



North Mining Shares Company Limited 北方礦業股份有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

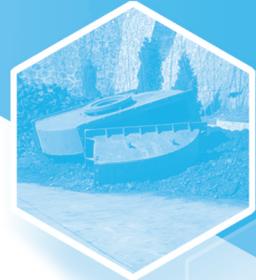
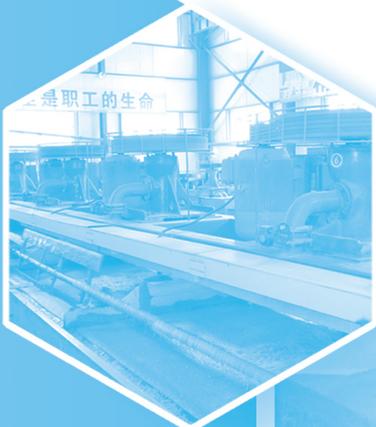
(Stock Code 股份代號 : 433)



2016 Annual Report 年報

CONTENTS 目錄

Corporate Information	公司資料	2
Management Discussion and Analysis	管理層討論及分析	4
Biographical Details of Directors	董事履歷	11
Report of the Directors	董事會報告	14
Corporate Governance Report	企業管治報告	26
Environmental, Social and Governance Report	環境、社會及管治報告	37
Independent Auditor's Report	獨立核數師報告	50
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	56
Consolidated Statement of Financial Position	綜合財務狀況報表	58
Consolidated Statement of Changes in Equity	綜合權益變動表	60
Consolidated Statement of Cash Flows	綜合現金流量表	61
Notes to Consolidated Financial Statements	綜合財務報表附註	63
Summary of Financial Information	財務資料概要	155



Corporate Information

公司資料

DIRECTORS

Executive Directors

Yang Ying Min (*Chairman and Chief Executive Officer*)
Qian Yi Dong (*Deputy Chairman*)
Zhang Jia Kun
Li Li Juan

Independent Non-executive Directors

William Fong
Leung Kar Fai
Cheng Chak Ho

COMPANY SECRETARY

Ho Wing Yan

AUTHORISED REPRESENTATIVE

Yang Ying Min

AUDIT COMMITTEE

William Fong (*Chairman*)
Leung Kar Fai
Cheng Chak Ho

REMUNERATION COMMITTEE

Leung Kar Fai (*Chairman*)
William Fong
Cheng Chak Ho
Qian Yi Dong

AUDITORS

Elite Partners CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

Citibank
Standard Chartered Bank (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
CITIC Ka Wah Bank Limited
Wing Hang Bank Limited

董事

執行董事

楊英民 (*主席兼行政總裁*)
錢一棟 (*副主席*)
張家坤
李麗娟

獨立非執行董事

方偉濂
梁嘉輝
鄭澤豪

公司秘書

何詠欣

授權代表

楊英民

審核委員會

方偉濂 (*主席*)
梁嘉輝
鄭澤豪

薪酬委員會

梁嘉輝 (*主席*)
方偉濂
鄭澤豪
錢一棟

核數師

開元信德會計師事務所有限公司
執業會計師

主要往來銀行

花旗銀行
渣打銀行(香港)有限公司
香港上海滙豐銀行有限公司
中信嘉華銀行有限公司
永亨銀行有限公司

Corporate Information

公司資料

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 1505-07, 15/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

433

WEBSITE

www.northmining.com.hk

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及主要營業地點

香港
灣仔
港灣道6-8號
瑞安中心
15樓1505-07室

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

香港股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22樓

股份代號

433

網址

www.northmining.com.hk

Management Discussion and Analysis

管理層討論及分析

OVERALL FINANCIAL PERFORMANCE

During the year under review, North Mining Shares Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded a revenue of approximately HK\$256,004,000, representing an increase of approximately 4.1 % as compared with 2015 of approximately HK\$245,969,000. Revenue attributable to mining business operations, which is the Group’s major operation, amounted to approximately HK\$248,311,000 (2015: approximately HK\$238,225,000), represents an increase of approximately 4.2% of the Group’s mining operation revenue for the year ended 31 December 2016.

For the year ended 31 December 2016, the Group recorded a loss attributable to owners of the Company of approximately HK\$324,425,000 (2015: loss of approximately HK\$436,220,000), representing a decrease of 25.6% as compared with last year.

