authority. The compensation received was deposited into a designated bank account on escrow under the joint custody of the Longmen Authority, the Group and the bank and is to be used firstly to pay off salaries, construction costs, bank loans and interests of Longmen Zhongtao Recycling.

於二零一九年十一月，本集團與龍門機關達成補充協議，據此，訂約方同意提早終止龍門縣BOT項目的補償將以訂約雙方認可之專業估值師發出的估值報告為基準。截至該等綜合財務報表獲批准日期，估值仍在進行中，而補償金額並未獲正式確認，且可能予以變動。於二零二零年四月二十四日，本集團接獲當地政府的首期補償付款人民幣65,800,000元（相當於73,453,000港元）。所接獲賠償金以託管方式存置於龍門機關、本集團及銀行共同保管之指定銀行賬戶內，並將首先用於支付龍滔循環之薪金、建築成本、銀行貸款及利息。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES

29. 貿易及其他應收款項

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current	即期			
Trade receivables	貿易應收款項		361,166	437,247
Less: Allowance for doubtful debts	減：呆賬撥備	(b)	(180,364)	(187,627)
		(a)	180,802	249,620
Amount due from a former director	應收前董事款項	(c)	238,599	272,372
Less: Allowance for doubtful debts	減：呆賬撥備		(238,599)	(241,100)
			-	31,272
Amounts due from companies controlled by a former director	應收前董事控制公司款項	(d)	85,922	54,924
Less: Allowance for doubtful debts	減：呆賬撥備		(85,922)	(27,791)
			-	27,133
Loan receivable	應收貸款	(e)	67,969	-
Less: Allowance for doubtful debts	減：呆賬撥備		(67,969)	-
			-	-
Consideration receivable from disposal of subsidiaries	出售附屬公司的應收代價	45	213,615	4,565
Money paid to the local government authority	向地方政府機關支付的款項	5(c)	83,723	85,598
Advances to suppliers	給予供應商的墊款		26,089	25,818
Other receivables and prepayments	其他其他應收款項及預付款項		52,051	39,378
Amounts due from related parties	應收關聯方款項	48(c)(i)	6,262	22,811
Less: allowance for doubtful debts	減：呆賬撥備		(3,911)	(3,994)
			2,351	18,817
Receivables of value-added tax refund	增值稅退稅應收款項		5,872	6,288
			564,503	488,489

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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29. TRADE AND OTHER RECEIVABLES (Cont'd)

29. 貿易及其他應收款項 (續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current	非即期		
Prepayments for purchase of lease prepayments and equipment	購買租賃預付款項及設備之預付款項	940	59,795
Receivables of a construction project from a local government authority	應收地方政府機關之建設項目款項	9,175	8,902
Other receivables and prepayments	其他應收款項及預付款項	2,363	3,471
		12,478	72,168
Total	總計	576,981	560,657

All of the prepayments and other receivables (including amounts due from related parties), apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

所有預付款項及其他應收款項(包括應收關聯方款項)預期將於一年內收回或確認為開支,惟不包括分類為非即期的部分。

Notes:

附註:

- (a) The aging analysis of trade receivables, including those classified as part of a disposed group held for sale, based on the invoice date, and net of allowance, is as follows:

- (a) 應收貿易款項(包括分類為持作出售集團)按發票日期及經扣除呆賬撥備的賬齡分析如下:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 month	一個月內	119,740	179,073
1 to 3 months	一至三個月	43,507	53,319
Over 3 months but within 1 year	多於三個月但一年內	19,127	45,904
Over 1 year	多於一年	19,968	21,056
		202,342	299,352
Less: Assets of disposal group classified as held for sale (note 32)	減:分類為持作出售之出售集團資產(附註32)	(21,540)	(49,732)
		180,802	249,620

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(a) (Cont'd)

The Group allows an average credit period 30 days to its customers. The Group does not hold any collateral over these balances. Further details on the Group's credit policy are set out in note 6(b).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 3(j)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, were as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	187,627	33,907
Impairment loss recognised	已確認減值虧損	-	162,267
Reversal of impairment loss	撥回減值虧損	(2,055)	(1,274)
Exchange adjustments	匯兌調整	(5,208)	(7,273)
At 31 December	於十二月三十一日	180,364	187,627

During the year ended 31 December 2018, certain customers moved out from areas where the subsidiaries' facilities were situated and ceased business relationship with the Group. Certain other customers sued the Group for breach of contracts and refused to make settlements. Taking into account the long overdue status of these debts which did not have any subsequent settlements, the present directors made impairment losses of HK\$162,267,000 on the trade receivables which mainly represented the full impairment made on the aforesaid trade receivables.

29. 貿易及其他應收款項 (續)

附註：(續)

(a) (續)

本集團向其客戶提供平均三十日之信貸期。本集團並無就該等結餘持有任何抵押品。本集團信貸政策之進一步詳情載於附註6(b)。

(b) 應收貿易款項減值

應收貿易款項的減值虧損計入撥備賬，除非本集團相信收回有關款項的機會極微，於該情況下，減值虧損直接與應收貿易款項對銷（見附註3(j)）。

年內呆賬撥備變動（包括特別及綜合虧損部分）如下：

截至二零一八年十二月三十一日止年度，若干客戶搬離附屬公司設施所處之地區，並終止與本集團之業務關係。若干其他客戶就違反合約起訴本集團，並拒絕進行和解。經計及該等債務長期逾期狀況且其後並無任何償付，現任董事已就應收貿易款項作出減值虧損162,267,000港元，其主要指就上述應收貿易款項作出之減值虧損。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(c) Amount due from/(to) a former director

		Guangzhou Lyyou	The Company	Guangzhou Xintao	Subtotal	Amount due from a former director included in assets of a disposal group classified as held for sales 計入分類為 持作出售之 出售集團之 資產之應收前 董事款項 HK\$'000 千港元	Total
		廣州綠由 HK\$'000 千港元	本公司 HK\$'000 千港元	廣州新濠 HK\$'000 千港元	小計 HK\$'000 千港元	董事款項 HK\$'000 千港元	總計 HK\$'000 千港元
Mr. Tsui Cham To	徐湛滔先生						
Gross amount	總額						
At 1 January 2018	於二零一八年一月一日	119,630	-	-	119,630	-	119,630
Fund advanced to Mr. Tsui	墊付予徐先生之資金	-	588,250	-	588,250	2,283	590,533
Fund from Mr. Tsui	來自徐先生之資金	-	(400,380)	-	(400,380)	-	(400,380)
Expenses paid by Mr. Tsui	徐先生支付之開支	-	(27,128)	-	(27,128)	-	(27,128)
Interest on other borrowings paid by Mr. Tsui	徐先生支付之其他借貸之利息	-	(2,500)	-	(2,500)	-	(2,500)
Exchange movement	匯兌變動	(5,500)	-	-	(5,500)	-	(5,500)
At 31 December 2018	於二零一八年一月一日	114,130	158,242	-	272,372	2,283	274,655
At 1 January 2019	於二零一九年一月一日	114,130	158,242	-	272,372	2,283	274,655
Fund from Mr. Tsui	來自徐先生之資金	-	(24,689)	-	(24,689)	-	(24,689)
Transfer to the Company	轉讓予本公司	-	2,233	-	2,233	(2,233)	-
Fund advanced to Mr. Tsui	墊付予徐先生之資金	-	-	510	510	-	510
Expenses paid by the Group on behalf of Mr. Tsui	本集團代表徐先生支付之開支	-	291	-	291	-	291
Expenses paid by Mr. Tsui	徐先生支付之開支	-	(9,609)	-	(9,609)	-	(9,609)
Exchange movement	匯兌變動	(2,501)	-	(8)	(2,509)	(50)	(2,559)
At 31 December 2019	於二零一九年十二月三十一日	111,629	126,468	502	238,599	-	238,599
Impairment loss	減值虧損						
At 1 January 2018	於二零一八年一月一日	-	-	-	-	-	-
Provided for the year	年內撥備	118,330	126,970	-	245,300	-	245,300
Exchange movement	匯兌變動	(4,200)	-	-	(4,200)	-	(4,200)
At 31 December 2018	於二零一八年十二月三十一日	114,130	126,970	-	241,100	-	241,100
At 1 January 2019	於二零一九年一月一日	114,130	126,970	-	241,100	-	241,100
Exchange movement	匯兌變動	(2,501)	-	-	(2,501)	-	(2,501)
At 31 December 2019	於二零一九年十二月三十一日	111,629	126,970	-	238,599	-	238,599
Carrying amount	賬面值						
At 31 December 2019	於二零一九年十二月三十一日	-	(502)	502	-	-	-
At 31 December 2018	於二零一八年十二月三十一日	-	31,272	-	31,272	2,283	33,555
Max debit balance during the year 2019	年內最高借方結餘 二零一九年						274,655
2018	二零一八年						386,987

29. 貿易及其他應收款項 (續)

附註：(續)

(c) 應收／(應付)前董事款項

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(c) Amount due from/(to) a former director (Cont'd)

From 1 January 2018 to 5 July 2018, Mr. Tsui advanced HK\$293,595,000 to the Company for repayments of bank loans, payments of dividend and for working capital purpose and repayments of HK\$60,000,000 were made to Mr. Tsui.

The present directors noted that there were no proper control over the authorisation of the payments of HK\$801,000 (2018: HK\$590,533,000) made to and repayments of HK\$34,298,000 (2018: HK\$430,008,000) received from Mr. Tsui during the year ended 31 December 2019. The present directors also considered that it was not appropriate for them to rectify these payments as they were not appointed directors at the time when these payments were made or received. The present directors are also aware that certain payments were made for no identifiable business purpose.

The independent investigation committee conducted an investigation into the receipts from and payments to Mr. Tsui and companies controlled by him as disclosed in note (d) below and noted that the payments were made under the instructions of Mr. Tsui which had overridden the internal control procedures of the Group. The payments were either unauthorised or without proper authorisation and not used for the operations of the Group. In particular, after the Group received the deposit of HK\$400,000,000 for disposal of subsidiaries as mentioned in note 38, HK\$398,000,000 was paid to Mr. Tsui under his instructions. Certain proceeds of HK\$127,000,000 from other borrowings as disclosed in note 36 was also paid to Mr. Tsui under his instructions. In addition, a deposit received for property development of RMB100,000,000 (equivalent to HK\$111,630,000 (2018: equivalent to HK\$114,130,000)) was appropriated by Mr. Tsui in 2016 as disclosed in note 33(b).

Up to the date of approval of these consolidated financial statements, the present directors were considering taking appropriate actions for the recovery of the amount due from Mr. Tsui. However, there were a number of legal proceedings against Mr. Tsui by his creditors for repayments of his personal overdue debts and Mr. Tsui failed to repay such debts. The present directors consider that the recovery of the amount due from Mr. Tsui was remote. Therefore, the amount due from Mr. Tsui of HK\$245,300,000 which were all without subsequent settlement were considered to be impaired. The loss was charged to the consolidated statement of profit or loss for the year ended 31 December 2018.

The amount was unsecured, interest-free and without fixed terms of repayment.

29. 貿易及其他應收款項 (續)

附註: (續)

(c) 應收/(應付)前董事款項 (續)

由二零一八年一月一日至二零一八年七月五日, 徐先生就償還銀行貸款、派付股息及就營運資金目的向本公司墊款293,595,000港元, 並向徐先生償還60,000,000港元。

現任董事注意到, 截至二零一九年十二月三十一日止年度向徐先生作出之付款總額801,000港元(二零一八年: 590,533,000港元)及徐先生之還款34,298,000港元(二零一八年: 430,008,000港元)並無適當授權之控制權。現任董事會亦認為, 彼等並不適合修正該等付款, 原因為作出或收取該等付款時彼等並未獲委任為董事。現任董事亦知悉, 作出若干付款於並無明確商業目的。

誠如下文附註(d)所披露, 獨立調查委員會已對徐先生及其控制的公司的收款及付款進行調查, 並注意到付款乃根據徐先生的指示作出, 其已推翻本集團的內部監控程序。該等付款為未經授權或未經適當授權付款, 且並無用作本集團營運。尤其是, 於本集團就出售附屬公司收取按金400,000,000港元(如附註38所述)後, 398,000,000港元已根據徐先生之指示支付予徐先生。附註36所披露來自其他借款的若干所得款項127,000,000港元亦已根據徐先生的指示支付予徐先生。此外, 誠如附註33(b)所披露, 就物業開發已收之按金人民幣100,000,000元(相關於111,630,000港元(二零一八年: 相當於114,130,000港元))已於二零一六年被徐先生挪用。

直至該等綜合財務報表獲批准日期, 現任董事正在考慮採取適當行動以收回應收徐先生之款項。然而, 徐先生債權人對其提出多項法律程序, 要求償還其個人逾期債務, 而徐先生未能償還有關債務。現任董事認為, 收回應收徐先生之款項的可能性極低。因此, 截至二零一八年十二月三十一日止年度, 其後全部均無獲償還之應收徐先生之款項245,300,000港元被視為已減值, 且虧損於綜合損益表扣除。

該等款項為無抵押、免息且無固定償還期限。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

29. 貿易及其他應收款項 (續)

Notes: (Cont'd)

附註: (續)

(d) Amounts due from/(to) companies controlled by a former director

(d) 應收/(應付)前董事控制公司款項

		Xizhou Port	Guangyuan Taoji	Guangzhou Xinyiduo	Zengcheng Waijing	Guangyuan Haitao	Guangzhou Zhongtao	Longmen Hutiao Station	Guangzhou To Kee	Subtotal	Guangzhou To Kee included in assets of a disposal group classified as held for sale	Total
		西洲碼頭 HK\$'000 千港元	廣元滔記 HK\$'000 千港元	廣州新益多 HK\$'000 千港元	增城外經 HK\$'000 千港元	廣元海滔 HK\$'000 千港元	廣州中滔 HK\$'000 千港元	龍門虎跳車站 HK\$'000 千港元	廣州滔記 HK\$'000 千港元	小計 HK\$'000 千港元	廣州滔記計入分類為持作出售之資產 HK\$'000 千港元	總計 HK\$'000 千港元
Gross amount	總額											
At 1 January 2018	於二零一八年一月一日	-	-	-	-	-	(2,501)	120	-	(2,381)	-	(2,381)
Fund advanced from the Group	本集團墊付之資金	-	-	-	-	-	-	-	106,735	106,735	-	106,735
Fund advanced to the Group	墊付予本集團之資金	-	-	-	-	-	(47)	-	(45,310)	(45,357)	-	(45,357)
Interest on other borrowings paid by Guangzhou To Kee	廣州滔記支付之其他借貸之利息	-	-	-	-	-	-	-	(6,615)	(6,615)	-	(6,615)
Fund received on behalf of the Group	代表本集團收取之資金	-	-	-	-	-	-	-	-	-	6,277	6,277
Exchange differences	匯兌差額	-	-	-	-	-	115	(6)	-	109	-	109
At 31 December 2018	於二零一八年十二月三十一日	-	-	-	-	-	(2,433)	114	54,810	52,491	6,277	58,768
At 1 January 2019	於二零一九年一月一日	-	-	-	-	-	(2,433)	114	54,810	52,491	6,277	58,768
Fund advanced from the Group	本集團墊付之資金	48,442	1,136	9,086	568	852	-	-	413	60,497	55,815	116,312
Fund advanced to the Group	墊付予本集團之資金	-	(223)	-	-	-	-	-	(23,618)	(23,841)	-	(23,841)
Interest and expenses paid by the Group	本集團支付之利息及開支	-	-	-	-	-	-	-	23,283	23,283	-	23,283
Interest on other borrowings paid by Guangzhou To Kee	廣州滔記支付之其他借貸之利息	-	-	-	-	-	-	-	(10,047)	(10,047)	-	(10,047)
Repayment of bank loan by Guangzhou To Kee	廣州滔記償還銀行貸款	-	-	-	-	-	-	-	(78,387)	(78,387)	-	(78,387)
Transfer to Guangzhou To Kee	轉撥予廣州滔記	-	-	-	-	-	-	-	61,955	61,955	(61,955)	-
Exchange differences	匯兌差額	(827)	(20)	(155)	(10)	(15)	53	(2)	(1,433)	(2,409)	(137)	(2,546)
At 31 December 2019	於二零一九年十二月三十一日	47,615	893	8,931	558	837	(2,380)	112	26,976	83,542	-	83,542
Impairment loss	減值虧損											
At 1 January 2018	於二零一八年一月一日	-	-	-	-	-	-	-	-	-	-	-
Provided for the year	年內撥備	-	-	-	-	-	-	118	28,213	28,331	-	28,331
Exchange movement	匯兌變動	-	-	-	-	-	-	(4)	(536)	(540)	-	(540)
At 31 December 2018	於二零一八年十二月三十一日	-	-	-	-	-	-	114	27,677	27,791	-	27,791
At 1 January 2019	於二零一九年一月一日	-	-	-	-	-	-	114	27,677	27,791	-	27,791
Provided for the year	年內撥備	48,442	909	9,086	568	852	-	-	-	59,857	-	59,857
Exchange differences	匯兌差額	(827)	(16)	(155)	(10)	(15)	-	(2)	(701)	(1,726)	-	(1,726)
At 31 December 2019	於二零一九年十二月三十一日	47,615	893	8,931	558	837	-	112	26,976	85,922	-	85,922
Carrying amount	賬面值											
At 31 December 2019	於二零一九年十二月三十一日	-	-	-	-	-	(2,380)	-	-	(2,380)	-	(2,380)
At 31 December 2018	於二零一八年十二月三十一日	-	-	-	-	-	(2,433)	-	27,133	24,700	6,277	30,977
Max debit balance during the year 2019	年內最高借方結餘二零一九年	48,442	1,136	9,086	568	852	N/A 不適用	114	58,410	N/A 不適用	62,092	N/A 不適用
2018	二零一八年	-	-	-	-	-	N/A 不適用	120	54,810	N/A 不適用	6,277	N/A 不適用

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(d) Amounts due from/(to) companies controlled by a former director (Cont'd)

廣州滔記實業發展集團有限公司 (“Guangzhou To Kee”), 龍門虎跳電站有限公司 (“Longmen Hutiao Station”), 廣州中滔環保投資有限公司 (“Guangzhou Zhongtao”), 廣州西洲碼頭有限公司 (“Xizhou Port”), 廣元滔記紡織有限公司 (“Guangyuan Taoji”) 廣州市新益多投資股份有限公司 (“Guangzhou Xinyiduo”), 廣元海滔紡織有限公司 (“Guangyuan Haitao”) and 增城市外經貿易有限公司 (“Zengcheng Waijing”) are controlled by Mr. Tsui.

The present directors noted that there were no proper control over the authorisation of the payments of HK\$139,595,000 (2018: HK\$113,012,000) made to and repayments of HK\$112,275,000 (2018: HK\$51,972,000) received from companies controlled by Mr. Tsui during the year ended 31 December 2019. In addition, the Group made net payments of HK\$84,277,000 to the companies controlled by Mr. Tsui during the period from January 2020 to October 2020. Out of the total payments, HK\$19,365,000 were payments without proper authorization, HK\$39,071,000 was used to set off with the amount due to a non-controlling shareholder as disclosed in note 33(c) and the remaining balance of HK\$25,841,000 were payments for the rental and advertising expenses received by companies controlled by Mr. Tsui on behalf of Guangzhou Yanchen Zhili. The arrangement in relation to the payments received by companies controlled by Mr. Tsui on behalf of Guangzhou Yanchen Zhili would be finalized upon the execution of the relevant agreement. The present directors also considered that it was not appropriate for them to rectify these payments as they were not appointed directors at the time when these payments were made or received. The present directors are also aware that certain payments were made for no identifiable business purpose.

29. 貿易及其他應收款項 (續)

附註: (續)

(d) 應收/(應付)前董事控制公司款項 (續)

廣州滔記實業發展集團有限公司 (「廣州滔記」)、龍門虎跳電站有限公司 (「龍門虎跳電站」) 廣州中滔環保投資有限公司 (「廣州中滔」)、廣州西洲碼頭有限公司 (「西洲碼頭」)、廣元滔記紡織有限公司 (「廣元滔記」)、廣州市新益多投資股份有限公司 (「廣州新益多」)、廣元海滔紡織有限公司 (「廣元海滔」) 及增城市外經貿易有限公司 (「增城外經」) 均由徐先生控制。

現任董事注意到，截至二零一九年十二月三十一日止年度向徐先生控制公司作出之付款139,595,000港元(二零一八年:113,012,000港元)及徐先生控制公司之還款112,275,000港元(二零一八年:51,972,000港元)並無適當授權之控制權。此外，於二零二零年一月至二零二零年十月期間，本集團向由徐先生控制之公司作出付款淨額84,277,000港元。在全部付款中，19,365,000港元為未經適當授權之付款，如附註33(c)所披露，39,071,000港元已用於抵銷應付予非控股股東之款項，而餘額25,841,000港元為支付徐先生控制之公司代表廣州煙塵治理所收取之租金及廣告費用。有關徐先生控制之公司代表廣州煙塵治理所收取之付款安排將於相關協議簽立後落實。現任董事亦認為，彼等並不適合修正該等付款，原因為於作出或收取該等付款時彼等並未獲委任為董事。現任董事亦知悉，作出若干付款於並無明確商業目的。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(d) Amounts due from/(to) companies controlled by a former director (Cont'd)

The independent investigation committee conducted an investigation into the receipts from and payments to these companies, the details of which are disclosed in note 29(c) to the consolidated financial statements.

Up to the date of approval of these consolidated financial statements, the present directors were considering taking appropriate actions for the recovery of the amounts due from companies controlled by Mr. Tsui. However, there were a number of legal proceedings against Mr. Tsui by his creditors for repayments of his personal overdue debts and Mr. Tsui failed to repay such debts, the present directors consider that the recovery of the amounts due from companies controlled by Mr. Tsui was remote. Therefore, an impairment loss of HK\$59,857,000 (2018: HK\$28,331,000) on the amounts due from companies controlled by Mr. Tsui which were all without subsequent settlement was considered to be impaired. The loss was charged to the consolidated statement of profit or loss for the years ended 31 December 2019 and 2018 respectively.

The amounts were unsecured, interest-free and without fixed terms of repayment.

29. 貿易及其他應收款項(續)

附註：(續)

(d) 應收／(應付)前董事控制公司款項(續)

獨立調查委員會已對該等公司的收款及付款進行調查，有關詳情於綜合財務報表附註29(c)披露。

直至該等綜合財務報表獲批准日期，現任董事正在考慮採取適當行動以收回應收徐先生控制公司之款項。然而，徐先生債權人對其提出多項法律程序，要求償還其個人逾期債務，而徐先生未能償還有關債務，現任董事認為，收回應收徐先生控制公司之款項的可能性極低。因此，其後全部均無獲償還之應收徐先生控制公司之款項之減值虧損分別59,857,000港元(二零一八年：28,331,000港元)被視為已減值。截至二零一九年及二零一八年十二月三十一日止年度，有關虧損於綜合損益表內扣除。

該等款項為無抵押、免息且無固定償還期限。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

29. TRADE AND OTHER RECEIVABLES (Cont'd)

Notes: (Cont'd)

(e) Loan receivables

		2019 二零一九年	2018 二零一八年
Gross amount	總額		
At 1 January	於一月一日	-	-
Loans granted to Guangzhou Yingzhou	授予廣州盈州之貸款	69,150	-
Exchange movement	匯兌變動	(1,181)	-
At 31 December	於十二月三十一日	67,969	-
Impairment loss	減值虧損		
At 1 January	於一月一日	-	-
Provided for the year	年內撥備	69,150	-
Exchange movement	匯兌變動	(1,181)	-
At 31 December	於十二月三十一日	67,969	-
Carrying amount at 31 December	於十二月三十一日之賬面值	-	-

During the period from January 2019 to September 2019, Guangzhou Xintao made advances totalling RMB60,888,000 (equivalent to HK\$69,150,000) as loans to Guangzhou Yingzhou. All the amounts due were unsecured, bearing interest at 5% per annum and repayable on 31 January 2020. Guangzhou Yingzhou did not make any repayment to Guangzhou Xintao on 31 January 2020 and the loans became overdue. The loan receivable remained outstanding up to the date of approval of these consolidated financial statements. Other than the acknowledgement of loan receipts issued by Guangzhou Yingzhou, there were no loan agreements nor other supporting document for these loans. No interest income was recognised by the Group. Taking into account the repeated futile requests for the repayment, the present directors are of the opinion that full impairment loss on the loan receivables due from Guangzhou Yingzhou is necessary and the loss was charged to the consolidated statement of profit or loss for the year ended 31 December 2019.

29. 貿易及其他應收款項 (續)

附註：(續)

(e) 應收貸款

於二零一九年一月至二零一九年九月期間，廣州新滔向廣州盈州墊付貸款，合共人民幣60,888,000元（相當於69,150,000港元）。所有應付款項均為無抵押、按年利率5%計息及須於二零二零年一月三十一日償還。廣州盈州於二零二零年一月三十一日並無作出任何還款，而應收貸款已逾期及直至批准該等綜合財務報表日期仍未償還。除廣州盈州發出的收據外，該等貸款並無任何貸款協議或其他證明文件。本集團並無確認利息收入。經考慮多次徒勞無功的還款要求，現任董事認為有必要就應收廣州盈州貸款作出全數減值虧損，並將於截至二零一九年十二月三十一日止年度的綜合損益表內扣除。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

30. INVENTORIES

30. 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	5,573	8,124
Work in progress	在製品	188	317
Finished goods	製成品	130	208
Low value consumables	低價值消耗品	5,156	5,973
		11,047	14,622

Inventories mainly comprise consumable materials for the sludge and solid waste treatment and the hazardous waste treatment processes.

存貨主要包括於污泥及固體廢物及危險廢物處理過程中的消耗材料。

An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

確認為開支並計入損益之存貨金額分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Carrying amount of inventories consumed	已消耗存貨賬面值	99,937	214,690
Write down of inventories	存貨撇減	-	-
		99,937	214,690

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

31. BANK AND CASH BALANCES

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deposits with banks	銀行存款	174,588	268,959
Cash in hand	手頭現金	2,615	4,165
Cash and bank balance in the consolidated statement of financial position	於綜合財務狀況表之現金及銀行結餘	177,203	273,124
Less: restricted bank deposits	減：受限制銀行存款	(71,545)	-
Less: pledged bank deposits	減：已質押銀行存款	(1,720)	(87,090)
Cash and cash equivalents in the consolidated statement of cash flows	於綜合現金流量表之現金及現金等價物	103,938	186,034

The bank balance carried interest at rates which ranged from 0.00% to 0.35% (2018: 0.13% to 0.35% per annum). The Group's pledged bank deposits as at 31 December 2019 were to secure the service contracts and the bank loans granted to the Group as set out in note 35 to the consolidated financial statements.

As at 31 December 2019, the bank and cash balances of the Group denominated in RMB and kept in the PRC amounted to HK\$172,390,000 (2018: HK\$208,353,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As at 31 December 2019, the bank deposits of HK\$1,720,000 (2018: HK\$87,090,000) were pledged for the bank loans drawn by the Group and the service contracts entered with the customers.

31. 銀行及現金結餘

銀行結餘利率介乎0.00%至0.35% (二零一八年：每年0.13%至0.35%)。如綜合財務報表附註35所載，本集團於二零一九年十二月三十一日之已質押銀行存款用於抵押本集團獲授之服務合約及銀行貸款。

於二零一九年十二月三十一日，本集團以人民幣計值並存置於中國的銀行及現金結餘為172,390,000港元 (二零一八年：208,353,000港元)。將人民幣轉換為外幣必須遵守中國外匯管理條例及結匯、售匯及付匯管理規定。

於二零一九年十二月三十一日，銀行存款1,720,000港元 (二零一八年：87,090,000港元) 已就本集團提取之銀行貸款及與客戶訂立之服務合約而質押。

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綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

32. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Zhongshan Haitao

During the year ended 31 December 2019, the Group determined to dispose of its equity interest in Zhongshan Haitao, an indirect wholly owned subsidiary of the Group, to reduce the level of debt of the Group. Zhongshan Haitao was mainly engaged in the supply of industrial water and provision of waste water processing services. On 25 April 2019, the Group entered into an agreement with 中山希高房地產有限公司, (the “中山希高”), pursuant to which 中山希高 agreed to inject RMB98,000,000 (equivalent to HK\$109,397,000) into Zhongshan Haitao in form of equity and shareholder's loan for 49% equity interest in Zhongshan Haitao. Due to the delay in administrative procedures, the deemed disposal of 49% equity interest was completed on 20 August 2020.

The major classes of assets and liabilities of Zhongshan Haitao at the end of the reporting period which have been presented separately in the consolidated financial statements for the year ended 31 December 2019, are as follows:

32. 分類為持作出售之出售集團之資產

(a) 中山海滔

於截至二零一九年十二月三十一日止年度，本集團決定出售其於中山海滔（本集團之間接全資附屬公司）之股權，以降低本集團之債務水平。中山海滔主要從事供應工業用水及提供污水加工服務。於二零一九年四月二十五日，本集團與中山希高房地產有限公司（「中山希高」）訂立協議，據此中山希高同意以股權及股東貸款之形式向中山海滔注資人民幣98,000,000元（相當於109,397,000港元），以取得中山海滔之49%股權。由於行政程序延遲，49%股權的視作出售已於二零二零年八月二十日完成。

已於截至二零一九年十二月三十一日止年度之綜合財務報表單獨呈列之中山海滔於報告期末之資產及負債之主要類別如下：

		2019 二零一九年 HK\$'000 千港元
Assets	資產	
Property, plant and equipment	物業、廠房及設備	143,285
Right-of-use assets	使用權資產	17,882
Inventories	存貨	623
Trade receivables	應收貿易款項	21,540
Other receivables and prepayments	其他應收款項及預付款項	7,434
Bank and cash balances	銀行及現金結餘	3,070
Assets directly associated with assets classified as held for sale	與分類為持作出售資產直接相關之資產	193,834
Amounts due from group companies eliminated upon consolidation	合併時抵銷之應收集團公司款項	470
Total assets of Zhongshan Haitao	中山海滔之資產總值	194,304

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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32. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Cont'd)

(a) Zhongshan Haitao (Cont'd)

		2019 二零一九年 HK\$'000 千港元
Liabilities	負債	
Trade payables	貿易應付款項	5,697
Other payables and accruals	其他應付款項及應計費用	14,632
Deferred tax liabilities	遞延稅項負債	2,309
Liabilities directly associated with assets classified as held for sale	與分類為持作出售資產直接相關之負債	22,638
Amounts due to group companies eliminated upon consolidation	綜合入賬時對銷之應付集團公司款項	217,826
Total liabilities of Zhongshan Haitao	中山海滔之負債總額	240,464

Upon the completion of deemed disposal of 49% equity interest in Zhongshan Haitao, the Group classified the remaining 51% equity interest in Zhongshan Haitao as interest in a joint venture as any significant fund payments and decision making of Zhongshan Haitao shall be jointly approved and agreed with the purchaser. Therefore, the present directors consider that the Group has lost control over this subsidiary. The deposit of RMB40,000,000 (equivalent to HK\$44,653,000) was recorded as deposit received for disposal of subsidiaries set out in note 38(a) to the consolidated financial statements.

As at 31 December 2019, the equity interest in Zhongshan Haitao was pledged to secure the bank loans granted to the Group (note 35).

(b) Xintao Investment Co., Ltd.

In late 2018, the Company determined to dispose of its equity interest in Xintao Investment Co., Ltd. to reduce the level of debt of the Group and to strengthen the working capital position of the Group.

32. 分類為持作出售之出售集團之資產 (續)

(a) 中山海滔 (續)

於完成視作出售於中山海滔之49%股權後，本集團已將於中山海滔之餘下51%股權分類為於合營企業之權益，此乃由於中山海滔之重大資金付款及決策須獲買方共同批准及同意。因此，現任董事認為，本集團已失去對該附屬公司之控制權。按金人民幣40,000,000元（相當於44,653,000港元）入賬為綜合財務報表附註38(a)所載之出售附屬公司收取之按金。

於二零一九年十二月三十一日，於中山海滔之股權已質押，作為授予本集團的銀行貸款的抵押（附註35）。

(b) 新滔投資有限公司

於二零一八年末，本公司決定出售其於新滔投資有限公司的股權，以降低債務水平，並加強本集團的營運資金狀況。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

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32. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Cont'd)

(b) Xintao Investment Co., Ltd. (Cont'd)

On 29 November 2018, the Group entered into a transfer agreement with Agile Eco Technology (Hong Kong) Limited, an independent third party (“Purchaser B”) (the “Transfer Agreement”), pursuant to which the Group agreed to sell its 50% equity interests in Xintao Investment Co. Ltd. (a directly wholly-owned subsidiary of the Company) and four indirectly wholly-owned subsidiaries named Yulin Xintao Environmental Protection Technology Company Limited, Guangxi Bobai County Yantao Environmental Protection Technology Company Limited, Yulin City Yutao Environmental Protection Technology Company Limited and Guangxi Xiangzhou Yantao Environmental Protection Technology Company Limited (collectively referred to as the “Target Group”) to Purchaser B at a total cash consideration of RMB563,000,000 (equivalent to approximately HK\$640,469,000). The first payment of RMB200,000,000 was applied towards repaying bank loans and the balance of consideration of RMB363,000,000 was assigned to Purchaser B and Profitica as set out in note 38. The disposal was completed on 3 January 2019.

On 18 December 2019, the Group entered into another sale and purchase agreement with Purchaser B for the disposal of the remaining 50% equity interest in the Target Group at a total cash consideration of RMB590,000,000 (equivalent to approximately HK\$671,184,000). Pursuant to a supplementary agreement dated 7 January 2020, the consideration was increased by RMB30,000,000 (equivalent to HK\$34,128,000) to RMB620,000,000 (equivalent to HK\$705,312,000).

The Target Group was mainly engaged in the supply of industrial water, provision of wastewater processing, land levelling, heating services and electricity generation. The disposal of the remaining 50% equity interest was completed on 19 December 2019.

The details of the disposal were set out in note 45(a).

32. 分類為持作出售之出售集團之資產(續)

(b) 新滔投資有限公司(續)

於二零一八年十一月二十九日，本集團與獨立第三方雅居樂生態環保科技(香港)有限公司(「買方B」)訂立轉讓協議(「轉讓協議」)，據此，本集團同意向買方B出售新滔投資有限公司(本公司之直接全資附屬公司)及4家間接全資附屬公司(即玉林市新滔環保科技有限公司、廣西博白縣研滔環保科技有限公司、玉林市玉滔環保科技有限公司及廣西象州研滔環保科技有限公司)(統稱為「目標集團」)之50%股權，總現金代價為人民幣563,000,000元(相當於約640,469,000港元)。按附註38所載，首筆款項人民幣200,000,000元已用於償還銀行貸款，而人民幣363,000,000元的代價餘額已轉讓予買方B及盈嘉。出售已於二零一九年一月三日完成。

於二零一九年十二月十八日，本集團與買方B訂立另一份買賣協議，以出售目標集團之餘下50%股權，總現金代價為人民幣590,000,000元(相當於約671,184,000港元)。根據日期為二零二零年一月七日之補充協議，代價增加人民幣30,000,000元(相當於34,128,000港元)至人民幣620,000,000元(相當於705,312,000港元)。

目標集團主要從事供應工業用水、提供污水處理服務、土地平整、供熱服務及發電。出售餘下50%股權已於二零一九年十二月十九日完成。

出售事項之詳情載於附註45(a)。

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綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

32. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Cont'd)

(b) Xintao Investment Co., Ltd. (Cont'd)

The major classes of assets and liabilities of the Target Group at the end of the reporting period which have been presented separately in the consolidated financial statements for the year ended 31 December 2018, are as follows:

		2018 二零一八年 HK\$'000 千港元
Assets	資產	
Property, plant and equipment	物業、廠房及設備	1,086,159
Lease prepayments	租賃預付款項	45,536
Other non-current assets	其他非流動資產	43,679
Inventories	存貨	3,192
Trade receivables	應收貿易款項	49,732
Other receivables and prepayments	其他應收款項及預付款項	240,201
Bank and cash balances	銀行及現金結餘	236,964
Total assets classified as held for sale	分類為持作出售資產總值	1,705,463
Liabilities	負債	
Trade payables	貿易應付款項	42,501
Other payables and accruals	其他應付款項及應計費用	320,615
Current tax liabilities	即期稅項負債	40,478
Deferred income	遞延收入	7,818
Liabilities directly associated with assets classified as held for sale	直接與分類為持作出售資產有關之負債	411,412

As at 31 December 2018, the lease prepayments of HK\$41,968,000 and property, plant and equipment of HK\$349,920,000 as included in assets of disposal group classified as held for sale were pledged for the bank loans granted to the Group. Also, the equity interest of Xintao Investment Co., Ltd. was pledged to secure the bank loans granted to the Group (note 35).

32. 分類為持作出售之出售集團之資產 (續)

(b) 新滔投資有限公司 (續)

已於截至二零一八年十二月三十一日止年度之綜合財務報表單獨呈列之目標集團於報告期間末之資產及負債之主要類別如下：

於二零一八年十二月三十一日，計入分類為持作出售之出售組別資產之租賃預付款項41,968,000港元及物業、廠房及設備349,920,000港元已抵押作為本集團獲授銀行貸款之擔保。此外，新滔投資有限公司之股權已質押，作為本集團獲授的銀行貸款的抵押（附註35）。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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33. TRADE AND OTHER PAYABLES

33. 貿易及其他應付款項

		Note	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		附註		
Trade payables	貿易應付款項	(a)	104,122	62,309
Other payables and accruals	其他應付款項及應計費用		161,869	157,812
Other payables for construction costs	建築成本之其他應付款項		160,241	206,090
Deposit received for property development	已就物業發展收取之按金	(b)	111,630	114,130
Other tax payable	其他應付稅項		52,235	70,002
Interest payable	應付利息		29,830	3,259
Amount due to a company controlled by a former director	應付一間前董事控制公司款項	29(d)	2,380	2,433
Amounts due to related parties	應付關聯方款項	48(c)(ii)	34,603	20,404
Amount due to a non-controlling shareholder	應付一名非控股股東款項	(c)	39,071	39,946
			695,981	676,385

All of the trade and other payables are expected to be settled within one year or are repayable on demand. The credit period granted by the suppliers ranges from 30 days to 90 days.