BUSINESS REVIEW

The principal activities of the Group are (i) mining operations — exploitation and trading of mineral resources; (ii) property management operations; and (iii) property leasing operations. There was no change in business segment during the year under review. An analysis of each of these business segments is presented below:

Mining Operations — Exploitation and Trading of Mineral Resources

The Group’s mining operation mainly includes the exploitation and production of molybdenum concentrate in the PRC. Our molybdenum concentrate was produced by the molybdenum mine operated by Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited (“Jiu Long Kuang Ye”), a non-wholly owned subsidiary of the Group. The grading of molybdenum concentrate produced by our molybdenum mine was approximately 45%–50%. The operating performance of our mining operation is summarised below:

整體財務表現

於回顧年度內，北方礦業股份有限公司（「本公司」）及其附屬公司（統稱「本集團」）錄得收入約256,004,000港元，較二零一五年的約245,969,000港元增加約4.1%。截至二零一六年十二月三十一日止年度，來自採礦業務（為本集團之主要業務）之收入約為248,311,000港元（二零一五年：約238,225,000港元），本集團的採礦業務收入增加約4.2%。

截至二零一六年十二月三十一日止年度，本集團錄得本公司擁有人應佔虧損約324,425,000港元（二零一五年：虧損約436,220,000港元），較去年減少約25.6%。

業務回顧

本集團之主要業務為(i)採礦業務 — 開採及買賣礦產資源；(ii)物業管理業務；及(iii)物業租賃業務。於回顧年度，業務分類並無變化。各業務分類之分析載列如下：

採礦業務 — 開採及買賣礦產資源

本集團的採礦業務主要包括於中國開採及生產鉬精粉。我們的鉬精粉產自本集團的非全資附屬公司陝西省洛南縣九龍礦業有限公司（「九龍礦業」）經營之鉬礦場。我們的鉬礦場生產的鉬精粉的品位為約45%–50%。我們採礦業務的經營表現概述如下：

Management Discussion and Analysis

管理層討論及分析

During the year under review, the volume of molybdenum concentrate produced was approximately 1,021 tonnes (2015: 4,097 tonnes). The sales volume of molybdenum concentrate was approximately 4,544 tonnes (2015: 4,876 tonnes). The average selling price of molybdenum concentrate was approximately HK\$54,645 per tonne (2015: HK\$48,862). During the year under review, the Group's mining operation contributed revenue of approximately HK\$248,311,000 (2015: approximately HK\$238,225,000) to the Group. The cost of sales was approximately HK\$213,608,000 (2015: approximately HK\$218,800,000). Gross profit amounted to approximately HK\$34,703,000 (2015: approximately HK\$19,425,000) and the gross profit margin was 14% (2015: 8.2%), representing an increase of 5.8% as compared with last year. The increase in gross profit margin was mainly due to the increase in average selling price of molybdenum concentrate about HK\$48,862 per tonne in 2015 to HK\$54,645 per tonne in 2016.

For the purpose of impairment testing, the directors of the Company (the "Directors" or the "Board") hired an independent professional valuation firm to assess the value in use of the Group's mining operation on yearly basis. The basis for assessing the value in use was based on Discount Cash Flow method ("DCF"). In the opinion of the Directors, the adoption of DCF method is the best to reflect the value in use of the Group's mining operation. During the year under review, there was no change in the valuation method used and the Directors have consensus to adopt a consistent valuation methodology and accounting policy in accounting for such mining operation over time given that no fundamental changes in the mining industry and such external environment will occur.

The sources data and inputs of the DCF were mainly comprised of (i) the estimated sales of molybdenum concentrate; and (ii) major operating expenses. The assumptions used in the DCF were mainly related to forecasting the (i) estimated sales volume of molybdenum concentrate based on the corresponding molybdenum production plan; (ii) the average molybdenum price over the past years; (iii) major operating expenses which are determined based on actual daily operating expenditures; (iv) management's best estimate of future cash outflow including changes in working capital and the incremental capital expenditure foreseeable to be incurred. The discount rate of 12% has been used for the DCF projections which was is formulated by the Weighted Average Cost of Capital.

於回顧年度，鉬精粉產量約為1,021噸(二零一五年：4,097噸)。鉬精粉銷量約為4,544噸(二零一五年：4,876噸)。鉬精粉平均售價約為每噸54,645港元(二零一五年：48,862港元)。於回顧年度，本集團的採礦業務為本集團帶來收入貢獻約248,311,000港元(二零一五年：約238,225,000港元)。銷售成本約為213,608,000港元(二零一五年：約218,800,000港元)。毛利約為34,703,000港元(二零一五年：約19,425,000港元)，而毛利率為14%(二零一五年：8.2%)，較去年增長5.8%。毛利率增長主要由於鉬精粉之平均售價由二零一五年每噸約48,862港元增至二零一六年每噸54,645港元。

就減值測試而言，本公司董事(「董事」或「董事會」)僱用獨立專業估值公司按年度基準評估本集團採礦業務之使用價值。評估使用價值之基準為基於貼現現金流量估值法(「貼現現金流量估值法」)。董事認為，採納貼現現金流量估值法最能反映本集團採礦業務之使用價值。於回顧年度，所使用估值法並無變動，而董事一致同意，考慮到礦業及有關外部環境將不會出現重大變動，故就該採礦業務採納貫徹一致之估值方法與會計政策。

貼現現金流量估值法之來源數據及輸入數據主要包括(i)鉬精粉之估計銷售；及(ii)主要經營支出。貼現現金流量估值法所用假設主要與預測以下各項有關：(i)根據相應鉬生產計劃之鉬精粉估計銷量；(ii)鉬於過往年度之均價；(iii)根據實際每日經營開支而釐定之主要經營支出；及(iv)管理層對未來現金流出之最佳估計(包括營運資金變動)及於可預見情況下產生之資本開支增加。貼現現金流量估值法預測所用之12%貼現率乃按加權平均資本成本制定。

Management Discussion and Analysis

管理層討論及分析

Based on the assessment of the value in use, no impairment loss have been provided in the consolidated financial statements for the year ended 31 December 2016.