所有貿易及其他應付款項預期將於一年內結算或按要求償還。供應商授出的信貸期介乎三十日至九十日不等。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

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33. TRADE AND OTHER PAYABLES (Cont'd)

(a) Trade payables

The aging analysis of trade payables, including those classified as part of a disposal group classified as held for sale, based on invoice date, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 month	一個月內	44,823	55,921
1 to 3 months	一至三個月	29,605	22,400
Over 3 months but within 1 year	多於三個月但一年內	16,425	16,015
Over 1 year	一年以上	18,966	10,474
		109,819	104,810
Less: Reclassified to liabilities directly associated with assets classified as held for sale	減：與分類為持作出售資產直接相關之負債	(5,697)	(42,501)
		104,122	62,309

The carrying amounts of the Group's trade payables, including those classified as part of a disposal group classified as held for sale, are denominated in RMB.

33. 貿易及其他應付款項(續)

(a) 貿易應付款項

貿易應付款項(包括該等分類為持作出售之出售集團一部分者)按發票日期的賬齡分析如下:

本集團貿易應付款項(包括該等分類為持作出售之出售集團一部分者)之賬面值以人民幣計值。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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33. TRADE AND OTHER PAYABLES (Cont'd)

(b) Deposit received for property development

The amount represented a deposit of RMB100,000,000 (equivalent to HK\$111,630,000) (2018: equivalent to HK\$114,130,000) received from a developer in 2016. During the course of audit for the year ended 31 December 2018, the management discovered that there were omissions in recording a deposit received and an advance to Mr. Tsui in the previous years' financial statements. On 5 December 2016, Guangzhou Lvyou entered into a cooperation agreement with a property developer in Guangzhou, the PRC (the "Developer") for the development of a parcel of land owned by the Group. On 7 December 2016, Guangzhou Lvyou received a cheque payment of RMB100,000,000 from the Developer (the "Cheque") for payment of a deposit under the cooperation agreement. At the same time, the Cheque has been endorsed to a third party without passing through Guangzhou Lvyou's bank account which had been confirmed by Mr. Tsui to be a receipt on the latter's behalf. As a result, both transactions were omitted from the books and records of the Group. The development of the land was suspended subsequently and the deposit should be returned to the Developer. In January 2020, the Group made a repayment of RMB10,000,000 (equivalent to HK\$11,163,000) to the Developer.

(c) Amount due to a non-controlling shareholder

The amount was unsecured, non-interest bearing and without fixed terms of repayment. Subsequent to the reporting period, the amount has been set off with the payments made to a company controlled by Mr. Tsui as mentioned in note 29(d).

33. 貿易及其他應付款項(續)

(b) 已就物業發展收取之按金

該金額指於二零一六年自該發展商收取之按金人民幣100,000,000元(相當於111,630,000港元)(二零一八年:相當於114,130,000港元)。於就截至二零一八年十二月三十一日止年度之審核過程中,管理層發現過往年度財務報表遺漏入賬已收按金及給予徐先生的墊款。於二零一六年十二月五日,廣州綠由與一間中國廣州的地產發展商(「該發展商」)訂立合作協議,以發展本集團擁有之一幅土地。於二零一六年十二月七日,廣州綠由自該發展商收取人民幣100,000,000元之支票付款(「該支票」),以支付合作協議項下之按金。同時,該支票已背書予一名第三方,而毋須通過廣州綠由的銀行賬戶,其已由徐先生代表後者確認收款。因此,本集團的賬簿及記錄遺漏該兩項交易。土地發展其後被暫停,而按金應退還予該發展商。於二零二零年一月,本集團向該發展商作出還款人民幣100,000,000元(相當於11,163,000港元)。

(c) 應付一名非控股股東款項

該款項為無抵押、不計息且無固定償還期限。於報告期後,按附註29(d)所述,該金額已向徐先生控制之一間公司作出之付款抵銷。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

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34. CONTRACT LIABILITIES

34. 合約負債

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contract liabilities	合約負債		
- Billings in advance of performance	- 履約前開出賬單	16,105	14,729
Movements in contract liabilities		合約負債變動	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance at 1 January	於一月一日之結餘	14,729	35,883
Decrease in contract liabilities as a result of recognising revenue during the year that was included in contract liabilities at the beginning of the year	於年內確認收益導致計入期初合約負債結餘的合約負債減少	(11,730)	(30,913)
Decrease in contract liabilities as a result of refund	退款導致之合約負債減少	-	(4,580)
Increase in contract liabilities as a result of billing in advance	預先開出賬單導致合約負債增加	13,228	14,729
Exchange adjustments	匯兌調整	(122)	(390)
Balance at 31 December	於十二月三十一日之結餘	16,105	14,729

The amount of billings in advance of performance expected to be recognised as income after more than one year is HK\$Nil (2018: HK\$Nil).

預期將於超過一年後確認為收入之履約前開出賬單為零港元(二零一八年:零港元)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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35. BANK LOANS

35. 銀行貸款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Secured bank loans	有抵押銀行貸款	1,724,167	2,467,990
Unsecured bank loans	無抵押銀行貸款	249,681	327,118
		1,973,848	2,795,108

The bank loans are repayable as follows:

銀行貸款須償還如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 year	一年內	1,108,617	1,257,005
More than 1 year, but not exceeding 2 years	超過一年，但不超過兩年	263,103	484,363
More than 2 years, but not exceeding 5 years	超過兩年，但不超過五年	390,217	673,198
More than 5 years	超過五年	211,911	380,542
		1,973,848	2,795,108
Portion of bank loans that were in breach of loan agreements and repayable on demand	已違反貸款協議及須按要求償還之銀行貸款部分	(1,973,848)	(2,795,108)
Amount due for settlement after 12 months	於12個月後到期結算之金額	-	-

Notes to the Consolidated Financial Statements (Cont'd)

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35. BANK LOANS (Cont'd)

Further analysis on the bank loans as at 31 December 2019:

Bank loans	銀行貸款	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank A	銀行A	(a)	249,681	327,118
Bank B	銀行B	(b)	253,239	258,910
Bank C	銀行C	(c)	96,370	113,557
Bank D	銀行D	(d)	-	228,260
Bank E	銀行E	(e)	1,374,558	1,867,263
			1,973,848	2,795,108

Note:

As all the bank loans of HK\$1,973,848,000 (2018: HK\$2,795,108,000) were either, overdue, in default or in cross default, all the bank loans were classified as current liabilities as at 31 December 2019.

a) Bank A

The loans from Bank A comprised of a HK dollar loan of HK\$150,282,000 (2018: HK\$185,232,000) and a RMB loan of RMB89,040,000 (equivalent to HK\$99,399,000) (2018: RMB124,320,000 (equivalent to HK\$141,886,000)) with original maturity on 25 October 2021 and 28 February 2021 respectively. The loans were bearing interest at HIBOR +1.2% and CNY Prime -1.6% respectively and guaranteed by the Company and Mr. Tsui. In 2017, Mr. Tsui pledged his shares in the Company. This was a breach of the terms of the bank loan agreements with Bank A in Hong Kong. Bank A had therefore the right to demand immediate full repayment immediately as a result of the breach. On 10 December 2019, Bank A demanded full repayment of the outstanding bank loans and interests. However, the Company failed to make full repayment of the bank loans and the default in repayment also constituted an event of default under the terms of the loan agreements. Since then, the Company made partial loan repayments and the outstanding loan principal of the HK dollar and RMB loans were reduced to HK\$150,282,000 and RMB52,229,000 (equivalent to HK\$58,303,000) respectively up to the date of approval of these consolidated financial statements.

35. 銀行貸款 (續)

於二零一九年十二月三十一日之銀行貸款之進一步分析：

附註：

由於所有銀行貸款1,973,848,000港元(二零一八年：2,795,108,000港元)為逾期、違約或交叉違約，故所有銀行貸款均於二零一九年十二月三十一日被分類為流動負債。

a) 銀行A

來自銀行A的貸款包括原到期日分別為二零二一年十月二十五日及二零二一年二月二十八日之港元貸款150,282,000港元(二零一八年：185,232,000港元)及人民幣貸款人民幣89,040,000元(相當於99,399,000港元)(二零一八年：人民幣124,320,000元(相當於141,886,000港元))。該等貸款分別按香港銀行同業拆息+1.2%及人民幣最優惠利率-1.6%計息，並由本公司及徐先生擔保。於二零一七年，徐先生抵押彼於本公司股份。此舉違反與香港之尚未償還銀行A訂立之銀行貸款協議的條款。因此，銀行A有權因該違反而即時要求即時悉數償還。於二零一九年十二月十日，銀行A要求悉數償還尚未償還銀行貸款及利息。然而，本公司未能悉數償還銀行貸款，而根據貸款協議的條款，拖欠償還亦構成違約事件。自此，本公司償還部分貸款，而於截至該等綜合財務報表批准日期，港元及人民幣貸款的未償還貸款本金分別減少至150,282,000港元及人民幣52,229,000元(相當於58,303,000港元)。

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35. BANK LOANS (Cont'd)

Note: (Cont'd)

a) Bank A (Cont'd)

On 24 February 2020, Bank A filed a bill of indictment with the Intermediate People's Court of Guangzhou (the "Guangzhou Court") against the Company as borrower and its fourteen subsidiaries and Mr. Tsui as guarantor claiming the immediate repayment of the outstanding HK dollar loan of HK\$150,282,000, outstanding interest of HK\$575,000 and legal and other costs of HK\$2,011,000, totalling HK\$152,868,000.

On 17 March 2020, the Guangzhou Court handed down a judgement and ordered that the bank accounts and other assets with a total carrying value of RMB137,278,000 (equivalent to HK\$152,868,000) of the Company and its fourteen subsidiaries be frozen pending the court hearing on 12 August 2020.

In August 2020, the Group verbally agreed a repayment schedule with Bank A for the repayment of all outstanding balances due by three installments by 30 June 2021. After the court hearing on 12 August 2020, the court granted one month's period for the Company to execute a written agreement on the repayment schedule, the details of which are set out in note (2)(d) to the consolidated financial statements.

35. 銀行貸款(續)

附註:(續)

a) 銀行A(續)

於二零二零年二月二十四日,銀行A向中國廣州市中級人民法院(「廣州法院」)提出針對本公司(作為借款人)及其十四家附屬公司及徐先生(作為擔保人)之起訴書,要求即時償還貸款連同未償還港元貸款150,282,000港元、未償還利息575,000港元及法律及其他成本2,011,000港元,合共152,868,000港元。

於二零二零年三月十七日,廣州法院頒佈判決,並頒令凍結本公司及其十四家附屬公司賬面值合共人民幣137,278,000元(相當於152,868,000港元)的銀行賬戶及其他資產,以等待於二零二零年八月十二日之法院聆訊。

於二零二零年八月,本集團與銀行A就於二零二一年六月三十日前分三期償還所有到期未償還結餘口頭上協定償還時間表。於二零二零年八月十二日之法院聆訊後,法院向本公司授出一個月期限,以就該還款時間表簽立書面協議,有關詳情載於綜合財務報表附註(2)(d)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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35. BANK LOANS (Cont'd)

Note: (Cont'd)

b) Bank B

The loan from Bank B is a RMB loan with original date of maturity on 1 December 2031. The loan is bearing interest at the benchmark rate quoted by the People's Bank in the PRC and secured by the Group's charge rights of wastewater processing and electricity supply in Longmen, the PRC, bank deposits and guaranteed by certain subsidiaries and Mr. Tsui.

The default in loan repayments to Bank E had caused cross-default of the loan with Bank B and all the outstanding loan due to Bank B became due for repayment immediately. These loans are therefore classified as current liabilities. Since then, the Company made certain repayments to Bank B and had negotiations with Bank B and Bank B ceased taking demand for immediate repayments of all outstanding loan, nor took any legal actions against the Group. Up to the date of approval of these consolidated financial statements, the total outstanding loan due to Bank B was reduced to RMB156,056,000 (equivalent to HK\$174,205,000).

The Group is in the process of disposing its wastewater treatment project in Longmen, the PRC and expected that the proceeds from the disposal would be sufficient to repay all the outstanding bank loan due to Bank B. Therefore, the present directors believe that Bank B would not enforce its right to demand immediate repayments of the outstanding loan nor take legal actions against the Group.

35. 銀行貸款 (續)

附註：(續)

b) 銀行B

來自銀行B的貸款為原到期日為二零三一年十二月一日之人民幣貸款。該貸款按中國人民銀行所報的基準利率計息，並由本集團在中國龍門的污水處理及電力供應的收費權、銀行存款作抵押，並由若干附屬公司及徐先生擔保。

銀行E的貸款償還違約已導致銀行B的貸款交叉違約，而所有應付銀行B的未償還貸款均成為即時到期償還。因此，該等貸款分類為流動負債。自此，本公司向銀行B作出若干還款，並與銀行B進行磋商，而銀行B不再要求即時償還所有未償還貸款，亦無對本集團採取任何法律行動。截至該等綜合財務報表批准日期，應付銀行B的未償還貸款總額減少至人民幣156,056,000元（相當於174,205,000港元）。

本集團正在出售其於中國龍門的污水處理項目，並預期出售所得款項將足以償還應付銀行B的所有未償還銀行貸款。因此，現任董事認為銀行B將不會強制執行其權利要求即時償還未償貸款，亦不會對本集團採取法律行動。

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綜合財務報表附註 (續)

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35. BANK LOANS (Cont'd)

Note: (Cont'd)

c) Bank C

The loans from Bank C comprised of a HK dollar loan of HK\$57,430,000 (2018: HK\$74,392,000) and a US\$ loan of US\$5,000,000 (equivalent to HK\$38,940,000) (2018: US\$5,000,000 (equivalent to HK\$39,165,000)) with original date of maturity on 11 October 2019 and 19 July 2019 respectively. The loans were bearing interest at HIBOR +2% and LIBOR +2% per annum respectively and guaranteed by the Company and Mr. Tsui and secured by the equity interest in Guangzhou Lvyou.

The default in loan repayments to Bank E had caused cross-default of the loans with Bank C and all the outstanding loans due to Bank C became due for repayment immediately and are therefore classified as current liabilities.

Since then, the Company made certain repayments to Bank C and had negotiations with Bank C for an extension for the repayment of the loans which Bank C agreed to extend the payment date for the outstanding loans every three months. The latest extension was extended to 16 November 2020. Up to the date of approval of these consolidated financial statements, the total outstanding loans due to Bank C were reduced to HK\$60,038,000.

d) Bank D

The loan from Bank D was a RMB loan with original date of maturity on 22 March 2026. The loan was bearing interest at SHIBOR + RMB Funding Rate + 1.72% per annum and guaranteed by the Company and secured by the equity interest in Xintao Investment Co., Ltd, a former wholly owned subsidiary of the Company.

The default in loan repayments to Bank E had caused cross-default of the loan with Bank D and all the outstanding loans due to Bank D became due for repayment immediately and are therefore classified as current liabilities as at 31 December 2018.

Since then, the Company made certain repayments to Bank D and had negotiations with Bank D for not demanding immediate repayments nor take any legal actions against the Group. The Company made full repayment of the outstanding loan to Bank D in 2019.

35. 銀行貸款 (續)

附註：(續)

c) 銀行C

來自銀行C的貸款包括原到期日分別為二零一九年十月十一日及二零一九年七月十九日之港元貸款57,430,000港元(二零一八年：74,392,000港元)及美元貸款5,000,000美元(相當於38,940,000港元)(二零一八年：5,000,000美元(相當於39,165,000港元))。該等貸款分別按年利率香港銀行同業拆息+2%及倫敦銀行同業拆息+2%計息，並由本公司及徐先生擔保，並由廣州綠由之股權作抵押。

銀行E的貸款償還違約已導致銀行C的貸款交叉違約，而所有應付銀行C的未償還貸款均成為即時到期償還，因此分類為流動負債。

自此，本公司向銀行C作出若干還款，並與銀行C進行磋商以延長償還貸款，而銀行C同意每三個月延長未償還貸款之付款日期。最後一次延長已延長至二零二零年十一月十六日。截至該等綜合財務報表批准日期，應付銀行C的未償還貸款總額減少至60,038,000港元。

d) 銀行D

來自銀行D的貸款包括原到期日為二零二六年三月二十二日之人民幣貸款。該貸款按年利率上海銀行+人民幣融資利率+1.72%計息，並由本公司擔保及由本公司前全資附屬公司新滔投資有限公司的股權作抵押。

欠付銀行E的貸款償還違約已導致銀行D的貸款交叉違約，而所有應付銀行D的未償還貸款均成為即時到期償還，因此於二零一八年十二月三十一日分類為流動負債。

自此，本公司向銀行D作出若干還款，並就銀行D不要求即時償還所有未償還貸款，亦不會對本集團採取任何法律行動與銀行D進行磋商。本公司於二零一九年向銀行D悉數償還未償還貸款。

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35. BANK LOANS (Cont'd)

Note: (Cont'd)

e) Bank E

The loans from Bank E consist of a number of bank loans with original dates of maturity on 12 June 2020 to 30 September 2027. The loans were bearing interest at various floating rates ranging from 4.61% to 6.37% per annum. The loans were secured by the Group's rights of water supply, wastewater processing, waste processing and property, plant and equipment, right-of-use assets, bank deposits and equity interest in the Group's certain subsidiaries and were guaranteed by certain of the Group's subsidiaries, their former shareholders and Mr. Tsui.

The default in certain loan repayments to Bank E had caused cross-default of the rest of loans with Bank E and all the outstanding loans due to Bank E became due for repayment immediately. They are therefore classified as current liabilities.

Since then, the Company made certain repayments to Bank E and had negotiations with Bank E for not demanding for immediate repayments nor take any legal actions against the Group. The present directors believe that Bank E will continue to support the Group.

Up to the date of approval of these consolidated financial statements, the outstanding loans due to Bank E were reduced to RMB904,270,000 (equivalent to HK\$1,009,436,000).

- (f) Bank loans of the Group as at 31 December 2019 were with floating-interest rates ranging from 3.70% to 11.30% (2018: 3.70% to 6.37% per annum).

35. 銀行貸款 (續)

附註：(續)

e) 銀行E

來自銀行E的貸款包括原到期日分別為二零二零年六月十二日至二零二七年九月三十日之若干銀行貸款。該等貸款分別按介乎4.61%至6.37%的多個浮動年利率計息。該等貸款由本集團之供水、污水處理、廢物處理的收費權、物業、廠房及設備、使用權資產、銀行存款及本集團若干附屬公司的股權作抵押，並由本集團若干附屬公司、其前股東及徐先生作擔保。

若干欠付銀行E貸款償還違約已導致銀行E的餘下貸款交叉違約，而所有應付銀行E的未償還貸款均成為即時到期償還。因此，該等貸款分類為流動負債。

自此，本公司向銀行E作出若干還款，並就不要求即時償還，亦不會對本集團採取任何法律行動與銀行E進行磋商。現任董事認為，銀行E將繼續支持本集團。

截至該等綜合財務報表批准日期，結欠銀行E的未償還貸款總額減少至人民幣904,270,000元（相當於1,009,436,000港元）。

- (f) 於二零一九年十二月三十一日，本集團之銀行貸款之浮動利率介乎3.70%至11.30%（二零一八年：3.70%至6.37%）。

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35. BANK LOANS (Cont'd)

Note: (Cont'd)

- (g) Bank loans amounted to approximately HK\$682,342,000 as at 31 December 2019 (2018: HK\$1,012,755,000) are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the facilities drawn down would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6(c). In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lender's approval and/or to are required to maintain certain financial ratios.

As at 31 December 2019, covenants relating to restrictions on the controlling shareholder and financial ratios had been breached. Accordingly, such bank loans totalling to approximately HK\$682,342,000 (2018: HK\$927,842,000) became repayable on demand and have been classified as current liabilities.