In view of a rising trajectory of the molybdenum price, the Board is of opinion that there is a necessity for expanding our production and efficiently maximizing the production capacity of our current processing plants. In addition, a steep side slope formed as a result of insufficient stripping processing at the Xi Daliang section of the open pit mine. To unfold the entire border of the open pit mine, we reduced the side slope to ensure production safety. As a result, the stripping project at the Xi Daliang shall take place due to corporate production efficiency and workplace safety.

The stripping project at Xi Daliang refers to the entire stripping project with respect to the west area of the Wang Hegou Open Pit Mine in proximity with the county border, which includes two ridges at Xi Daliang and Wang Gou Xiliang and the bordering slopes. By elevation, this project has the highest point of 1,168 meters and the lowest point of 1,368 meters, respectively. By length and average width, this project extends 620 meters and approximately 200 meters, respectively. The horizontal projection area accounts for one third of the boundary of the entire open pit mine. The working dimension is approximately 5,935,600 cubic meters. During the year, the Group incurred stripping costs of approximately HK\$175,336,000 for such stripping project to expand additional areas for exploitation of molybdenum concentrate. Furthermore, in view of the Group's existing mining structures were used for number of years and the production efficiency were started to decline and the Group's third production based will commence to operation soon, the Group engaged a mining expertise to commence a full scope review of the Group's existing production module, including but not limited to advise on find-tuning existing production process, upgrade or replacement of mining infrastructure to improve production efficiency and planning for future exploitation of molybdenum concentrate. The costs of approximately HK\$72,671,000 were incurred for such professional mining technical consultancy services during the year ended 31 December 2016.

Property management operations

During the year under review, the performance of the Group's property management operations was relatively stable. For the year ended 31 December 2016, revenue generated from this segment was approximately HK\$7,693,000 (2015: HK\$7,744,000), represents a decrease of approximately 0.1% (2015: 5.5%) as compared to last year.

根據對使用價值的評估，截至二零一六年十二月三十一日止年度之綜合財務報表概無計提減值虧損。

由於鉬價格開始有上升的跡象，董事會認為需要擴大生產，及有效運用現有選礦廠的最大生產能力。加上，露天礦西大樑地段沒有足夠的剝離工序，導致形成高陡邊坡，為了展開露天礦全境界，削減邊坡，保證安全生產。因此，無論從企業生產效益，還是安全生產角度，西大樑剝離項目是必須進行的。

西大樑剝離工程是指王河溝露天礦西部接近縣界的整個剝離工程，包括西大樑、王溝西梁兩個山梁以及連接山坡，工程最高點1,168米高程，最低1,368米高程，長度620米，平均寬度200米左右，水準投影面積占整個露天礦上口境界的三分之一，工程量大約593.56萬立方米。年內，本集團就剝離工程招致剝採成本約175,336,000港元，以擴增鉬精粉的開採面積。此外，鑒於本集團現有的採礦結構已沿用多年，生產效率開始下降及本集團的第三個生產基地不久將投入運營，本集團委聘採礦專家開始對本集團現有生產模塊進行全方位的審查，包括但不限於對微調現有生產流程、為提高生產效率升級或更換開採基礎設施以及日後開採鉬精粉規劃提供建議。截至二零一六年十二月三十一日止年度，有關專業開採技術諮詢服務產生的成本約72,671,000港元。

物業管理業務

於回顧年度，本集團物業管理業務之表現相對穩定。截至二零一六年十二月三十一日止年度，該分類產生之收入為約7,693,000港元(二零一五年：7,744,000港元)，較去年下跌約0.1%(二零一五年：5.5%)。

Management Discussion and Analysis

管理層討論及分析

Property leasing operations

The Group did not have any investment properties held for leasing as at 31 December 2016 (2015: HK\$ Nil). In view of the significant fluctuation of property market in the PRC, the Directors will closely monitor the property market and carefully identify the possible investment properties in the future when the property market in the PRC becomes stable.

Other Financial Assets

Details of the financial assets held by the Group are set out below:

Bai Shan Promissory Notes

During the year ended 31 December 2013, the Group disposed of 25% of the entire equity interests in Rui Sui Kuang Ye Mining Company Limited (“Rui Sui”) for an aggregate consideration of HK\$500,000,000 which was satisfied by a promissory note receivable with a principal value of HK\$500,000,000 issued by the purchaser. The maturity date is 3 years from the issue date of the promissory notes. During the year ended 31 December 2016, HK\$200,000,000 was settled and the remaining balance will be settled within one year.