36. OTHER BORROWINGS

35. 銀行貸款 (續)

附註：(續)

- (g) 由於屬一般常見之金融機構借款安排，於二零一九年十二月三十一日金額為682,342,000港元（二零一八年：1,012,755,000港元）之銀行貸款須履行有關本集團若干資產負債比率之契諾。倘本集團違反契諾，則已提取融資將須按要求償還。本集團定期監察其遵守該等契諾的情況。本集團之流動風險管理之進一步詳情載於附註6(c)。此外，根據銀行貸款協議條款，若干附屬公司在獲得貸方批准前不得進行溢利分派及／或獲取其他外部融資及／或須維持若干財務比率。

於二零一九年十二月三十一日，已違反對控股股東及財務比率之限制之契諾。因此，合共約為682,342,000港元（二零一八年：927,842,000港元）之有關銀行貸款須按要求償還及已分類為流動負債。

36. 其他借貸

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
LOAN A	貸款A		
<i>Interest bearing</i>	<i>計息</i>		
- Loans principal	- 貸款本金	185,000	185,000
- Accrued interest	- 應計利息	57,548	12,183
		(a) 242,548	197,183
LOANS B	貸款B		
<i>Non-interest bearing</i>	<i>不計息</i>		
- Loan from Mr. Gu Yaokun	- 來自古耀坤先生之貸款	(b) 3,700	3,700
- Other parties	- 其他人士	(b) 6,698	11,413
		10,398	15,113
		252,946	212,296

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36. OTHER BORROWINGS (Cont'd)

a) Loan A

On 26 June 2018, the Company entered into an loan agreement with an independent third party (the “Individual”) (the “First Loan Agreement”) pursuant to which the Company borrowed HK\$50,000,000 for one calendar month from the Individual (the “First Loan”). The First Loan together with interest shall be repaid on or before 26 July 2018. The First Loan bears interest at 30% per annum (2.5% per month).

On 19 July 2018, the Company entered into another loan agreement with the Individual (the “Second Loan Agreement”) pursuant to which the Company borrowed HK\$135,000,000 for two calendar months from the Individual (the “Second Loan”). The Second Loan together with interest shall be repaid on or before 19 September 2018. The Second Loan bears interest at 30% per annum (2.5% per month).

On 26 July 2018, the maturity date of the First Loan, the Company entered into a third loan agreement with the individual (the “Third Loan Agreement”) to extend the First Loan of HK\$50,000,000 (the “Third Loan”) for a period of two calendar months. The Third Loan together with interest shall be repaid on or before 26 September 2018. The Third Loan bears interest at 30% per annum (2.5% per month).

All the above loans were guaranteed by Mr. Tsui.

36. 其他借貸 (續)

a) 貸款A

於二零一八年六月二十六日，本公司與一名獨立第三方（「該個人」）訂立貸款協議（「第一份貸款協議」），據此，本公司向該個人借入50,000,000港元，為期一個曆月（「第一筆貸款」）。第一筆貸款連同利息須於二零一八年七月二十六日或之前償還。第一筆貸款的年利率為30%（每月2.5%）。

於二零一八年七月十九日，本公司與該個人訂立另一份貸款協議（「第二份貸款協議」），據此，本公司向該個人借入135,000,000港元，為期兩個曆月（「第二筆貸款」）。第二筆貸款連同利息須於二零一八年九月十九日或之前償還。第二筆貸款的年利率為30%（每月2.5%）。

於二零一八年七月二十六日（即第一筆貸款之到期日），本公司與該個人訂立第三份貸款協議（「第三份貸款協議」），以延長第一筆貸款50,000,000港元（「第三筆貸款」），為期兩個曆月。第三筆貸款連同利息須於二零一八年九月二十六日或之前償還。第三筆貸款的年利率為30%（每月2.5%）。

上述所有貸款均由徐先生擔保。

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36. OTHER BORROWINGS (Cont'd)

a) Loan A (Cont'd)

Upon the respective maturity date, the Company failed to make repayments of the Second and the Third Loans. On 16 October 2019, the Individual made a formal demand for the repayment of the Second and Third Loans together with accrued interests. On 23 October 2019, the Company received a writ of summons from the High Court of Hong Kong pursuant to which the Individual made a claim against the Company and Mr. Tsui for repayment of the outstanding loan principal totalling HK\$185,000,000 together with accrued interest calculated.

In the final judgment dated 17 January 2020 issued by the High Court of Hong Kong (the "Judgment"), the Company and Mr. Tsui were ordered to pay the Individual:

- (i) the sum of HK\$130,375,000 together with interest thereon at 30% per annum calculated daily on a 365-day basis from 20 July 2018, less HK\$11,710,135 being interest payment received until the date full payment is received;
- (ii) the sum of HK\$50,000,000 together with interest thereon at 30% per annum calculated on a 365-day basis from 26 July 2018, less HK\$6,267,123 being interest payments received until the date full payment is received; and
- (iii) costs of HK\$11,545.

On 20 July 2020, the Individual informed the Company that if the judgment debt together with interest and costs were not settled by 30 September 2020, the Individual shall enforce the Judgment dated 17 January 2020 and take further actions including but not limited to winding up the Company and issue a bankruptcy petition against Mr. Tsui without further notice.

Up to the date of approval of these consolidated financial statements, no repayment was made by the Group and the individual has not taken any action to enforce the judgment.

36. 其他借貸 (續)

a) 貸款A (續)

於各到期日，本公司未能償還第二筆及第三筆貸款。於二零一九年十月十六日，該個人正式要求償還第二筆及第三筆貸款連同應計利息。於二零一九年十月二十三日，本公司接獲香港高等法院的傳訊令狀，據此，該個人向本公司及徐先生申索償還合共185,000,000港元的未償還貸款本金連同所計算的應計利息。

於香港高等法院於二零二零年一月十七日頒佈的最終判決(「判決」)中，本公司及徐先生被頒令向該個人支付：

- (i) 130,375,000港元之款項，連同其由二零一八年七月二十日起以365日基準按年利率30%每日計算之利息，減11,710,135港元(即直至收取悉數付款日期前已收取之利息付款)；
- (ii) 50,000,000港元之款項，連同其由二零一八年七月二十六日起以365日基準按年利率30%每日計算之利息，減6,267,123港元(即直至收取悉數付款日期前已收取之利息付款)；及
- (iii) 訟費11,545港元。

於二零二零年七月二十日，該個人知會公司，倘判決債務連同利息及訟費並未於二零二零年九月三十日前清償，則該個人將強制執行日期為二零二零年一月十七日的該判決，並採取進一步行動(包括但不限於將本公司清盤及向徐先生發出破產呈請)，而不會另行通知。

直至該等綜合財務報表之批准日期，本集團並無作出還款，而該名個人未有採取任何行動以強制執行判決。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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36. OTHER BORROWINGS (Cont'd)

b) Loans B

The loans were unsecured and non-interest bearing. Other than the loan from Mr. Gu Yaokun of HK\$3,700,000 with a term of one month, all the other loans were repayable on demand. The loan from Mr. Gu Yaokun of HK\$3,700,000 was overdue as at 31 December 2019 and 2018.

37. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and at the date of transition to HKFRS 16:

		31 December 2019 二零一九年十二月三十一日		1 January 2019 (Note) 二零一九年一月一日 (附註)		31 December 2018 二零一八年十二月三十一日	
		Present value of the minimum lease payments 最低租賃付款之現值 HK\$'000 千港元	Total minimum lease payments 最低租賃付款總額 HK\$'000 千港元	Present value of the minimum lease payments 最低租賃付款之現值 HK\$'000 千港元	Total minimum lease payments 最低租賃付款總額 HK\$'000 千港元	Present value of the minimum lease payments 最低租賃付款之現值 HK\$'000 千港元	Total minimum lease payments 最低租賃付款總額 HK\$'000 千港元
Within 1 year	一年以內	24,288	26,463	22,702	26,538	-	-
After 1 year but within 2 years	一年後但兩年內	7,019	8,146	24,481	26,656	-	-
After 2 years but within 5 years	兩年後但五年內	2,853	4,519	9,877	12,611	-	-
After 5 years	五年後	1,179	1,778	1,257	1,979	-	-
		11,051	14,443	35,615	41,246	-	-
		35,339	40,906	58,317	67,784	-	-
Less: total future interest expenses	減：未來利息支出總額		(5,567)		(9,467)		-
Present value of lease liabilities	租賃負債現值		35,339		58,317		-

The incremental borrowing rates used for determination of the present value of lease payments was 10%.

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating lease under HKAS 17. Further details on the impact of the transition to HKFRS 16 are set out in note 4(b).

36. 其他借貸 (續)

b) 貸款B

貸款為無抵押及不計息。除來自古耀坤先生之貸款3,700,000港元期限為一個月外，所有其他貸款均按求償還。來自古耀坤先生之貸款3,700,000港元已於二零一九年及二零一八年十二月三十一日逾期。

37. 租賃負債

下表列示本集團租賃負債在本期末及過渡至香港財務報告準則第16號時之剩餘合約期限：

用於釐定租賃付款現值之遞增借貸利率為10%。

附註：本集團已採用經修訂追溯方法初步應用香港財務報告準則第16號，並調整二零一九年一月一日之期初結餘，以確認與先前根據香港會計準則第17號歸類為經營租賃的租賃有關的租賃負債。有關過渡至香港財務報告準則第16號的影響的詳情載於附註4(b)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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38. DEPOSIT RECEIVED FOR DISPOSAL OF SUBSIDIARIES

38. 出售附屬公司收取之按金

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deposit received	已收取之按金	50,903	400,000
Accrued interest	應計利息	-	15,342
		50,903	415,342

(a) Year ended 31 December 2019

The amount of RMB40,000,000 (equivalent to HK\$44,653,000) represented deposit received on the deemed disposal of 49% equity interest in Zhongshan Haitao as set out in note 32(a) to the consolidated financial statements.

The remaining amount of RMB5,600,000 (equivalent to HK\$6,250,000) represented the deposit received for the potential disposal of Haoying Solid. The transaction was subsequently cancelled in June 2020.

(b) Year ended 31 December 2018

On 9 July 2018, Xi Zhou Enterprises Hong Kong Limited ("Xi Zhou"), a subsidiary of the Group, and Mr. Tsui entered into a cooperation agreement with 雅居樂地產置業有限公司 ("Purchaser B") (the "Cooperation Agreement") pursuant to which Xi Zhou agreed to procure three of its subsidiaries to (i) assign their real property ownership in respect of certain land in Zhengcheng District, Guangzhou and Nansha District, Guangzhou, the PRC to two project companies and (ii) transfer 55% equity interest in each of the project companies to Purchaser B, within two months of the payment of deposit in the amount of HK\$400,000,000 (the "Deposit") by Purchaser B.

(a) 截至二零一九年十二月三十一日止年度

人民幣40,000,000元(相當於44,653,000港元)之款項指綜合財務報表附註32(a)所載就視作出售中山海滔之49%股權收取之按金。

餘款人民幣5,600,000元(相當於6,250,000港元)指就可能出售浩盈固廢收取的按金。該交易其後於二零二零年六月取消。

(b) 截至二零一八年十二月三十一日止年度

於二零一八年七月九日，西洲實業香港有限公司(「西洲」，本集團之附屬公司)及徐先生與雅居樂地產置業有限公司(「買方B」)訂立合作協議(「合作協議」)，據此，西洲同意促使其三家附屬公司於買方B支付按金400,000,000港元(「按金」)之兩個月內，(i)轉讓其於中國廣州市增城區及廣州市南沙區之若干土地之房地產擁有權予兩家項目公司及(ii)轉讓各項目公司之55%予買方B。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

38. DEPOSIT RECEIVED FOR DISPOSAL OF SUBSIDIARIES (Cont'd)

(b) Year ended 31 December 2018 (Cont'd)

On 10 July 2018, the Deposit was received by the Group from Profitica Group (BVI) Limited (“Profitica”), a related company of the Purchaser B. However, the ownership title of the subject land was not assigned to the two project companies and the 55% equity interest in the two project companies was also not transferred to Purchaser B. Xi Zhou was therefore in breach of the terms of the Cooperation Agreement.

Purchaser B terminated the Cooperation Agreement on 25 September 2018 and demanded the return of the Deposit by 30 September 2018. Up to 29 November 2018, the Deposit and the outstanding accrued interest thereon and the damages (if any) payable under the Cooperation Agreement remained unsettled.

On 29 November 2018, a subsidiary of Purchaser B (the “Purchaser A”) and the Company entered into a transfer agreement (the “Transfer Agreement”) pursuant to which the Company agreed to sell 50% equity interest in Xintao Investment Co. Ltd (the “Disposal”) to Purchaser A in settlement of the dispute under the Cooperation Agreement, the details of the Transfer Agreement are set out in note 32(b) to the consolidated financial statements.

38. 出售附屬公司收取之按金(續)

(b) 截至二零一八年十二月三十一日止年度(續)

於二零一八年七月十日，本集團已自買方B之關連公司盈嘉集團(BVI)有限公司(「盈嘉」)收到按金。然而，標的土地的擁有權所有權並無轉讓兩家項目公司，而該兩家項目公司之55%股權亦無轉讓予買方B。因此，西洲違反合作協議的條款。

買方B於二零一八年九月二十五日終止合作協議，並要求於二零一八年九月三十日前退還按金。截至二零一八年十一月二十九日，按金及其應計未支付利息及根據合作協議應付之損害賠償(如有)仍未償付。

於二零一八年十一月二十九日，買方B之附屬公司(「買方A」)與本公司訂立轉讓協議(「轉讓協議」)，據此，本公司同意向買方A出售新滔投資有限公司的50%股權(「出售事項」)，以解決合作協議項下之爭議，轉讓協議之詳情載於綜合財務報表附註32(b)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

38. DEPOSIT RECEIVED FOR DISPOSAL OF SUBSIDIARIES (Cont'd)

(b) Year ended 31 December 2018 (Cont'd)

On 29 November 2018, Purchaser B, Profitica, Purchaser A, the Company, Xi Zhou and Mr. Tsui entered into an extension agreement (the "Extension Agreement") pursuant to which Purchaser B and Profitica agreed to extend the deadline for returning the Deposit, and paying the accrued interest thereon together with the damages (if any) payable under the Cooperation Agreement to the date of completion of the Transfer Agreement. In return, the Company agreed to transfer and assign as security all the Company's right, title, benefit and interest under and in respect of the balance of the consideration payable by Purchaser A to the Company under the Transfer Agreement to Purchaser A and Profitica.

The present directors considered that the assignment of balance of the consideration of RMB363,000,000 should be set off with the deposit received for the disposal of the subsidiaries upon completion of the Disposal that took place on 3 January 2019.

38. 出售附屬公司收取之按金(續)

(b) 截至二零一八年十二月三十一日止年度(續)

於二零一八年十一月二十九日，買方B、盈嘉、買方A、本公司、西洲及徐先生訂立延期協議(「延期協議」)，據此，買方B及盈嘉同時延長退還按金及支付其應計利息連同根據合作協議應付之損害賠償(如有)之限期至轉讓協議完成日期。作為回報，本公司同意轉讓及指讓本公司於轉讓協議項下買方A應付本公司之代價餘額項下及與此有關之一切權利、所有權、利益及權益(作為抵押)予買方A及盈嘉。

現任董事認為，於二零一九年一月三日出售事項完成時，轉讓代價餘額人民幣363,000,000元應與出售附屬公司之已收取之按金抵銷。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

39. PROVISIONS

39. 撥備

		Penalties 罰款 HK\$'000 千港元 Note (a) (附註(a))	Litigations 訴訟 HK\$'000 千港元 Note (b) (附註(b))	Onerous contracts 繁重合約 HK\$'000 千港元 Note (c) (附註(c))	Total 總計 HK\$'000 千港元
At 1 January 2018	於二零一八年 一月一日	-	-	-	-
Provided for the year	年內撥備	55,070	51,270	13,300	119,640
Settlements	償付	(12,160)	(1,273)	-	(13,433)
Exchange movement	匯兌變動	(1,523)	(1,775)	(500)	(3,798)
At 31 December 2018	於二零一八年 十二月三十一日	41,387	48,222	12,800	102,409
At 1 January 2019	於二零一九年 一月一日	41,387	48,222	12,800	102,409
Effect of adoption of HKFRS 16	採納香港財務 報告準則 第16號之影響	-	-	(12,800)	(12,800)
At 1 January 2019, as restated	於二零一九年 一月一日 (經重列)	41,387	48,222	-	89,609
Provided for the year	年內撥備	1,241	764	-	2,005
Settlements	償付	(11,694)	(2,784)	-	(14,478)
Exchange movement	匯兌變動	(529)	(790)	-	(1,319)
At 31 December 2019	於二零一九年 十二月三十一日	30,405	45,412	-	75,817
Representing 2018	指 二零一八年				
Current portion	流動部分	41,387	48,222	3,558	93,167
Non-current portion	非流動部分	-	-	9,242	9,242
		41,387	48,222	12,800	102,409
2019	二零一九年				
Current portion	流動部分	30,405	45,412	-	75,817

Note:

- (a) The provisions represented the penalties imposed by the local environmental protection bureau in the PRC on certain of the Group's subsidiaries for various breaches of environmental regulations.
- (b) The provisions represented the estimated settlements for the Group's legal obligations as a result of the past events and the details of which are set out in note 50 to the consolidated financial statements.
- (c) The provision for the onerous contracts represents the unavoidable costs of meeting the lease commitments for a factory located in the PRC.

附註：

- (a) 該等撥備指中國地方環境保護局就各項違反環境法規對本集團若干附屬公司施加之罰款。
- (b) 該等撥備指就本集團因過往事件而引起之法律責任之估計償付額，有關詳情載於綜合財務報表附註50。
- (c) 虧損性合約撥備指一間位於中國之工廠履行租賃承擔之不可避免成本。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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40. DEFERRED INCOME

Deferred income consists of deferred government grants received. The grant from local government was conditional and the conditions would be fulfilled upon the completion of construction of certain fixed assets of Guangyuan Xizhou Environmental Enterprises Company Limited (“Guangyuan Xizhou”) and Guangzhou Lvyou. The grant will be recognised as income in profit or loss on a systematic basis over the useful life of the property, plant and equipment.