Material Acquisition and Disposal

On 29 December 2016, the Company entered into a sale and purchase agreement with Mr. Li Shengli and Ms. Ma Weimin for the acquisition of 65% equity interests in Wealth Pioneer Group Limited (the “Acquisition”) at a consideration of HK\$900,000,000. The Acquisition was completed on 19 January 2017, the major assets of Wealth Pioneer Group Limited was a 60% equity interests in the potassium feldspar mine located in Shaanxi Province, the PRC.

The Board is of the view that the Acquisition provides a prime opportunity for the Group to enter into the potassium feldspar mineral resources industry and diversify the revenue stream of the Group which is expected to increase the Shareholders’ value and benefit the Company and the Shareholders as a whole.

PROSPECTS

While 2016 was a year of challenges for commodities, the price for molybdenum concentrates started to improve by year’s end. The price of molybdenum have stabilised into 2017 and we are seeing positive signs from the market. This year the Company will continue to focus on safety, volume and cost, including seeking further operating efficiencies across the business. We are confident in the future and committed to continued Company growth.

物業租賃業務

於二零一六年十二月三十一日，本集團並無任何持作租賃之投資物業（二零一五年：零港元）。鑑於中國物業市場大幅波動，董事將密切關注物業市場並於未來在中國物業市場回穩時審慎物色可能投資物業。

其他財務資產

本集團持有的財務資產之詳情載列如下：

白山承兌票據

截至二零一三年十二月三十一日止年度，本集團出售瑞穗礦業有限公司（「瑞穗」）全部股本權益之25%，總代價為500,000,000港元，由買方以發行本金額為500,000,000港元之應收承兌票據之方式償付。承兌票據到期日為發行日期起計三年。於截至二零一六年十二月三十一日止年度內，200,000,000港元已結算，且餘下部分將於一年內結算。

重大收購及出售

於二零一六年十二月二十九日，本公司與李勝利先生及馬衛敏女士訂立買賣協議，內容有關收購 Wealth Pioneer Group Limited 之 65% 股權（「收購事項」），代價為 900,000,000 港元。收購事項於二零一七年一月十九日完成，Wealth Pioneer Group Limited 的主要資產為位於中國陝西省鉀長石礦的 60% 股權。

董事會認為，收購事項為本集團涉足鉀長石礦產資源行業及分散本集團收入來源提供絕佳機會，預期收購事項可提升股東價值，令本公司及股東整體受惠。

前景

儘管二零一六年商品充滿挑戰，但鉬精粉的價格在年底開始回升。鉬的價格於二零一七年開始靠穩，我們見到市場出現回暖跡象。本公司今年將繼續專注於安全、產量及成本，包括尋求進一步提升業務的運營效率。我們對未來充滿信心，並致力於促進本公司持續增長。

Management Discussion and Analysis

管理層討論及分析

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and proceeds from suitable source of funding. During the year under review, the Group's liquidity position was healthy and recorded a cash inflow of approximately HK\$370,641,000 (2015: inflow of approximately HK\$123,124,000) which was mainly arising from the Shares Subscription and Convertible Bonds Subscriptions in December 2016.

As at 31 December 2016, the Group had outstanding bank borrowings at the amount of approximately HK\$361,167,000 (2015: approximately HK\$100,908,000). The Group's gearing ratio as at 31 December 2016 was approximately 7.94% (2015: 3.82%). The increase in gearing ratio was mainly due to the increase in proportion of interest bearing bank borrowings to total liability and equity during the year under review. The Board considered that the gearing ratio remains at low level compared to equity attributable to owners of the Company and that the Group is of good liquidity. As at 31 December 2016, the Group's current ratio was approximately 2.62 (2015: approximately 5.25).

The decrease in current ratio was mainly due to receive the settlement of promissory notes and increase in bank loans and other borrowings during the year under review. As at 31 December 2016, the Group's debt to equity ratio was approximately 0.37 (2015: approximately 0.22). The increase in debt to equity ratio was mainly due the increase in borrowing during the year under review.

The ratio was calculated by dividing the total liabilities of approximately HK\$1,252,226,000 (2015: approximately HK\$787,152,000) by equity attributable to owners of the Company of approximately HK\$3,339,284,000 (2015: approximately HK\$3,540,704,000). Overall, the Board believes that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

流動資金與財務資源

本集團一般以內部產生之現金流量及合適資金來源所得款項支付其營運所需。於回顧年度內，本集團之流動資金狀況穩健並錄得現金流入約370,641,000港元(二零一五年：現金流入約123,124,000港元)，主要來自於二零一六年十二月進行股份認購及可換股債券認購。

於二零一六年十二月三十一日，本集團有未償還銀行借款約361,167,000港元(二零一五年：約100,908,000港元)。本集團於二零一六年十二月三十一日之資本與負債比率約為7.94%(二零一五年：3.82%)。資本與負債比率上升乃主要由於回顧年度計息銀行借款佔負債及權益總額之比例增加所致。董事會認為，與本公司擁有人應佔權益相比，資本與負債比率維持於低水平，顯示本集團之流動資金充裕。於二零一六年十二月三十一日，本集團之流動比率約為2.62(二零一五年：約5.25)。