41. DEFERRED TAX

(a) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax asset and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Revenue recognition	Intangible assets	Government grant	Impairment loss allowance	Credit loss allowance	Total
		收益確認	無形資產	政府補助	減值虧損撥備	信貸虧損撥備	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax arising from:	所產生的遞延稅項：	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2018	於二零一八年一月一日	44,901	223,213	(3,538)	-	(5,046)	259,530
Charge/(credit) to profit or loss for the year (note 12)	於年內損益扣除/(計入) (附註12)	1,930	(75,291)	3,500	(13,115)	4,602	(78,374)
Exchange realignment	匯兌調整	(2,131)	(7,591)	38	465	69	(9,150)
At 31 December 2018	於二零一八年 十二月三十一日	44,700	140,331	-	(12,650)	(375)	172,006
At 1 January 2019	於二零一九年一月一日	44,700	140,331	-	(12,650)	(375)	172,006
Charge/(credit) to profit or loss for the year (note 12)	於年內損益扣除/(計入) (附註12)	(24,549)	(10,719)	-	3,743	-	(31,525)
Reclassified to assets held for sale	重新分類至持作出售資產	-	(2,309)	-	-	-	(2,309)
Exchange realignment	匯兌調整	(559)	(2,890)	-	213	8	(3,228)
At 31 December 2019	於二零一九年 十二月三十一日	19,592	124,413	-	(8,694)	(367)	134,944

40. 遞延收入

遞延收入包括已收遞延政府補貼。來自地方政府的補貼為有條件，且該等條件將於廣元西洲環保實業有限公司（「廣元西洲」）及廣州綠由若干固定資產的建設完成後達成。該補貼將於物業、廠房及設備的可使用年內按系統基準於損益表確認為收入。

41. 遞延稅項

(a) 已確認遞延稅項資產及負債

(i) 遞延稅項資產及負債各組成部分之變動

於綜合財務狀況表內確認的遞延稅項（資產）／負債組成部分及年內變動如下：

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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41. DEFERRED TAX (Cont'd)

(a) Deferred tax assets and liabilities recognised (Cont'd)

(ii) Reconciliation to the consolidated statement of financial position

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	(6,172)	(10,244)
Deferred tax liabilities	遞延稅項負債	141,116	182,250
		134,944	172,006

(b) Deferred tax assets not recognised

Cumulative tax losses

In accordance with the accounting policy set out in note 3(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries located in Hong Kong and subsidiaries in the PRC of HK\$75,104,000 and HK\$238,945,000 as at 31 December 2019 (2018: HK\$75,104,000 and HK\$184,080,000), respectively, as it is not probable that future taxable income against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses of subsidiaries located in Hong Kong do not expire under current tax legislation.

41. 遞延稅項 (續)

(a) 已確認遞延稅項資產及負債 (續)

(ii) 與綜合財務狀況表對賬

(b) 未確認遞延稅項資產

累計稅項虧損

根據附註3(r)所載會計政策，本集團並無就若干香港及中國附屬公司於二零一九年十二月三十一日金額約為75,104,000港元及238,945,000港元（二零一八年：75,104,000港元及184,080,000港元）的累計稅項虧損確認遞延稅項資產，因為日後於稅務司法管轄區及實體獲得可用來抵扣虧損的應課稅收入的可能性並不大。香港附屬公司之稅務虧損在現有的稅務環境下將不會過期。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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41. DEFERRED TAX (Cont'd)

(c) Deferred tax liabilities not recognised

Dividend withholding tax

According to the CIT Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. As all of the Group’s PRC subsidiaries are directly or indirectly owned by a Hong Kong incorporated subsidiary which is the qualified Hong Kong tax resident, a rate of 5% is applicable to the calculation of the PRC dividend withholding tax.

At 31 December 2019, deferred tax liabilities in respect of the dividend withholding tax relating to the undistributed profits of the Company’s subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at the end of each reporting period, it was determined that certain of the undistributed profits of the Company’s subsidiaries would not be distributed in the foreseeable future. The amounts of undistributed profit of the Company’s subsidiaries are set out below:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Distributable profits earned by PRC subsidiaries on or after 1 January 2008	中國附屬公司於二零零八年一月一日或之後賺取之可分派溢利	724,050	875,959

41. 遞延稅項 (續)

(c) 未確認遞延稅項負債

股息預扣稅

根據企業所得稅法及其實施條例，非中國企業居民自中國企業應收的股息須就自二零零八年一月一日起賺取的溢利繳納10%的預扣所得稅，除非獲稅務協定或安排減免。根據內地與香港訂立的《雙重徵稅安排》及相關法規，倘一名合資格香港稅務居民為一間中國企業之「實益擁有人」並持有其25%或以上的股權，則該香港稅務居民須就其來自該中國企業的股息按優惠稅率5%繳納預扣稅。由於本集團所有中國附屬公司歸一間於香港註冊成立的附屬公司（其為合資格香港稅務居民）直接或間接擁有，故計算中國股息預扣稅項適用的稅率為5%。

於二零一九年十二月三十一日，並未確認與本公司附屬公司未分派溢利有關的股息預扣稅的遞延稅項負債，乃由於本公司控制該等附屬公司的股息政策。根據管理層於各報告期末作出的評估，本公司附屬公司若干未分配溢利已確定不會於可見未來進行分派。本公司附屬公司未分派溢利金額載列如下：

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

42. SHARE CAPITAL

42. 股本

	Number of shares	Amount
	股份數目	金額
	'000	HK\$'000
	千股	千港元
Ordinary shares, issued and fully paid:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019 (Ordinary shares of HK\$0.025 each)	普通股(已發行及繳足): 於二零一八年一月一日、 二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日 (每股普通股面值0.025港元)	6,316,792 157,920

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派的股息，並於本公司大會上享有每股一票投票權。就本公司的剩餘資產而言，所有普通股享有同等地位。

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

資本管理

本集團管理資本的目標為保障本集團持續經營的能力，並透過優化債務及權益結餘額盡量增加股東回報。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

42. SHARE CAPITAL (Cont'd)

The Group monitors its capital structure on the basis of an adjusted net debt-to-equity ratio. For this purpose, adjusted net debt is calculated as total bank loans, other borrowings and lease liabilities less bank and cash balances. The Group's adjusted net debt-to-equity ratio at 31 December 2019 and 2018 was as follows:

42. 股本 (續)

本集團採用經調整淨債務權益比率監察其資本架構。就此而言，經調整淨債務以總銀行貸款、其他借款及租賃負債減銀行及現金結餘計算得出。於二零一九年及二零一八年十二月三十一日，本集團的經調整淨債務權益比率如下：

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank loans	銀行貸款	35	1,973,848	2,795,108
Other borrowings	其他借款	36	252,946	212,296
Lease liabilities	租賃負債	37	35,339	-
Total debt	總債務		2,262,133	3,007,404
Less: Bank and cash balances	減：銀行及現金結餘	31	(177,203)	(273,124)
Net debt	淨債務		2,084,930	2,734,280
Total (deficit)/equity	(虧絀)／權益總額		(119,979)	150,138
Debt-to-adjusted capital ratio	債務與經調整資本比率		N/A 不適用	18.21 times 倍

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Note 附註	
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	342,030	493,483
Total non-current assets	非流動資產總值	342,030	493,483
Current assets	流動資產		
Investment in a subsidiary classified as held for sale	分類為持作出售附屬公司之投資	-	1,166,950
Amounts due from subsidiaries	應收附屬公司款項	963,948	833,958
Other receivables	其他應收款項	270,156	32,276
Bank and cash balances	銀行及現金結餘	8	58,862
Total current assets	流動資產總值	1,234,112	2,092,046
Current liabilities	流動負債		
Amounts due to subsidiaries	應付附屬公司款項	1,274,577	1,118,129
Other payables	其他應付款項	66,973	59,491
Bank loans	銀行貸款	150,282	630,148
Other borrowings	其他借貸	246,248	200,883
Deposits received for disposal of subsidiaries	出售附屬公司之已收按金	-	413,348
Dividend payable	應付股息	-	60,641
Total current liabilities	流動負債總額	1,738,080	2,482,640
Net current liabilities	流動負債淨額	(503,968)	(390,594)
NET (LIABILITIES)/ASSETS	(負債)/資產淨值	(161,938)	102,889

43. 本公司之財務狀況表及儲備變動

(a) 本公司之財務狀況表

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Cont'd)

43. 本公司之財務狀況表及儲備變動 (續)

(a) Statement of financial position of the Company (Cont'd)

(a) 本公司之財務狀況表(續)

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Note 附註	
Equity	權益		
Share capital	股本	42	157,920
Reserves	儲備	43(b)	(55,031)
TOTAL (DEFICIT)/EQUITY	(虧絀)/權益總額		102,889

Approved by the Board of Directors on 8 December 2020
and are signed on its behalf by:

於二零二零年十二月八日經董事會批准並由以下董事代表簽署：

Huang Qing
黃青
Director
董事

Li Yang
李陽
Director
董事

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Cont'd)

(b) Reserve movement of the Company

The amounts of the Company's reserves and the movements therein for the year ended 31 December 2019 are as follows:

		Reserves 儲備						
		Share capital	Share premium	Shares held under the Share Award Scheme	Capital reserve	Accumulated losses	Sub-total	Total
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	股份獎勵計劃項下持有股份 HK\$'000 千港元	資本儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	小計 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	157,920	1,358,084	(52,614)	197,537	(155,239)	1,347,768	1,505,688
Total comprehensive losses for the year	年內全面虧損總額	-	-	-	-	(1,156,283)	(1,156,283)	(1,156,283)
Shares purchased under Share Award Scheme (note 44)	根據股份獎勵計劃購買股份 (附註44)	-	-	(1,523)	-	-	(1,523)	(1,523)
Dividend declared in respect of previous years	就過往年度已宣派的股息	-	(184,352)	-	-	-	(184,352)	(184,352)
Dividend declared in respect of current year	就本年度已宣派的股息	-	(60,641)	-	-	-	(60,641)	(60,641)
At 31 December 2018	於二零一八年十二月三十一日	157,920	1,113,091	(54,137)	197,537	(1,311,522)	(55,031)	102,889
At 1 January 2019	於二零一九年一月一日	157,920	1,113,091	(54,137)	197,537	(1,311,522)	(55,031)	102,889
Total comprehensive losses for the year	年內全面虧損總額	-	-	-	-	(325,468)	(325,468)	(325,468)
Cancellation of dividends	取消股息	-	60,641	-	-	-	60,641	60,641
At 31 December 2019	於二零一九年十二月三十一日	157,920	1,173,732	(54,137)	197,537	(1,636,990)	(319,858)	(161,938)

43. 本公司之財務狀況表及儲備變動 (續)

(b) 本公司之儲備變動

截至二零一九年十二月三十一日止年度之本公司儲備金額及其變動如下：

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Cont'd)

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the Company's share premium account are distributable to the equity shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Statutory reserves

According to the current PRC Company Law, the Group's entities in the PRC are required to transfer 10% of their profit after taxation to statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve has to be made before distribution of dividend by these entities.

Statutory surplus reserve can be used to make good previous years' losses, if any, and for capitalisation issue provided that the balance after such issue is not less than 25% of the registered capital of the respective entities.

43. 本公司之財務狀況表及儲備變動 (續)

(c) 儲備性質及目的

(i) 股份溢價

根據開曼群島公司法，倘緊隨建議派發股息當日後，本公司將能夠償付於日常業務過程中到期之債務，則本公司之股份溢價賬之資金可分派予權益股東。

(ii) 法定儲備

根據現行中國公司法，本集團於中國之實體須將除稅後溢利之10%轉撥至法定盈餘儲備，直至盈餘儲備結餘達至註冊資本的50%。就計算轉撥至儲備之金額而言，除稅後溢利須按照根據中國會計準則編製之法定財務報表進行釐定。該項轉撥須於該等實體分派股息之前進行。

法定盈餘儲備可用於彌補過往年度虧損(如有)及資本化發行，惟有關發行後之結餘不得低於各相關實體註冊資本之25%。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Cont'd)

(c) Nature and purpose of reserves (Cont'd)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currencies other than the RMB presentation currency. The reserve is dealt with in accordance with the accounting policy set out in note 3(u).

(iv) Capital reserve

The capital reserve of the Group represents the difference between (a) the nominal value of share capital of a subsidiary acquired; and (b) the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group on 31 May 2011.

The capital reserve of the Company represents the excess of the consolidated net assets represented by the shares acquired over the nominal value of shares issued by the Company in exchange under the reorganisation.

(d) Distributability of reserves

As at 31 December 2019 and 2018, there were no reserves available for distribution to equity shareholders of the Company.

43. 本公司之財務狀況表及儲備變動 (續)

(c) 儲備性質及目的 (續)

(iii) 匯兌儲備

匯兌儲備包括換算功能貨幣為人民幣呈列貨幣以外的業務財務報表產生的所有相關外匯差額。該儲備乃根據附註3(u)所載的會計政策處理。

(iv) 資本儲備

本集團的資本儲備指(a)所收購附屬公司股本的面值；及(b)本公司於二零一一年五月三十一日根據本集團的重組為交換而發行的股份的面值之間的差額。

本公司的資本儲備指所收購股份所佔綜合資產淨值超過本公司根據重組為換取該等股份而發行之股份面值的部分。

(d) 可供分派儲備

於二零一九年及二零一八年十二月三十一日，概無可供分派予本公司權益股東的儲備。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

44. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 12 November 2015, the board of directors of the Company approved the adoption of a share award scheme (the “Share Award Scheme”) under which shares of the Company (the “Awarded Shares”) may be awarded to selected employees (the “Selected Employees”) in accordance with the provisions of the Share Award Scheme. The Board shall not make any further award of Awarded Shares which will result in the aggregate nominal value of the Shares awarded under the Scheme exceeding 10% of the issued share capital of the Company at the time of such Award. The maximum number of Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company at the time of such award.

The Share Award Scheme was adopted in order to recognise and motivate the contributions of the Selected Employees and to provide them with the incentives or awards for their commitment and contribution to the Group. By providing a competitive incentive package, the Share Award Scheme also serves to retain and attract suitable personnel for the further development of the Group, and to align the interests of the Selected Employees with those of the shareholders of the Company in attaining long-term business objectives of the Group.

The Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the date of adoption; and (ii) such date of early termination as determined by the board by a resolution of the board. Termination of the Scheme shall not affect any subsisting rights of any Selected Employee under the Scheme.

44. 以權益結算的股份支付交易

於二零一五年十一月十二日，本公司董事會已經批准採納股份獎勵計劃（「股份獎勵計劃」），根據股份獎勵計劃之條款，本公司股份（「獎勵股份」）可授予獲選僱員（「獲選僱員」）。倘董事會授出獎勵股份後會導致根據計劃已授出的股份的總面值超過本公司於授出時已發行股本之10%，則不應再進一步授出獎勵股份。獲選僱員根據計劃獲授的獎勵股份的最高數目不得超過本公司於授出時的已發行股本的1%。

採納股份獎勵計劃旨在認可及激勵獲選僱員之貢獻並就其對本集團的奉獻及貢獻提供激勵或獎勵。通過提供競爭性的激勵方案，股份獎勵計劃亦可挽留及吸引適合本集團進一步發展的員工並在實現本集團長期業務目標中使獲選僱員的利益與本公司股東的利益保持一致。

股份獎勵計劃於(i)採納日期的第10個週年日；及(ii)董事會透過董事會決議案決定提早終止的有關日期（以較早者為準）終止。終止計劃不會影響該計劃項下任何獲選僱員的任何存續權利。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

44. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Cont'd)

Details of the shares held under the Share Award Scheme are set out below:

		Average purchase price	No. of shares held 持有 股份數目	Value of shares 股份價值
		平均購買價 HK\$ 港元	'000 千股	HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日		30,240	52,614
Shares purchased during year	年內購買的股份	0.31	4,968	1,523
At 31 December 2018, 1 January 2019 and 31 December 2019	於二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日		35,208	54,137

As at the 31 December 2018 and 2019, the Company purchased 44,732,000 and 44,732,000 shares, respectively.

於二零一八年及二零一九年十二月三十一日，本公司分別購買44,732,000股及44,732,000股股份。

No share options were granted to the employees of the Group during the year ended 31 December 2018 and 2019.

截至二零一八年及二零一九年十二月三十一日止年度，概無向本集團僱員授出購股權。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

44. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Cont'd)

The estimated fair value of the Awarded Shares on the grant date is determined by reference to the market price of the Company's shares.

No share award expenses were recognised by the Group during the year ended 31 December 2019 and 2018.

45. DISPOSALS OF SUBSIDIARIES

(a) Disposal of Xintao Investment Co. Ltd.

During the year ended 31 December 2019, the Group disposed of 100% equity interest in Xintao Investment Co. Ltd. and its subsidiaries ("Xintao Group") to Agile Eco Technology (Hong Kong) limited, an independent third party, at a total cash consideration of RMB1,183,000,000 (equivalent to HK\$1,345,780,000). The assets and liabilities of Xintao Group was classified as held for sale as at 31 December 2018 (note 32(b)). All the assets and liabilities of Xintao Group have been derecognised upon disposal.

44. 以權益結算的股份支付交易 (續)

獎勵股份於授出日期的估計公平值參考本公司股份的市價釐定。

截至二零一九年及二零一八年十二月三十一日止年度，本集團概無確認股份獎勵開支。

45. 出售附屬公司

(a) 出售新滔投資有限公司

截至二零一九年十二月三十一日止年度，本集團向雅居樂生態環保科技(香港)有限公司(一名獨立第三方)出售新滔投資有限公司及其附屬公司(「新滔集團」)之100%股權，現金代價總額為人民幣1,183,000,000元(相當於1,345,780,000港元)。新滔集團之資產及負債於二零一八年十二月三十一日分類為持作出售(附註32(b))。新滔集團全部資產及負債已於出售後終止確認。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

45. DISPOSALS OF SUBSIDIARIES (Cont'd)

(a) Disposal of Xintao Investment Co. Ltd. (Cont'd)

The effect of the disposal on the Group's assets and liabilities is set out below:

		Carrying amount as at the date of disposal
		於出售日期的 賬面值 HK\$'000 千港元
Total consideration	代價總額	1,345,780
Net assets disposed of	已出售資產淨值	(1,317,642)
Release of exchange reserve	匯兌儲備解除	(3,298)
Transaction costs	交易成本	(21,941)
Gain on disposal	出售收益	2,899
Property, plant equipment	物業、廠房及設備	1,082,637
Right-of-use assets	使用權資產	45,389
Other non-current assets	其他非流動資產	43,537
Inventories	存貨	3,181
Trade and other receivables	貿易及其他應收款項	319,515
Bank and cash balances	銀行及現金結餘	236,196
Trade and other payable	貿易及其他應付款項	(364,678)
Current tax liabilities	即期稅項負債	(40,342)
Deferred income	遞延收入	(7,793)
Net assets disposed of	已出售資產淨值	1,317,642

45. 出售附屬公司 (續)

(a) 出售新滔投資有限公司 (續)

出售對本集團資產及負債之影響載列如下：

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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45. DISPOSALS OF SUBSIDIARIES (Cont'd)

45. 出售附屬公司 (續)

(a) Disposal of Xintao Investment Co. Ltd. (Cont'd)

(a) 出售新滔投資有限公司 (續)

		HK\$'000 千港元
<i>i) Analysis of amount settled and consideration receivable</i>		
	<i>i) 已償付金額及應收代價分析</i>	
Consideration settled in 2019	於二零一九年償付之代價	1,129,636
Exchange movement	匯兌變動	4,047
Consideration received in 2020 classified as consideration receivable (note 29)	分類為應收代價之於二零二零年收取之代價 (附註29)	212,097
Total consideration	總代價	1,345,780
<i>ii) Analysis of the net cash inflow from the disposal of subsidiaries</i>		
	<i>ii) 出售附屬公司之現金流入淨額分析</i>	
Consideration	代價	1,345,780
Less:	減:	
Deposit received in 2018	於二零一八年收取之按金	(400,000)
Exchange difference on consideration receivable as at 31 December 2019	於二零一九年十二月三十一日之應收代價匯兌差額	(4,047)
Consideration receivable as at 31 December 2019	於二零一九年十二月三十一日之應收代價	(212,097)
Consideration received in 2019	於二零一九年收取之代價	729,636
Less: Transaction costs	減: 交易成本	(21,941)
Bank and cash balance disposed of	已出售之銀行及現金結餘	(236,196)
Net cash inflow	現金流入淨額	471,499

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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45. DISPOSALS OF SUBSIDIARIES (Cont'd)

(b) Disposal of 廣州綠滔環境治理有限公司

During the year ended 31 December 2019, 中滔(廣州)生態環境治理有限公司 entered into an agreement to dispose of the entire 68% equity interest in 廣州綠滔環境治理有限公司 at a consideration of RMB1,360,000 (equivalent to HK\$1,546,000). All the assets and liabilities of 廣州綠滔 have been derecognised upon disposal.

The effect of such disposal on the Group's assets and liabilities is set out below:

		HK\$'000 千港元
Total consideration	代價總額	1,546
Net assets disposed of	已出售資產淨值	(723)
Non-controlling interests	非控股權益	256
Release of exchange reserve	解除匯兌儲備	(15)
Gain on disposal	出售收益	1,064

The consideration has not been received and included in note 29 as consideration receivable from the disposal of subsidiaries.

45. 出售附屬公司(續)

(b) 出售廣州綠滔環境治理有限公司

截至二零一九年十二月三十一日止年度，中滔(廣州)生態環境治理有限公司訂立協議，以出售廣州綠滔環境治理有限公司之全部68%股權，代價為人民幣1,360,000元(相當於1,546,000港元)。於出售後，已終止確認廣州綠滔的所有資產及負債。

該出售對本集團資產及負債之影響載列如下：

代價尚未獲收取並計入附註29為出售附屬公司之應收代價。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

45. DISPOSALS OF SUBSIDIARIES (Cont'd)

45. 出售附屬公司 (續)

(b) Disposal of 廣州綠滔環境治理有限公司 (Cont'd)

(b) 出售廣州綠滔環境治理有限公司 (續)

		Carrying amounts as at the date of disposal 於出售日期的 賬面值 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	73
Other receivables	其他應收款項	666
Income tax recoverable	可收回所得稅	3
Cash and cash equivalents	現金及現金等價物	11
Other payables	其他應付款項	(30)
Net assets disposed of	已出售資產淨值	723
Attributable to:	以下各項應佔：	
– Owners of the Company	– 本公司持有人	467
– Non-controlling interest	– 非控股權益	256
		723

(i) Analysis of consideration receivable

(i) 應收代價分析

		HK\$'000 千港元
Consideration	代價	1,546
Exchange movement	匯兌變動	(28)
Consideration receivable	應收代價	1,518

(ii) Analysis of the net cash outflow from the disposal of the subsidiaries

(ii) 出售附屬公司之現金流出淨額分析

		HK\$'000 千港元
Consideration received	已收取代價	–
Cash and cash equivalents disposed of	已出售銀行及現金結餘	(11)
Net cash outflow	現金流出淨額	(11)

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Bank loans (note 35)	Interest payable (note 33&38)	Other borrowings (note 36)	Amount due to a non-controlling shareholder	Lease liabilities (note 37)	Dividend payable	Total
		銀行貸款 (附註35)	應付利息 (附註33及38)	其他借貸 (附註36)	應付一名非控股股東 款項	租賃負債 (附註37)	應付股息	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	2,795,108	18,601	212,296	39,946	-	60,641	3,126,592
Recognised upon adoption of HKFRS 16 (note 4)	於採納香港財務報告準則第16號時確認 (附註4)	-	-	-	-	58,317	-	58,317
At 1 January 2019, as restated	於二零一九年一月一日 (經重列)	2,795,108	18,601	212,296	39,946	58,317	60,641	3,184,909
Changes from financing cash flows:	融資現金流量變動:							
Proceeds from new bank loans	新銀行貸款所得款項	643,804	-	-	-	-	-	643,804
Repayment of bank loans	償還銀行貸款	(1,414,910)	-	-	-	-	-	(1,414,910)
Repayment of other borrowings	償還其他借款	-	-	(4,465)	-	-	-	(4,465)
Capital element of lease payments	租賃付款之資本成分	-	-	-	-	(13,222)	-	(13,222)
Interest paid	已付利息	-	(144,737)	(21,969)	-	(3,823)	-	(170,529)
Total changes from financing cash flows	融資現金流量變動總額	(771,106)	(144,737)	(26,434)	-	(17,045)	-	(959,322)
Other changes:	其他變動:							
Exchange movements	匯兌變動	(50,154)	-	(250)	(875)	-	-	(51,279)
Interest on bank loans and other borrowings (note 11)	銀行貸款及其他借貸利息 (附註11)	-	155,966	67,334	-	3,823	-	227,123
Cancellation of interim dividend	取消中期股息	-	-	-	-	-	(60,641)	(60,641)
Increase in lease liabilities from entering into new lease	來自訂立新租賃之租賃負債增加	-	-	-	-	678	-	678
Reclassified to amounts due to related companies	重新分類至應付關連公司之款項	-	-	-	-	(10,434)	-	(10,434)
Total other changes	其他變動總額	(50,154)	155,966	67,084	(875)	(5,933)	(60,641)	105,447
At 31 December 2019	於二零一九年十二月三十一日	1,973,848	29,830	252,946	39,071	35,339	-	2,331,034

46. 綜合現金流量表附註

(a) 融資活動所產生負債之對賬

下表詳列本集團來自融資活動的債務的變動 (包括現金及非現金變動)。融資活動產生的負債為其現金流量已或未來現金流量將於本集團的綜合現金流量表內分類為融資活動產生的現金流量的負債。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

46. 綜合現金流量表附註 (續)

(a) Reconciliation of liabilities arising from financing activities (Cont'd)

(a) 融資活動所產生負債之對賬 (續)

		Bank loans (note 35)	Interest payable (note 33 & 38)	Other borrowings (note 36)	Amount due to a non-controlling shareholder 應付一名非控股股東款項	Dividend payable 應付股息	Total
		銀行貸款 (附註35) HK\$'000 千港元	應付利息 (附註33及38) HK\$'000 千港元	其他借貸 (附註36) HK\$'000 千港元	非控股股東 款項 HK\$'000 千港元	應付股息 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	3,461,859	8,726	-	-	-	3,470,585
Changes from financing cash flows:	融資現金流量變動:						
Proceeds from new bank loans	新銀行貸款所得款項	537,207	-	-	-	-	537,207
Repayment of bank loans	償還銀行貸款	(1,081,920)	-	-	-	-	(1,081,920)
Proceeds from other borrowings	其他借貸所得款項	-	-	200,113	-	-	200,113
Advance from a non-controlling shareholder	來自非控股股東墊款	-	-	-	39,946	-	39,946
Interest paid	已付利息	-	(171,209)	(13,741)	-	-	(184,950)
Dividend paid	已付股息	-	-	-	-	(184,352)	(184,352)
Total changes from financing cash flows	融資現金流量變動總額	(544,713)	(171,209)	186,372	39,946	(184,352)	(673,956)
Other changes:	其他變動:						
Exchanges movement	匯兌變動	(122,038)	(401)	-	-	-	(122,439)
Declaration of interim dividend	宣派中期股息	-	-	-	-	244,993	244,993
Interest on bank loans and other borrowings (note 11)	銀行貸款及其他借貸利息 (附註11)	-	181,485	25,924	-	-	207,409
Total other charges	其他變動總額	(122,038)	181,084	25,924	-	244,993	329,963
At 31 December 2018	於二零一八年十二月三十一日	2,795,108	18,601	212,296	39,946	60,641	3,126,592

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within operating cash flows	於營運現金流量內	3,140	19,285
Within financing cash flows	於融資現金流量內	17,045	-
		20,185	19,285

The adoption of HKFRS 16 introduces a change in classification of cash flows of certain rental paid on leases. The comparative amounts have not been restated. The amounts related to lease rentals paid for the year ended 31 December 2019 was HK\$20,185,000 (2018: HK\$19,285,000).

46. 綜合現金流量表附註(續)

(b) 租賃之現金流出總額

租賃之綜合現金流量表包括以下各項：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within operating cash flows	3,140	19,285
Within financing cash flows	17,045	-
	20,185	19,285

採納香港財務報告準則第16號引致作為承租人支付之若干租金之現金流之分類發生變化。比較金額並無重列。有關金額涉及截至二零一九年十二月三十一日止年度支付之租賃租金20,185,000港元(二零一八年：19,285,000港元)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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47. COMMITMENTS

- (a) Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contracted for	已訂約	151,047	381,440
Authorised but not contracted for	已授權但未訂約	-	-
		151,047	381,440

- (b) The total future minimum lease payments under non-cancellable operating lease at the end of the reporting period are payable as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 year	一年內	-	29,558
Between 2 to 5 years	兩至五年	-	43,681
Over 5 years	超過五年	-	24,248
		-	97,487

47. 承擔

- (a) 於報告期末尚未清償且並無於綜合財務報表撥備的資本承擔如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contracted for	已訂約	151,047	381,440
Authorised but not contracted for	已授權但未訂約	-	-
		151,047	381,440

- (b) 根據不可撤銷經營租賃於報告期末應付之未來最低租賃付款總額如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 year	一年內	-	29,558
Between 2 to 5 years	兩至五年	-	43,681
Over 5 years	超過五年	-	24,248
		-	97,487

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

48. MATERIAL RELATED PARTY TRANSACTIONS

The directors are of the view that related parties of the Group include the following individuals/companies:

48. 重大關聯方交易

董事認為本集團的關聯方包括以下個人／公司：

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Mr. Tsui Cham To 徐湛滔先生	Controlling Shareholder, a former director and former Chairman 控股股東、前董事及前主席
Mr. Xu Juwen 徐炬文先生	Executive Director 執行董事
Mr. Gu Yaokun (note ii) 古耀坤先生(附註ii)	A minority shareholder of the Company/ a former Executive Director 本公司少數股東／前執行董事
Mr. Xu Zhencheng (note iii) 許振成先生(附註iii)	Key management personnel 主要管理人員
Guangzhou To Kee (廣州滔記實業發展集團有限公司) (note (i)) 廣州滔記(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Tian Tian Cleaning and Washing Company Limited ("Tian Tian") (廣州天天快潔洗滌有限公司) (note (i)) 廣州天天快潔洗滌有限公司(「天天」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Longmen Yagang Copper Company Limited (「Longmen Copper」)(龍門亞鋼銅業有限公司) (note (i)) 龍門亞鋼銅業有限公司(「龍門銅業」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Haiqin Tiancheng (廣州海沁天誠技術檢測服務有限公司) (note (i)) 海沁天誠(附註(i))	Joint Venture of the Group 本集團合營企業

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

48. 重大關聯方交易(續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Guangzhou Haiqin Tiancheng Environmental Consultancy Company Limited (“Haiqin Tiancheng Consultancy”) (廣州市海沁天誠環境諮詢有限公司) (note (i)) 廣州市海沁天誠環境諮詢有限公司 (「海沁天誠諮詢」) (附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Zuhai Yingrun Environmental Protection Technology Company Limited (“Zuhai Yingrun”) (珠海市盈潤環保科技有限公司) (note (i)) 珠海市盈潤環保科技有限公司 (「珠海盈潤」) (附註(i))	Effectively owned by the close family member of Mr. Gu Yaokun 由古耀坤先生之關係密切的家庭成員實際擁有
Guangzhou Nansha Development Zone Lvjie Disposal Recycling Store (“Nansha Lvjie”) (廣州南沙開發區綠傑廢舊金屬物品回收站) (note (i)) 廣州南沙開發區綠傑廢舊金屬物品回收站 (「南沙綠傑」) (附註(i))	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Panyu Luopu Kunrun Information Technology and Consulting Services Department (“Luopu Kunrun”) (廣州市番禺區洛浦坤潤資訊技術諮詢服務部) (note (i)) 廣州市番禺區洛浦坤潤資訊技術諮詢服務部 (「洛浦坤潤」) (附註(i))	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Wofeng Biological Technology Company Limited (“Guangzhou Wofeng”) (廣州市沃豐生物科技有限公司) (note (i)) 廣州市沃豐生物科技有限公司 (「廣州沃豐」) (附註(i))	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

48. 重大關聯方交易(續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Guangzhou Lvchi Environmental Protection Technology Company Limited (“Guangzhou Lvchi”) (廣州綠馳環保科技有限公司) (note (i))	Effectively owned by Mr. Gu Yaokun
廣州綠馳環保科技有限公司 (「廣州綠馳」) (附註(i))	由古耀坤先生實際擁有
Guangzhou Lvhao Technology Service Company Limited (“Guangzhou Lvhao”) (廣州綠灝技術服務有限公司) (note (i))	Effectively owned by Mr. Gu Yaokun
廣州綠灝技術服務有限公司 (「廣州綠灝」) (附註(i))	由古耀坤先生實際擁有
Guangzhou Anjing Environmental Protection Technology Company Limited (“Guangzhou Anjing”) (廣州市安淨環保科技有限公司) (note (i))	Effectively owned by Mr. Gu Yaokun
廣州市安淨環保科技有限公司 (「廣州安淨」) (附註(i))	由古耀坤先生實際擁有
Guangzhou Lvcheng Industrial Company Limited (“Guangzhou Lvcheng”) (廣州市綠城工業有限公司) (note (i))	Effectively owned by Mr. Gu Yaokun
廣州市綠城工業有限公司 (「廣州綠城」) (附註(i))	由古耀坤先生實際擁有
Guangzhou Yanchen Zhili Profession Company Limited (“Guangzhou Yanchen Zhili”) (廣州煙塵治理專業有限公司) (note (i))	Mr. Tsui Cham To is a member of key management personnel of the entity
廣州煙塵治理專業有限公司 (「廣州煙塵治理」) (附註(i))	徐湛滔先生為該實體的主要管理人員之一
Hengyang Lvtao Environmental Ceramsite Equipment Company Limited (“Hengyang Lvtao”) (衡陽綠陶環保陶粒設備有限公司) (note (i))	Mr. Gu Yaokun is a member of key management personnel of the entity
衡陽綠陶環保陶粒設備有限公司 (「衡陽綠陶」) (附註(i))	古耀坤先生為該實體的主要管理人員之一

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綜合財務報表附註 (續)

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

48. 重大關聯方交易 (續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Guangzhou Changbao Environmental Management Company Limited (“Guangzhou Changbao”) (廣州昌寶環境治理有限公司) (notes (i) & (iii)) 廣州昌寶環境治理有限公司 (「廣州昌寶」) (附註(i)及(iii))	Mr. Xu Zhencheng is a member of key management personnel of the entity 許振成先生為該實體的主要管理人員之一
Guangzhou Hengqin Environmental Protection Technology Company Limited (“Guangzhou Hengqin”) (廣州恒沁環保科技有限公司) (note (i) & (iii)) 廣州恒沁環保科技有限公司 (「廣州恒沁」) (附註(i)及(iii))	Mr. Xu Zhencheng is a member of key management personnel of the entity 許振成先生為該實體的主要管理人員之一
Guangzhou Longdao Investment Company Limited (“Guangzhou Longdao”) (廣州隆道投資有限責任公司) (note (i)) 廣州隆道投資有限責任公司 (「廣州隆道」) (附註(i))	Effectively owned by key management personnel 由主要管理人員實際擁有
Longmen Hutiao Station Company Limited (“Longmen Hutiao Station”) (龍門虎跳電站有限公司) (note (i)) 龍門虎跳電站有限公司 (「龍門虎跳電站」) (附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Zhongtao (note a) (廣州中滔) (note (i)) 廣州中滔 (附註a) (附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Golden Oasis China Development Limited (“Golden Oasis”) (金海中國發展有限公司 (「金海」))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Silver Badge Limited (“Silver Badge”) (Silver Badge Limited (「Silver Badge」))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Keen Vast Holdings Limited (“Keen Vast”) (建大控股有限公司 (「建大」))	Effectively owned by the Controlling Shareholder and ultimate holding company 由控股股東及最終控股公司實際擁有

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

48. 重大關聯方交易(續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Guangzhou Xizhou Port Company Limited ("Xizhou Port") (note (i)) 廣州西洲碼頭有限公司(「西洲碼頭」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangyuan Taoji Textile Company Limited ("Guangyuan Taoji") (note (i)) 廣元滔記紡織有限公司(「廣元滔記」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangyuan Haitao Textile Company Limited ("Guangyuan Haitao") (note (i)) 廣元海滔紡織有限公司(「廣元海滔」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Xinyiduo Investment Company Limited ("Guangzhou Xinyiduo") (note (i)) 廣州市新益多投資股份有限公司(「廣州新益多」) (附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Zengcheng Waijing Trading Company Limited ("Zengcheng Waijing") (note (i)) 增城市外經貿易有限公司(「增城外經」)(附註(i))	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Weihang Trading Development Company Limited ("Guangzhou Weihang") (note (i)) 廣州威航貿易發展有限公司(「廣州威航」)(附註(i))	Mr. Tsui is a member of key management personnel of the entity 徐先生為該實體的主要管理人員之一

Notes:

- (i) The English translation of the names is for reference only. The official names of these companies are in Chinese.
- (ii) Mr. Gu Yaokun resigned as executive director on 24 May 2018.
- (iii) Mr. Xu Zhencheng was appointed as executive director on 24 August 2017 and resigned on 8 November 2018.