流動比率下降主要由於回顧年度內結算承兌票據及銀行貸款及其他借款增加所致。於二零一六年十二月三十一日，本集團之債務與資本比率約為0.37(二零一五年：約0.22)。債務與資本比率提高主要由於回顧年度內借款增加所致。

該比率乃按負債總額約1,252,226,000港元(二零一五年：約787,152,000港元)除以本公司擁有人應佔權益約3,339,284,000港元(二零一五年：約3,540,704,000港元)計算。整體而言，董事會相信，本集團財政狀況穩健，有充足資源應付資本開支及營運資金所需。

Management Discussion and Analysis

管理層討論及分析

CAPITAL STRUCTURE AND TREASURY POLICIES

Capital Structure

The Group's capital structure as at 31 December 2016 mainly comprised of current assets of approximately HK\$1,674,733,000 (2015: approximately HK\$2,546,198,000), current liabilities of approximately HK\$638,643,000 (2015: approximately HK\$485,351,000) and equity attributable to owners of the Company of approximately HK\$3,339,284,000 (2015: approximately HK\$3,540,704,000).

Current assets mainly comprised of (i) cash and cash equivalents of approximately HK\$596,003,000 (2015: approximately HK\$225,362,000); (ii) inventories of approximately HK\$413,824,000 (2015: approximately HK\$411,032,000); (iii) prepayments, deposits and other receivables of approximately HK\$356,854,000 (2015: approximately HK\$374,381,000); and (iv) no investment deposits as current assets as at 31 December 2016 (2015: approximately HK\$458,252,000).

Current liabilities mainly comprised of (i) borrowings of approximately HK\$361,167,000 (2015: approximately HK\$100,908,000); (ii) trade payables of approximately HK\$70,599,000 (2015: approximately HK\$76,663,000); (iii) accruals and other payables of approximately HK\$95,677,000 (2015: approximately HK\$188,117,000).

Issued Convertible Bonds

The Company issued the convertible bond in an aggregate principal amount of HK\$98,838,000 on 21 December 2016. The interest rate is 10% per annum, from the date of issue payable annually in arrears. The bondholder will have the right to convert the whole or part of the principal amount of the convertible bond into the conversion shares at an initial conversion price of HK\$0.15 per share (subject to adjustment) at any time and from time to time, between the date of issue of the convertible bond, and up to the date falling on the second anniversary of the date of issue of the convertible bond.

The Company issued the convertible bond in an aggregate principal amount of HK\$250,000,000 on 29 December 2016. The interest rate is 10% per annum, from the date of issue payable annually in arrears. The bondholder will have the right to convert the whole or part of the principal amount of the convertible bond into the Conversion Shares at an initial conversion price of HK\$0.15 per share (subject to adjustment) at any time and from time to time, between the date of issue of the convertible bond, and up to the date falling on the second anniversary of the date of issue of the convertible bond.

資本結構與庫務政策

資本結構

本集團於二零一六年十二月三十一日之資本結構主要包括流動資產約1,674,733,000港元(二零一五年:約2,546,198,000港元)、流動負債約638,643,000港元(二零一五年:約485,351,000港元)及本公司擁有人應佔權益約3,339,284,000港元(二零一五年:約3,540,704,000港元)。

流動資產主要包括(i)現金及現金等價物約596,003,000港元(二零一五年:約225,362,000港元);(ii)存貨約413,824,000港元(二零一五年:約411,032,000港元);(iii)預付款項、按金及其他應收款約356,854,000港元(二零一五年:約374,381,000港元);及(iv)於二零一六年十二月三十一日概無投資按金作為流動資產(二零一五年:約458,252,000港元)。

流動負債主要包括(i)借款約361,167,000港元(二零一五年:約100,908,000港元);(ii)應付賬款約70,599,000港元(二零一五年:約76,663,000港元);(iii)應計費用及其他應付款約95,677,000港元(二零一五年:約188,117,000港元)。

發行可換股債券

本公司於二零一六年十二月二十一日發行本金總額為98,838,000港元之可換股債券。年利率為10%，自發行之日起須於每年結束時支付。債券持有人將有權於可換股債券發行日期至可換股債券發行日期的第二週年當日止期間隨時及不時按每股0.15港元(可予調整)的初步兌換價將可換股債券的全部或部分本金兌換為兌換股份。

本公司於二零一六年十二月二十九日發行本金總額為250,000,000港元之可換股債券。年利率為10%，自發行之日起須於每年結束時支付。債券持有人將有權於可換股債券發行日期至可換股債券發行日期的第二週年當日止期間隨時及不時按每股0.15港元(可予調整)的初步兌換價將可換股債券的全部或部分本金兌換為兌換股份。

Management Discussion and Analysis

管理層討論及分析

Subscription of Shares

As disclosed in the Company's announcement dated 8 December 2016, the Company entered into the Shares Subscription Agreement with Hong Kong Bridge Investments Limited, pursuant to which the Share Subscriber has agreed to subscribe, and the Company has agreed to issue and allot for up to 1,654,929,577 new Shares at the Subscription Price of HK\$0.142 per Subscription Share ("Shares Subscription"). The Shares Subscription was completed on 21 December 2016.

Treasury Policies

During the year ended 31 December 2016, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever such financial impact is material to the Group. For the years ended 31 December 2016 and 2015, the Group did not employ any financial instruments for hedging purpose and was not engaged in foreign currency speculative activities.

BANK AND OTHER BORROWING AND CHARGES OF GROUP ASSETS

As at 31 December 2016, the Group had bank and other borrowings amounted to approximately HK\$361,167,000 (2015: HK\$100,908,000). As at 31 December 2016, the Group's interest bearing bank loans were carried at effective interest rates from 10.8% to 12% per annum (2015: 7.2% to 9.5%) and were secured by (i) guarantees from a subsidiary of the Group and the subsidiary's minority shareholders; and (ii) guarantee from the ultimate control party.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no significant contingent liabilities (2015: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed 772 full time employees (2015: 820 employees). Employees' remuneration packages are structured and reviewed with reference to the nature of the jobs, market condition and individual merits. The Group also provides other employee benefits including year-end double pay, mandatory provident fund and medical insurance.

認購股份

誠如本公司日期為二零一六年十二月八日之公佈所披露，本公司與港橋投資有限公司訂立股份認購協議，據此，股份認購方已同意認購，及本公司已同意發行及配發最多1,654,929,577股新股份，認購價為每股認購股份0.142港元（「股份認購」）。股份認購已於二零一六年十二月二十一日完成。

庫務政策

截至二零一六年十二月三十一日止年度，本集團之業務活動主要以港元及人民幣計值。董事會並不認為本集團面對任何重大外匯風險。本集團已制定庫務政策，於外匯風險對本集團造成重大財務影響時調控其外匯風險。截至二零一六年及二零一五年十二月三十一日止年度，本集團並無使用任何金融工具作對沖用途，亦無參與外匯投機活動。

銀行及其他借款及集團資產抵押

於二零一六年十二月三十一日，本集團之銀行及其他借款約為361,167,000港元（二零一五年：100,908,000港元）。於二零一六年十二月三十一日，本集團計息銀行貸款之實際年利率介乎10.8%至12%（二零一五年：7.2%至9.5%），以(i)本集團附屬公司及附屬公司之少數權益股東之擔保；及(ii)最終控制方之擔保作抵押。

或然負債

於二零一六年十二月三十一日，本集團並無重大或然負債（二零一五年：無）。

人力資源及薪酬政策

於二零一六年十二月三十一日，本集團僱用772名全職僱員（二零一五年：820名僱員）。僱員薪酬組合乃按工作性質、市況及個人表現釐定及檢討。本集團亦提供其他員工福利，包括年終雙糧、強積金及醫療保險。

Biographical Details of Directors

董事履歷

EXECUTIVE DIRECTORS

Mr. Yang Ying Min, aged 47, was appointed as an Executive Director of the Company on 25 August 2014 and was subsequently appointed as the Chief Executive Officer of the Company on 22 September in the same year. He was appointed as the Chairman of the Board of the Company on 4 January 2016. Mr. Yang graduated from Peoples Public Security University of China with a Bachelor of Laws LL.B.. After graduation, he worked in Xian Municipal government, Shaanxi Province, China. In 2010, he joined Shaanxi Province Luo Nan Xian Jiu Long Kuang Ye Company Limited ("Jiu Long Kuang Ye"), the Company's subsidiary, as deputy managing director. In 2012, he was appointed as chairman of Jiu Long Kuang Ye. Mr. Yang has extensive experience in management and legal affairs relevant to mining industry.

Mr. Qian Yi Dong, aged 31, was appointed as an Executive Director of the Company on 15 March 2011 and was then appointed as the Deputy Chairman of the Board on 21 April 2011. He is also currently a director of certain subsidiaries of the Company. Mr. Qian graduated from Beijing Normal University Zhuhai majored in electronic commerce. He is also a director of Universal Union Limited and China Wan Tai Group Limited, the controlling shareholders of the Company.

Mr. Zhang Jia Kun, aged 69, was appointed as an Executive Director of the Company on 14 August 2009, and is also currently a director of certain subsidiaries of the Company. He graduated from Shanghai Education College and Shanghai Business College where he majored in professional mathematics and financial management respectively. He has extensive experience in financial management. Currently, he is the general manager of finance of Wan Tai Group Limited and the legal representative and chairman of the Company's wholly-owned subsidiary Shanghai Yuan Bei Trading Company Limited.