附註：

- (i) 英文版中名稱的英譯僅供參考。該等公司的官方名稱為中文名稱。
- (ii) 古耀坤先生於二零一八年五月二十四日辭任執行董事。
- (iii) 許振成先生於二零一七年八月二十四日獲委任為執行董事，並於二零一八年十一月八日辭任。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 13 and certain of the highest paid employees as disclosed in note 14, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	15,262	15,304
Share-based payments	股份支付	-	-
Retirement scheme contributions	退休計劃供款	311	262
		15,573	15,566

48. 重大關聯方交易(續)

(a) 主要管理人員薪酬

本集團主要管理人員薪酬(包括向附註13所披露向本公司董事及附註14所披露向若干最高薪酬僱員支付的款項)如下:

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Recurring and non-recurring transactions

Particulars of significant transactions between the Group and the above related parties during the years ended 31 December 2019 and 2018 are as follows:

Recurring transactions		2019	2018
經常性交易		二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
Receive of technical testing services from:	自以下公司獲得技術測試服務：		
– Haiqin Tiancheng	– 海沁天誠	215	335
Receive of consulting services from Haiqin Tiancheng Consultancy	自海沁天誠諮詢獲得諮詢服務	–	758
Receive of consultancy services from:	自以下公司獲得顧問服務：		
– Nansha Lvjie	– 南沙綠傑	–	1,873
– Luopu Kunrun	– 洛浦坤潤	217	2,248
– Guangzhou Wofeng	– 廣州沃豐	–	506
– Guangzhou Lvchi	– 廣州綠馳	–	419
– Guangzhou Lvhao	– 廣州綠灝	–	3,218
– Guangzhou Anjing	– 廣州安淨	–	5,414

48. 重大關聯方交易 (續)

(b) 經常性及非經常性交易

截至二零一九年及二零一八年十二月三十一日止年度，本集團與上述關聯方所進行的重大交易詳情如下：

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Recurring and non-recurring transactions (Cont'd)

Non-recurring transactions		2019	2018
非經常性交易		二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
Lease obligations payable to Guangzhou Yanchen Zhili	應付租賃承擔向廣州煙塵治理支付之租金費用	10,032	8,710
Material costs to Guangzhou Weihang	向廣州威航支付之材料成本	35,280	-
Advertising expenses to Guangzhou Yanchen Zhili	向廣州煙塵治理支付之廣告費用	12,266	10,650
Loan from Mr. Gu Yaokun	來自古耀坤先生之貸款	-	3,700
Payment to:	向以下各方作出的付款：		
- Guangzhou Yanchen Zhili	- 廣州煙塵治理	18,117	13,336
- Longmen Copper	- 龍門銅業	6	-
- Haiqin Tiancheng	- 海沁天誠	168	1,102
- Guangzhou Weihang	- 廣州威航	6,072	46,740
Payment from:	來自以下各方的付款：		
- Haiqin Tiancheng Consultancy	- 海沁天誠諮詢	28	-
- Guangzhou Yanchen Zhili	- 廣州煙塵治理	7,234	-
- Guangzhou Weihang	- 廣州威航	-	30,766
- Guangzhou Zhongtao	- 廣州中滔	-	47

Note:

- (i) The related party transactions with Mr. Tsui and entities controlled by him are disclosed in note 29(c) and 29(d) to the consolidated financial statements.
- (ii) During the year ended 31 December 2018, the Group entered into an agreement to lease a two floor office from Guangzhou Yanchen Zhili for a period of three years. Due to the matters as disclosed in note 5 to the consolidated financial statements and the cost control measures, the Group did not proceed to decorate nor move into the two floor office but occupied another floor of the same building owned by Guangzhou Yanchen Zhili for office purpose.
- (iii) The above transactions were conducted in the normal course of business of the Group and charged at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

48. 重大關聯方交易 (續)

(b) 經常性及非經常性交易 (續)

附註：

- (i) 與徐先生及其控制之實體之關聯方交易於綜合財務報表附註29(c)及29(d)內披露。
- (ii) 截至二零一八年十二月三十一日止年度，本集團訂立一份協議以向廣州煙塵治理租賃一個兩層辦公室，為期三年。由於綜合財務報表附註5所披露之事宜及成本控制措施，本集團並未進行裝修或搬入兩層辦公室，惟佔用廣州煙塵治理所擁有之同一棟大廈之另一層作為辦公用途。
- (iii) 上述交易乃於本集團日常業務過程中進行，並按有關訂約方共同協定的條款或根據相關協議的條款（如適用）收費。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(c) Balances with related parties

(i) Amounts due from related parties

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current	流動		
Trade receivables from:	應收以下各方貿易款項：		
– Tian Tian	– 天天	1,754	1,792
Sub-total	小計	1,754	1,792
Other receivables from:	其他應收以下各方款項：		
– Haiqin Tiancheng Consultancy	– 海沁天誠諮詢	67	95
– Zhuhai Yingrun	– 珠海盈潤	–	109
– Guangzhou Longdao	– 廣州隆道	–	5,043
– Longmen Copper	– 龍門亞鋼	12	6
– Haiqin Tiancheng	– 海沁天誠	369	359
– Guangzhou Weihang	– 廣州威航	4,060	15,407
Sub-total	小計	4,508	21,019
Total	總計	6,262	22,811
Less: impairment loss	減：減值虧損	(3,911)	(3,994)
		2,351	18,817

48. 重大關聯方交易 (續)

(c) 與關聯方的結餘

(i) 應收關聯方款項

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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48. MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(c) Balances with related parties (Cont'd)

(ii) Amounts due to related parties

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Other payables to:	其他應付以下各方款項：		
- Hengyang Lvtao	- 衡陽綠陶	-	241
- Guangzhou Anjing	- 廣州安淨	-	5,549
- Guangzhou Yanchen Zhili	- 廣州煙塵治理	16,903	5,811
- Nansha Lvjie	- 南沙綠傑	-	1,989
- Luopu Kunrun	- 洛浦坤潤	-	2,351
- Guangzhou Wofeng	- 廣州沃豐	-	705
- Guangzhou Lvhao	- 廣州綠灝	-	3,400
- Guangzhou Lvchi	- 廣州綠馳	-	358
- Guangzhou Weihang	- 廣州威航	17,700	-
		34,603	20,404

The amounts due from/to the related parties are unsecured, interest-free and have no fixed repayment terms.

應收/應付關聯方款項為無抵押、免息且無固定償還期限。

48. 重大關聯方交易 (續)

(c) 與關聯方的結餘 (續)

(ii) 應付關聯方款項

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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49. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) *Going concern consideration*

In the process of applying the Group's accounting policies, apart from those involving estimates, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The present directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption, are set out in note 2(d) to the consolidated financial statements.

(b) *Income taxes*

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

49. 關鍵判斷及主要估計

應用會計政策之關鍵判斷

於應用會計政策過程中，董事已作出以下對綜合財務報表中所確認金額具有重大影響的判斷（在下文處理涉及估計的判斷除外）。

(a) *持續經營基準*

於應用本集團財務政策之過程中，除有關所涉及之估計外，管理層已基於本集團於來年將能持續經營之假設編製綜合財務報表，有關假設為對於綜合財務報表所確認之金額有最重大影響之關鍵判斷。評估持續經營假設涉及董事於某個特定時間對於具有內在不确定性的事件或情況的未來結果做出判斷。現任董事認為本集團有能力繼續持續經營，而可能引致業務風險的重大事件或狀況（個別或共同可能對持續經營假設構成重大疑問）載於綜合財務報表附註2(d)。

(b) *所得稅*

本集團須繳納不同司法權區之所得稅。於釐定所得稅撥備時須作出重大判斷。釐定所得稅撥備時需要對若干交易之日後稅項處理方法及稅法之詮釋作出判斷。本集團審慎評估交易相關之稅務影響，從而計提稅項撥備。有關交易的稅務處理方法會定期重估，以考慮所有稅法、詮釋及慣例之改動。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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49. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Cont'd)

Key sources of 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 discussed below.

(a) *Useful lives and residual values of items of property, plant and equipment, intangible assets and right-of-use assets*

In determining the useful lives and residual values of items of property, plant and equipment, intangible assets and right-of-use assets, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the provision of services, or from a change in the market demand for the product or service output of the assets, the expected usage of the assets, the expected physical wear and tear, the care and maintenance of the assets, legal or similar limits on the use of the assets and historical experience. Adjustment of depreciation/amortisation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment, intangible assets and right-of-use assets are different from previous estimation. Useful lives and residual values are reviewed, and adjusted if appropriate, at least at the end of each reporting period, based on any changes in circumstances.

The carrying amount of property, plant and equipment, intangible assets and right-of-use assets as at 31 December 2019 was HK\$708,505,000 (2018: HK\$874,565,000), HK\$682,310,000 (2018: HK\$1,030,453,000) and HK\$257,726,000 (2018: lease prepayments of HK\$263,992,000), respectively.

49. 關鍵判斷及主要估計 (續)

估計不確定性的主要來源

下文討論關於未來之主要假設及於報告期末估計不確定性之其他主要來源，該等假設及來源涉及重大風險，可能導致下個財政年度資產及負債賬面值須作出重大調整。

(a) *物業、廠房及設備、無形資產及使用權資產之使用年期及剩餘價值*

於釐定物業、廠房及設備、無形資產及使用權資產項目的使用年期及剩餘價值時，本集團須考慮各項因素，包括因提供服務改變或改進導致技術或商業過時、或因資產產品或服務的市場需求有變、資產的預期用途、預期物理損耗及損毀、資產的維修保養、資產用途受法律或其他類似限制及過往經驗等。倘估算的物業、廠房及設備項目、無形資產及使用權資產使用年期及／或剩餘價值與以往估算有差異，將調整折舊／攤銷。使用年期及剩餘價值於每個報告期基於環境之任何轉變而審閱。

於二零一九年十二月三十一日，物業、廠房及設備、無形資產及使用權資產之賬面值分別為708,505,000港元（二零一八年：874,565,000港元）、682,310,000港元（二零一八年：1,030,453,000港元）及257,726,000港元（二零一八年：租賃預付款項263,992,000港元）。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

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49. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(b) Impairment of property, plant and equipment, intangible assets and right-of-use assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment, intangible assets and right-of-use assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of property, plant and equipments, intangible assets and right-of-use assets as at 31 December 2019 was HK\$708,505,000 (2018: HK\$874,565,000), HK\$682,310,000 (2018: HK\$1,030,453,000) and HK\$257,726,000 (2018: lease prepayments of HK\$263,992,000), respectively.

(c) Service concession arrangements

The Group entered into BOT arrangements in wastewater treatment and solid waste treatment. The Group concludes that BOT arrangements are service concession arrangements under HK (IFRIC) Interpretation 12, because the local government authorities control and regulate the services that the Group must provide with the infrastructure at a pre-determined service charge. In addition, upon the expiry of concession right agreement, the infrastructure assets have to be transferred to the local government authorities at nil consideration.

49. 關鍵判斷及主要估計 (續)

估計不確定性的主要來源 (續)

(b) 物業、廠房及設備、無形資產及使用權資產之減值

本集團於報告期末評估其物業、廠房及設備、無形資產及使用權資產是否有任何減值跡象。非金融資產當有跡象顯示未必能收回賬面值時，則會做減值測試。當資產或現金產生單位之賬面值超出其可收回金額（即其公平值減成本與使用價值兩者之較高者）時，即出現減值。公平值減成本乃根據從類似資產公平交易之具約束力的銷售交易所取得數據或可觀察市場價格減去出售資產的增量成本而計算。當計算使用價值時，管理層須估計可從該資產或現金產生單位取得之預期未來現金流量，並選用合適之貼現率，以計算該等現金流量之現值。

於二零一九年十二月三十一日，物業、廠房及設備、無形資產及使用權資產之賬面值分別約為708,505,000港元（二零一八年：874,565,000港元）、682,310,000港元（二零一八年：1,030,453,000港元）及257,726,000港元（二零一八年：租賃預付款項263,992,000港元）。

(c) 服務經營權安排

本集團就其污水處理及固體廢物處理訂立BOT安排。本集團得出結論為有關BOT安排屬《香港（國際財務報告詮釋委員會）詮釋》第12號下的服務特許權安排，因為地方政府機關控制並監管有關服務，而本集團必須按預定服務費提供基礎建設。此外，在特許經營權協議到期後，有關基礎建設資產將無償轉歸地方政府機關。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

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49. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(d) *Recoverability and estimated impairment of trade receivables and contract assets*

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are based on past-due status of debtors as groupings of various debtors on this basis demonstrate similar loss patterns with shared credit risk characteristics. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2019, the aggregate carrying amount of trade receivables and contract assets was HK\$396,316,000 (2018: HK\$579,112,000), after a net of allowance for doubtful debts of HK\$181,121,000 (2018: HK\$188,402,000).

49. 關鍵判斷及主要估計(續)

估計不確定性的主要來源(續)

(d) *應收貿易款項及合約資產之可收回性及估計減值*

本集團使用撥備矩陣計算應收貿易款項及合約資產的預期信貸虧損。該撥備率乃基於債務人的逾期狀態得出，因為在此基礎上各種債務人的分組表明具有共同信貸風險特徵的債務人虧損模式相似。撥備矩陣基於本集團的歷史違約率，並經考慮無需花費不必要的成本或努力便可獲得的合理且可支持的前瞻性資料。在各報告日期，均會重新評估觀察到的歷史違約率並考慮前瞻性資料的變化。此外，具有重大餘額及信貸且已減值的應收貿易款項及合約資產將單獨評估預期信貸虧損。

預期信貸虧損撥備對估計的變化敏感。倘實際未來現金流量小於預期，可能引致重大減值虧損。於二零一九年十二月三十一日，扣除呆賬撥備181,121,000港元(二零一八年：188,402,000港元)後，應收貿易款項及合約資產之賬面值總額為396,316,000港元(二零一八年：579,112,000港元)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

49. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(e) Provision of ECL for other receivables and loan receivables

Other receivables and loan receivables are assessed for ECL individually, with reference to internal credit rating, as low risk are assessed under 12-month ECL. Receivables that are considered as doubtful or loss are assessed under lifetime ECL. The management estimates the amount of ECL based on the Group's historical default rates on these receivables by taking into consideration the Group's internal credit ratings, aging, repayment history and/or past due status of the respective receivables. Estimated loss rates are based on historical observed default rates over the expected life of the receivables and are adjusted by forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's receivables are disclosed in notes 6 and 29, respectively.

49. 關鍵判斷及主要估計 (續)

估計不確定性的主要來源 (續)

(e) 其他應收款項及應收貸款之預期信貸虧損撥備

其他應收款項及應收貸款乃參考內部信貸評級就預期信貸虧損進行個別評估，原因為低風險乃根據12個月預期信貸虧損進行評估。被認為屬存疑或虧損之應收款項則按存續期預期信貸虧損進行評估。管理層基於本集團其他應收款項之歷史違約率估計該等應收款項的預期信貸虧損金額，並經計及本集團內部信貸評級、賬齡、還款記錄及／或各自應收款項的逾期狀況。估計虧損率乃基於在應收款項預計年期內歷史觀察到的違約率得出，在並無付出過多成本或努力之情況下以前瞻性資料作出調整。於各報告日期，可觀察的歷史違約率會重新評估，並考慮前瞻性資料的變動。

預期信貸虧損撥備對估計的變化敏感。有關預期信貸虧損及本集團應收款項之資料分別披露於附註6及29。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

50. LITIGATION AND CONTINGENT LIABILITIES

During the year ended 31 December 2019 and up to the date of approval of these consolidated financial statements, the Group had the following litigations and contingent liabilities.

a) Guangzhou Liangang

- i) In April 2018, the local government authority conducted an environmental inspection on Guangzhou Liangang and noted that Guangzhou Liangang committed a number of criminal offences. Subsequently, in April 2019, 廣東省廣州市南沙區人民檢察院 filed bills of indictment against Guangzhou Liangang, the details of which are set out in note 5(a) to the consolidated financial statements.
- ii) On 30 May 2018, Guangzhou Liangang received a penalty notice for RMB5,528,000 (equivalent to HK\$6,542,000) from the local environmental authority which stated that Guangzhou Liangang constructed certain facilities without obtaining permissions from the local authority. Guangzhou Liangang filed two appeals with the local courts, however, both appeals were failed and judgments were made against Guangzhou Liangang. On 6 January 2020, the local environmental authority issued another penalty notice requiring Guangzhou Liangang to pay the original penalty plus additional charge for late payment totalling RMB11,057,000 (equivalent to HK\$13,084,000). On 22 April 2020, the local environmental authority obtained a court order to enforce Guangzhou Liangang to pay the outstanding penalty and provision has been made in the consolidated financial statements.

50. 訴訟及或然負債

截至二零一九年十二月三十一日止年度及直至該等綜合財務報表批准日期，本集團擁有以下訴訟及或然負債。

a) 廣州蓮港

- i) 於二零一八年四月，地方政府機關進行對廣州蓮港進行環境檢查，並注意到廣州蓮港觸犯若干刑事罪行。其後，於二零一九年四月，廣東省廣州市南沙區人民檢察院對廣州蓮港提出起訴書，有關詳情載於綜合財務報表附註5(a)。
- ii) 於二零一八年五月三十日，廣州蓮港接獲地方政府機關發出的罰款通知人民幣5,528,000元（相當於6,542,000港元），當中說明廣州蓮港興建若干設施而未取得地方機關的批准。廣州蓮港向地方法院提出兩項上訴，然而，該兩項上訴均獲駁回，且廣州蓮港獲判敗訴。於二零二零年一月六日，地方環境機關發出另一項罰款通知，要求廣州蓮港支付原罰款另加逾期付款額外費用合共人民幣11,057,000元（相當於13,084,000港元）。於二零二零年四月二十二日，地方環境機關取得法庭頒令以逼使廣州蓮港支付尚未支付罰款，綜合財務報表中已作出撥備。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

a) Guangzhou Liangang (Cont'd)

- iii) On 9 July 2019, Guangzhou Environmental Protection Federation (廣東省環境保護基金會) filed a claim against Guangzhou Liangang in the Intermediate People's Court of Guangzhou for a compensation of RMB33,947,000 (equivalent to HK\$40,170,000) in respect of environmental pollution caused by Guangzhou Liangang during 2017 to 2018. Up to the date of approval of these consolidated financial statements, no judgement was issued by the court. After taking into account the legal advice and considering the outcomes of other litigations involved by Guangzhou Liangang, a provision of HK\$40,170,000 was made in the consolidated financial statements.

b) Guangzhou Haitao

- i) In April 2018, the local government environmental authority conducted an inspection on Guangzhou Haitao and noted that Guangzhou Haitao committed a number of criminal offences. Subsequently, in April 2019, 廣東省廣州市人民檢察院 filed a bill of indictment against Guangzhou Haitao, the details of which are set out in note 5(c) to the consolidated financial statements.

50. 訴訟及或然負債(續)

a) 廣州蓮港(續)

- iii) 於二零一九年七月九日，廣東省環境保護基金會已針對廣州蓮港於廣州市中級人民法院提出索償，就廣州蓮港於二零一七年至二零一八年期間產生之環境污染索償人民幣33,947,000元(相當於40,170,000港元)。直至本綜合財務報表獲批准日期，法院並無頒佈判決。於計及法律意見及考慮廣州蓮港所涉及之其他訴訟之結果後，已於綜合財務報表作出撥備40,170,000港元。

b) 廣州海滔

- i) 於二零一八年四月，地方政府環境機關對廣州海滔進行檢查，並注意到廣州海滔觸犯若干刑事罪行。其後，於二零一九年四月，廣東省廣州市人民檢察院對廣州海滔提出起訴書，有關詳情載於綜合財務報表附註5(c)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

b) Guangzhou Haitao (Cont'd)

- ii) On 21 June 2018, one of the customers of Guangzhou Haitao (The “Customer A”) filed a civil complaint against Guangzhou Haitao in the Guangzhou Tianhe District People’s Court claiming compensation of RMB6,800,000 (equivalent to HK\$7,762,000) in respect of breach of contract terms caused by Guangzhou Haitao.

On 25 April 2019, the court issued a judgment against Guangzhou Haitao and ordered Guangzhou Haitao to pay a compensation of HK\$7,762,000 to Customer A. Guangzhou Haitao filed an appeal with the Intermediate People’s Court of Guangzhou and the Intermediate People’s Court of Guangzhou issued a final judgment which was in favor of Guangzhou Haitao and revoked the order made by Guangzhou Tianhe District People’s Court. As such, the present directors considered a provision for this case was not necessary.

- iii) On 27 September 2018, the local government in Guangzhou, the PRC filed a claim against Guangzhou Haitao in the Intermediate People’s Court of Guangzhou for a compensation of RMB4,550,000 (equivalent to HK\$5,193,000) and an appraisal fee of environmental damage level of RMB447,000 (equivalent to HK\$510,000) in respect of environmental pollution caused by Guangzhou Haitao.

50. 訴訟及或然負債 (續)

b) 廣州海滔 (續)

- ii) 於二零一八年六月二十一日，廣州海滔之其中一名客戶（「客戶A」）針對廣州海滔於廣州天河區人民法院提出民事訴訟，就廣州海滔違反合約條款索償人民幣6,800,000元（相當於7,762,000港元）。

於二零一九年四月二十五日，法院對廣州海滔頒下判決，並頒令廣州海滔向客戶A支付賠償7,762,000港元。廣州海滔於廣州市中級人民法院提出上訴，而廣州市中級人民法院頒佈最終判決，判廣州海滔勝訴，並撤回廣州天河區人民法院作出之頒令。因此，現任董事認為毋須就此案件作出撥備。

- iii) 於二零一八年九月二十七日，中國廣州地方政府針對廣州海滔於廣州市中級人民法院提出索償，就廣州海滔造成之環境污染索償人民幣4,550,000元（相當於5,193,000港元）及環境損害水平評估費用人民幣447,000元（相當於510,000港元）。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

for the year ended 31 December 2019

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50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

b) Guangzhou Haitao (Cont'd)

iii) (Cont'd)

On 28 June 2020, the court issued a judgment against Guangzhou Haitao and ordered Guangzhou Haitao to pay a compensation of HK\$5,193,000 and appraisal fee of environmental damage level of HK\$510,000 to the local government. Guangzhou Haitao is planning to file an appeal against the court's decision. A provision of HK\$5,703,000 was recognised in the consolidated financial statements.

c) Xinfeng Lvzhi

On 29 May 2019, the local government in Xinfeng, the PRC filed a claim against Xinfeng Lvzhi in the Xinfeng County People's Court for the cancellation of a project investment agreement dated 2 August 2010 and a supplementary agreement entered into between the local government and Xinfeng Lvzhi ("the Agreements") and the return of a piece of land leased to Guangzhou Lvzhi as Guangzhou Lvzhi failed to honor the terms of the Agreements. The local government offered a compensation of RMB4,105,000 (equivalent to HK\$4,684,000) to Xinfeng Lvzhi for the return of the land.