執行董事

楊英民先生，現年四十七歲，於二零一四年八月二十五日獲委任為本公司執行董事，其後於同年九月二十二日獲委任為本公司行政總裁。彼於二零一六年一月四日獲委任本公司董事會主席。楊先生畢業於中國人民公安大學取得法學學士學位，畢業後於中國陝西省西安市政府部門工作。彼於二零一零年加入本公司之附屬公司陝西省洛南縣九龍礦業有限公司（「九龍礦業」），出任董事副總經理。於二零一二年，彼出任九龍礦業董事長。楊先生於礦業管理及法律事務方面擁有豐富經驗。

錢一棟先生，現年三十一歲，於二零一一年三月十五日獲委任為本公司執行董事，並於二零一一年四月二十一日獲委任為董事會副主席，彼現時亦為本公司若干附屬公司之董事。錢先生畢業於北京師範大學珠海分校，主修電子商務專業。彼現時亦為本公司控股股東 Universal Union Limited 及中國萬泰集團有限公司之董事。

張家坤先生，現年六十九歲，於二零零九年八月十四日獲委任為本公司執行董事，現時亦為本公司若干附屬公司之董事。彼分別於上海教育學院及上海商學院畢業，專修數學專業及財務管理。彼擁有多年財務管理經驗，現為萬泰集團有限公司財務總經理及本公司全資附屬公司上海源北貿易有限公司法人代表及董事長。

Biographical Details of Directors

董事履歷

Ms. Li Li Juan, aged 54, was appointed as an Executive Director of the Company on 25 August 2014. Ms. Li graduated from Qinghai University where she majored in Inorganic Chemical Industry and holds a master degree in Chemical Engineering from Northwest University, China. Ms. Li has professional knowledge and extensive experience in potassium related products technology. Currently, she is an evaluation specialist in technology supporting projects of Technology Department, an evaluation specialist in international cooperation projects of Technology Department and an evaluation specialist in projects of China Potassium Salt Association. Since 1984 when she started working, Ms. Li has been mainly participating in research work in saline lake potassium resources comprehensive development and utilization and she receives government grants from China's State Council. Since 2007, she has been a researcher and Phd supervisor in Qing Hai Saline Lake Research Institute of Chinese Academy of Sciences, responsible in developing potassium, lithium, boron and magnesium, etc., comprehensive extraction technique and industrialization research.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. William Fong, aged 38, was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company on 15 October 2015. He holds a Master Degree in Business Administration from the University of Hong Kong and a Bachelor's Degree (Hons) in Accountancy from City University of Hong Kong. Mr. Fong has over ten years of experience in audit and finance. He has been the chief financial officer of China Kangda Food Company Limited, a company dual listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and Singapore Exchange Securities Trading Limited, since July 2010. Before that, Mr. Fong had respectively worked in two international accounting firms for seven years. He is a member of Hong Kong Institute of Certified Public Accountants and Taxation Institute of Hong Kong respectively.

李麗娟女士，現年五十四歲，於二零一四年八月二十五日獲委任為本公司執行董事。李女士畢業於青海大學無機化工專業之大學本科，並持有中國西北大學化工系之碩士學位。李女士於鉀相關產品技術方面擁有專業知識及豐富經驗。彼目前為科技部科技支撐項目評審專家、科技部國際合作項目評審專家及中國鉀鹽協會項目評審專家。李女士自一九八四年開展工作以來，一直主要從事鹽湖鉀礦資源綜合開發利用之研究工作，獲享中國國務院政府津貼。彼自二零零七年起為中國科學院青海鹽湖研究所之研究員及博士導師，負責鉀、鋰、硼、鎂等綜合提取技術及產業化研發。

獨立非執行董事

方偉濂先生，現年三十八歲，於二零一五年十月十五日獲委任為本公司獨立非執行董事及審核委員會主席。彼持有香港大學工商管理學碩士學位及香港城市大學會計學(榮譽)學士學位。方先生在審計和財務方面擁有逾十年的經驗。彼自二零一零年七月起至今，擔任中國康大食品有限公司之財務總監，該公司在香港聯合交易所有限公司(「香港聯交所」)及新加坡證券交易所有限公司雙重上市。在此之前，方先生曾分別在兩間國際會計師事務所工作七年。彼分別為香港會計師公會及香港稅務學會會員。

Biographical Details of Directors

董事履歷

Mr. Leung Kar Fai, aged 37, was appointed as an Independent Non-executive Director and the Chairman of the Remuneration Committee of the Company on 24 November 2015. He holds a Master of Philosophy in Earth Sciences and Bachelor of Science (First Class Honours) from the University of Hong Kong. Mr. Leung has extensive experience in mineral exploration, project management, mining project evaluation as well as course management related to geology and natural resources management. He is currently the director of Dragon Global Group and the member of the Task Force on Gemstone Testing, Hong Kong Accreditation Service. Mr. Leung is currently the chairman of the Geological Society of Hong Kong and the founding chairman of Hong Kong Mining Investment Professional Association.