On 27 December 2019, the court issued a judgment against Xinfeng Lvzhi and ordered Xinfeng Lvzhi to return the land to the local government.

50. 訴訟及或然負債 (續)

b) 廣州海滔 (續)

iii) (續)

於二零二零年六月二十八日，法院對廣州海滔頒下判決，並頒令廣州海滔向地方政府支付賠償5,193,000港元及環境損害水平評估費用510,000港元。廣州海滔正計劃針對法院決定提出上訴。已於綜合財務報表確認撥備約5,703,000港元。

c) 新豐綠智

於二零一九年五月二十九日，中國新豐縣地方政府針對新豐綠智於新豐縣人民法院提出索償，以取消地方政府與新豐綠智訂立日期為二零一零年八月二日之項目投資協議及補充協議（「該等協議」），並交還向廣州綠智租出之地塊，原因為廣州綠智未能遵守該等協議之條款。地方政府提出就交還貸款向新豐綠智賠償人民幣4,105,000元（相當於4,684,000港元）。

於二零一九年十二月二十七日，法院對新豐綠智頒下判決，並頒令新豐綠智須向地方政府交還土地。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註 (續)

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50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

c) Xinfeng Lvzhi (Cont'd)

On 15 January 2020, Xinfeng Lvzhi filed an appeal with the Shaoguan City Municipality Intermediate People's Court. Up to the date of approval of these consolidated financial statements, the appeal was still in progress. The present directors considered that the litigation would have no material financial impact on the Group.

d) Longmen Zhongtao Recycling

On 29 July 2019, one of the contractors of Longmen Zhongtao Recycling ("Contractor A") filed a claim against Longmen Zhongtao Recycling in the Longmen County People's Court requesting the payment by Longmen Zhongtao Recycling of an overdue trade debt and quality deposits totalling RMB2,048,000 (equivalent to HK\$2,337,000). As at 31 December 2019, the amount of HK\$2,337,000 (2018: HK\$2,337,000) payable to Contractor A has been recorded in the consolidated financial statements.

On 13 November 2019, Longmen Zhongtao Recycling reached a mediation with Contractor A pursuant to which Longmen Zhongtao Recycling agreed to settle the outstanding amount by installment. The present directors considered that the dispute had no material impact on the Group's financial position as the other payables were already recorded in these consolidated financial statements.

50. 訴訟及或然負債 (續)

c) 新豐綠智 (續)

於二零二零年一月十五日，新豐綠智向韶關市中級人民法院提出上訴。直至該等綜合財務報表獲批准日期，該上訴仍在進行中。現任董事認為該訴訟將不會對本集團造成重大財務影響。

d) 龍滔循環

於二零一九年七月二十九日，龍滔循環之其中一名承包商（「承包商A」）針對龍滔循環於龍門縣人民法院提出索償，要求龍滔循環支付逾期貿易債項及質量保證按金人民幣2,048,000元（相當於2,337,000港元）。於二零一九年十二月三十一日，應付承包商A之款項2,337,000港元（二零一八年：2,337,000港元）已於綜合財務報表內記錄。

於二零一九年十一月十三日，龍滔循環與承包商A達成調解，據此，龍滔循環同意分期償付尚未支付款項。現任董事認為該糾紛對本集團之財務狀況並無重大影響，原因為有關其他應付款項已於本綜合財務報表記錄。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

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50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

e) Guangzhou Lvyou

- (i) On 10 October 2019, the local government authority in Foshan, the PRC filed a claim against Guangzhou Lvyou in the Foshan Sanshui District People's Court for a compensation of RMB46,948,000 (equivalent to HK\$53,581,000) in respect of environmental pollution caused by Guangzhou Lvyou during the period from 2014 to 2016.

On 28 June 2020, the court issued a judgment in favour of Guangzhou Lvyou and the present directors considered that no provision was necessary.

- (ii) In early 2020, three business introducers of Guangzhou Lvyou filed applications with Guangzhou Arbitration Commission requesting Guangzhou Lvyou to settle overdue advisory fee for the years ended 31 December 2017 and 2018 and accrued interests totalling RMB23,426,000 (equivalent to HK\$27,720,000). In early 2020, Guangzhou Lvyou entered into settlement agreements with these business introducers pursuant to which Guangzhou Lvyou agreed to settle the outstanding fees by installments. The outstanding fees payable have been recorded in the books and records and the present directors believed that the disputes had no material impact on the Group's consolidated financial statements.

50. 訴訟及或然負債 (續)

e) 廣州綠由

- (i) 於二零一九年十月十日，中國佛山地方政府機關針對廣州綠由於佛山市三水區人民法院提出索償，就廣州綠由於二零一四年至二零一六年期間造成之環境污染索償人民幣46,948,000元（相當於53,581,000港元）。

於二零二零年六月二十八日，法院判廣州綠由勝訴，現任董事認為毋須作出撥備。

- (ii) 於二零二零年初，廣州綠由之三名業務介紹人向廣州仲裁委員會作出申請，要求廣州綠由償付截至二零一七年及二零一八年十二月三十一日止年度之逾期顧問費及累計利息合共人民幣23,426,000元（相當於27,720,000港元）。於二零二零年年初，廣州綠由與該等業務介紹人訂立和解協議，據此，廣州綠由同意分期償付尚未支付費用。應付之尚未支付費用已記錄於賬簿及記錄內，而現任董事相信，有關糾紛對本集團之綜合財務報表並無重大影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

f) Haoying Solid

On 16 April 2019, one of the contractors of Haoying Solid ("Contractor B") filed a claim against Haoying Solid in the Foshan Sanshui District People's Court requesting Haoying Solid for a settlement of overdue construction costs and accrued interest totalling RMB6,651,000 (equivalent to HK\$7,590,000). The amount payable to Contractor B was recorded in the consolidated financial statements.

Up to the date of approval of these consolidated financial statements, no judgment was issued. As the overdue amount has been recorded in the books and records, the present directors considered that the claim had no material impact on the consolidated financial statements.

g) Zhongshan Haitao

In April 2018, the local government authority conducted an environmental inspection on Zhongshan Haitao and noted that Zhongshan Haitao committed an offence. Subsequently, in April 2019, 中山市第一市區人民檢察院 filed a bill of indictment against Zhongshan Haitao, the details of which are set out in note 5(b) to the consolidated financial statements.

50. 訴訟及或然負債(續)

f) 浩盈固廢

於二零一九年四月十六日，浩盈固廢之其中一名承包商(「承包商B」)針對浩盈固廢於佛山市三水區人民法院提出索償，要求浩盈固廢償付逾期建設成本及累計利息合共人民幣6,651,000元(相當於7,590,000港元)。應付承包商B之款項已於綜合財務報表內記錄。

直至該等綜合財務報表獲批准日期，並無頒佈判決。由於該逾期款項已記錄於賬簿及記錄內，故現任董事認為該索償對綜合財務報表並無重大影響。

g) 中山海滔

於二零一八年四月，地方政府環境機關對中山海滔進行環境檢查，並注意到中山海滔觸犯一項刑事罪行。其後，於二零一九年四月，中山市第一市區人民檢察院對中山海滔提出起訴書，有關詳情載於綜合財務報表附註5(b)。

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

50. LITIGATION AND CONTINGENT LIABILITIES (Cont'd)

h) The Company

- i) On 23 October 2019, the Company received a writ of summons from the High Court of Hong Kong pursuant to which the lender claim against the Company for repayment of other borrowings with balance of HK\$242,548,000 (2018: HK\$197,183,000). The details are set out in note 36.
- ii) On 24 February 2020, one of the Company's creditor bank filed a civil complaint with the Guangzhou Court in the PRC against the Company and its fourteen subsidiaries and Mr. Tsui claiming the immediate repayment of the loan and outstanding interest and legal and other costs totalling HK\$152,868,000, the details of which are set out in note 2(d).

In addition to the above, the Group has contingent liabilities arising from the ordinary course of business relating to claims from suppliers, employees and other parties during the year ended 31 December 2019 and subsequent periods. Judgements for certain cases were made by courts in the PRC against the Group. The present directors considered that sufficient provision had been made in the consolidated financial statements according to the judgements and the present directors' best estimates.

The present directors have made estimates for potential litigation costs and claims based upon consultation with PRC lawyers. Actual results could differ from these estimates. In the opinion of the present directors, such litigations and claims will not have a material adverse effect on the Group's financial position, financial performance or cash flows.

50. 訴訟及或然負債 (續)

h) 本公司

- i) 於二零一九年十月二十三日，本公司接獲香港高等法院的傳訊令狀，據此，貸款人向本公司申索償還其他借貸結餘242,548,000港元（二零一八年：197,183,000港元）。詳情載於附註36。
- ii) 於二零一九年二月二十四日，本公司其中一間貸款銀行向中國廣州法院提出針對本公司及其十四間附屬公司及徐先生之民事申訴，要求即時償還貸款連同未償還利息以及法律及其他成本合共152,868,000港元，詳情載於附註2(d)。

除上文所述者外，於截至二零一九年十二月三十一日止年度及其後期間，本集團於日常業務過程中產生與供應商、僱員及其他人士的索償有關的或然負債。中國法院已就若干案件針對本集團作出判決。現任董事認為，已根據判決及現任董事之最佳估計於綜合財務報表內作出足夠撥備。

經諮詢中國律師後，現有董事對潛在訴訟費用及索償作出估計。實際結果可能與該等估計有所不同。現任董事認為，該等訴訟及索償將不會對本集團的財務狀況，財務表現或現金流量產生重大不利影響。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

51. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- a) Certain group entities were sued by their creditors as set out in notes 50, 35 and 36 to the consolidated financial statements.
- b) On 25 April 2019, the Group entered into an agreement with an independent third party pursuant to which the independent third party agreed to inject RMB98,000,000 (equivalent to HK\$109,397,000 as at December 2019) into Zhongshan Haitao of which RMB43,235,000 (equivalent to HK\$48,263,000) shall be in the form of 49% equity and the balance in form of a shareholder's loan. The transaction was finalised in 2020 and the independent third party held 49% equity interest in Zhongshan Haitao upon completion which took place on 20 August 2020. After the completion of the capital injection, the Group lost control over Zhongshan Haitao and Zhongshan Haitao ceased to be a subsidiary of the Group and the Group waived certain of its shareholder's loan to Zhongshan Haitao of approximately HK\$90 million.
- c) On 28 September 2020, Guangzhou Lvyou entered into a compensation agreement with the local government authority pursuant to which Guangzhou Lvyou shall obtain a cash compensation of RMB1,237,884,000 (equivalent to HK\$1,381,850,000) and a piece of land with total area of 33,334 square meters for the relocation of its existing sludge and solid and hazardous waste treatment plant and the expropriation of its land, facilities and the business operation. The payment schedules of the compensation are as follows:
- i) A compensation of RMB247,577,000 (equivalent to HK\$276,370,000), representing 20% of the total cash compensation has been received in November 2020;

51. 報告期後非調整事項

- a) 如綜合財務報表附註50、35及36所載，若干集團實體遭其債權人控告。
- b) 於二零一九年四月二十五日，本集團與獨立第三方，據此，該名獨立第三方同意向中山海滔注資人民幣98,000,000元（於二零一九年十二月相當於109,397,000港元），其中人民幣43,235,000元（相當於48,263,000港元）之注資形式將為49%股權，而結餘之形式為股東貸款。該交易於二零二零年落實，而完成於二零二零年八月二十日進行後，該名獨立第三方於中山海滔持有49%股權。於完成注資後，本集團失去對中山海滔之控制權，而中山海滔不再為本集團之附屬公司，且本集團已豁免其授予中山海滔之若干股東貸款約90百萬港元。
- c) 於二零二零年九月二十八日，廣州綠由與地方政府訂立賠償協議，據此，廣州綠由將取得現金賠償人民幣1,237,884,000元（相當於1,381,850,000港元）及總面積為33,334平方米之地塊以作遷移其現有污泥及固體及危險廢物處理廠及徵收其土地、設施及業務營運。賠償之付款時間表如下：
- i) 賠償人民幣247,577,000元（相當於276,370,000港元），佔總現金代價的20%，已於二零二零年十一月收取；

Notes to the Consolidated Financial Statements (Cont'd)

綜合財務報表附註 (續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

51. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (Cont'd)

c) (Cont'd)

- ii) RMB618,942,000 (equivalent to HK\$690,925,000), representing 50% of the total cash compensation will be received when Guangzhou Lvyou completes its construction of the new production plant and commences the foundation work for medical waste treatment plant on the reallocated land which shall be completed by 30 June 2021;
 - iii) RMB123,788,000 (equivalent to HK\$138,185,000), representing 10% of the total cash compensation will be received when Guangzhou Lvyou completes the demolition of the existing plant and facilities;
 - iv) RMB247,577,000 (equivalent to HK\$276,370,000), representing 20% of the total cash compensation will be received within 3 months when Guangzhou Lvyou finished the soil maintenance and handover the land to the local government authority which shall take place on or before 30 September 2022.
- d) On 21 August 2020, Guangzhou Lvyou entered into an investment agreement with the local government authority of Nansha, Guangzhou for the development of a new hazardous waste treatment plant as mentioned in note (c) above. The total investment amount shall not be less than RMB1,080,660,000 (equivalent to HK\$1,206,341,000).

51. 報告期後非調整事項 (續)

c) (續)

- ii) 人民幣618,942,000元 (相當於690,925,000港元)，佔總現金代價的50%，將於廣州綠由完成新生產廠房的建設並開始醫療廢物處理廠房於搬遷土地之地基工程 (將於二零二一年六月三十日前竣工)後收取；
 - iii) 人民幣123,788,000元 (相當於138,185,000港元)，佔總現金代價的10%，將於廣州綠由完成清拆現有廠房及設施後收取；
 - iv) 人民幣247,577,000元 (相當於276,370,000港元)，佔總現金代價的20%，將於廣州綠由完成土壤維護及移交土地予地方政府 (其將於二零二二年九月三十日或之前落實)後3個月內收取。
- d) 於二零二零年八月二十一日，廣州綠由與廣州南沙地方政府機關訂立一份投資協議，以開發上文附註(c)所述之新危險廢物處理廠。總投資額將不少於人民幣1,080,660,000元 (相當於1,206,341,000港元)。

Notes to the Consolidated Financial Statements (Cont'd) 綜合財務報表附註(續)

for the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

51. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (Cont'd)

- e) As disclosed in note 29(d), the Group made net payments of HK\$84,277,000 to the companies controlled by Mr. Tsui during the period from January 2020 to October 2020. Out of the total payments, HK\$19,365,000 were payments without proper authorization, HK\$39,071,000 was used to set off with the amount due to a non-controlling shareholder as disclosed in note 33(c) and the remaining balance of HK\$25,841,000 were payments for the rental and advertising expenses received by companies controlled by Mr. Tsui on behalf of Guangzhou Yanchen Zhili. The arrangement in relation to the payments received by companies controlled by Mr. Tsui on behalf of Guangzhou Yanchen Zhili would be finalized upon the execution of the relevant agreement.
- f) Since early 2020, the Group's operation has been affected by quarantine measures imposed by the local government to contain the COVID-19 outbreak. The Group has been paying close attention to the impact of the situation on its operation and taking all possible and reasonable measures to mitigate and limit the impact on the Group's operation. As the extent to which the COVID-19 outbreak will continue is uncertain, the overall financial effect that the COVID-19 outbreak may have on the Group's businesses and financial results cannot be reliably estimated as at the date when these consolidated financial statements are authorized for issue.

51. 報告期後非調整事項(續)

- e) 誠如附註29(d)所披露，於二零二零年一月至二零二零年十月期間，本集團已向由徐先生控制之公司作出付款淨額84,277,000港元。在全部付款中，19,365,000港元為未經適當授權之付款，如附註33(c)所披露，39,071,000港元已用於抵銷應付予非控股股東之款項，而餘額25,841,000港元為支付徐先生控制之公司代表廣州煙塵治理所收取之租金及廣告費用。有關徐先生控制之公司代表廣州煙塵治理所收取之付款安排將於相關協議簽立後落實。
- f) 自二零二零年初，本集團的營運受地方政府為遏制2019冠狀病毒病爆發而實施的檢疫措施所影響。本集團一直密切關注疫情對其營運的影響，並採取一切可能及合理措施減輕及限制對本集團營運的影響。由於2019冠狀病毒病爆發之持續程度乃不確定，故於該等綜合財務報表獲授權刊發日期，無法可靠地估計2019冠狀病毒病爆發對本集團業務及財務業績的整體財務影響。

Financial Summary

財務概要

The following table summarizes the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

下表概述本集團於截至十二月三十一日止五個年度的綜合業績、資產及負債：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元 (Restated) (經重列)	2016 二零一六年 HK\$'000 千港元 (Restated) (經重列)	2015 二零一五年 HK\$'000 千港元
Results	業績					
Revenue	收益	850,409	1,152,998	2,099,098	2,177,038	1,782,606
(Loss)/profit before tax	除稅前(虧損)/溢利	(327,190)	(3,942,929)	771,946	719,785	833,036
Income tax	所得稅	(10,158)	(59,166)	131,437	119,552	86,118
(Loss)/profit attributable to owners of the Company	本公司擁有人應佔(虧損)/溢利	(316,721)	(3,872,815)	641,566	605,690	744,016
Assets	資產					
Non-current assets	非流動資產	1,873,068	2,561,031	6,662,952	5,311,770	5,063,072
Current assets	流動資產	1,334,883	2,511,142	2,491,040	2,451,480	1,487,683
Total assets	資產總額	3,207,951	5,072,173	9,153,992	7,763,250	6,550,755
Liabilities	負債					
Non-current liabilities	非流動負債	167,651	207,805	1,866,125	2,271,189	1,935,793
Current liabilities	流動負債	3,160,279	4,714,230	2,909,294	1,917,540	1,157,545
Total liabilities	負債總額	3,327,930	4,922,035	4,775,419	4,188,729	3,093,338
Total (deficit)/equity	(虧絀)/權益總額	(119,979)	150,138	4,378,573	3,574,521	3,457,417
Total (deficit)/equity attributable to owners of the Company	本公司擁有人應佔(虧絀)/權益總額	(111,294)	158,267	4,375,713	3,562,983	3,440,422



CTEG

中滔環保

CT Environmental Group Limited
中滔環保集團有限公司

Unit 807, 8/F, Tower I, Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Kowloon, Hong Kong

香港九龍長沙灣道833號
長沙灣廣場1期8樓807室

www.chongto.com