Dr. Cheng Chak Ho, aged 46, was appointed as an Independent Non-executive Director of the Company on 12 April 2001. Dr. Cheng obtained a Bachelor of Science in Building, a Master degree in Urban Design from the University of Hong Kong. He has over 25 years' experience in property development, property investment, valuation and corporate finance. Among others, Dr. Cheng is a Fellow of: Institute of Public Accountants, The Royal Society of Medicine, The Hong Kong Institute of Directors, The Society of Operations Engineers, and Institution of Plant Engineers.

Dr. Cheng has been appointed as an independent non-executive director of Combest Holdings Limited (stock code: 8190, listed on the GEM Board of the Hong Kong Stock Exchange) on 22 November 2016.

梁嘉輝先生，現年三十七歲，於二零一五年十一月二十四日獲委任為本公司獨立非執行董事及薪酬委員會主席。彼持有香港大學地球科學哲學碩士學位及理學學士（一級榮譽）學位。梁先生在礦產勘探、項目管理、採礦項目評估，以及有關地質學、天然資源管理的課程管理方面擁有豐富的經驗。彼現為天立國際集團之董事及香港認可處寶石測試專責小組成員。梁先生現為香港地質學會會長及香港礦業投資專業人員協會之創會會長。

鄭澤豪博士，現年四十六歲，於二零零一年四月十二日獲委任為本公司獨立非執行董事。鄭博士持有香港大學建築理學學士學位及城市設計碩士學位。彼在各類物業發展、物業投資、估值及企業融資方面擁有逾25年經驗。此外，鄭博士亦為澳洲會計師全資格會員(Institute of Public Accountants)、皇家醫藥會(The Royal Society of Medicine)、香港董事學會、營運工程師學會及工廠設備工程師學會之資深會員。

鄭博士於二零一六年十一月二十二日獲委任為康佰控股有限公司(股份代號：8190)的獨立非執行董事，其股份在香港聯交所創業板上市。

Report of the Directors

董事會報告

The Directors of the Company present their report and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are mining operations — exploitation and exploration, trading of mineral resources, property leasing operations and property management operations. Details of the Group's principal subsidiaries are set out in Note 41 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 7 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2016 is set out in the sections headed "Management Discussion and Analysis" on pages 4 to 10 of this Annual Report.

Environmental policies performance

The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies.

Compliance with the relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with employees and customers

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its business goals. During the year under review, there were no significant dispute between the Group and its employees and customers.

本公司董事提呈其報告及本集團截至二零一六年十二月三十一日止年度之經審核財務報表。

主要業務

本公司之主要業務為投資控股。本集團之主要業務為採礦業務 — 勘探及開採、礦產資源貿易、物業租賃業務及物業管理業務。本集團主要附屬公司之詳情載於綜合財務報表附註41。於本年度，本集團之主要業務性質並無任何重大變動。

本集團於本財政年度內之主要業務及業務地區分佈之分析載於綜合財務報表附註7。

業務回顧

本集團於截至二零一六年十二月三十一日止年度之業務回顧載於本年報第4頁至10頁之「管理層討論及分析」一節。

環保政策表現

本集團已採取措施減少能源消耗，鼓勵回收辦公室用品及其他材料。本集團將持續檢討及改善其環保政策。

遵守相關法律及法規

據董事會及管理層知悉，本集團在所有重大方面已遵守對本集團的業務及營運具有重大影響的相關法律及法規。於回顧年度，本集團並無出現嚴重違反或不遵守適用法律及法規。

與員工及客戶的關係

本集團明白與其員工及客戶維持良好業務關係的重要性，以符合其業務目標。於年度回顧，本集團與其員工及客戶並無任何重大糾紛。

Report of the Directors

董事會報告

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2016 and the state of the Group's affairs as at 31 December 2016 are set out in the consolidated financial statements on pages 56 to 154.

The cashflows of the Group are set out in the consolidated financial statements on pages 61 to 62.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2016 (2015: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the Group's single largest customer and supplier accounted for approximately 29% (2015: 22%) and 2% (2015: 60%) respectively, of the Group's total operating revenue and cost of sales. The Group's five largest customers and suppliers accounted for approximately 52% (2015: 60%) and 5.2% (2015: 71%) of the Group's total operating revenue and cost of sales respectively.

At no time during the year had the Directors, their associates or any shareholder of the Company (which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) have any interest in these major customers and suppliers.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 60.

DISTRIBUTABLE RESERVE

Details of the amount of the Company's reserve distributable to shareholders as at 31 December 2016 are set out in Note 40 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

The particulars of the Company's principal subsidiaries as at 31 December 2016 are set out in Note 41 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

財務報表

本集團截至二零一六年十二月三十一日止年度之業績與本集團於二零一六年十二月三十一日之財務狀況均載於綜合財務報表第56至154頁。

本集團之現金流量載於綜合財務報表第61至62頁。

董事並不建議就截至二零一六年十二月三十一日止年度派發任何股息(二零一五年:無)。

主要客戶及供應商

回顧年度內,本集團之單一最大客戶及供應商分別佔本集團經營收益總額及銷售成本約29%(二零一五年:22%)及2%(二零一五年:60%)。本集團五名最大客戶及供應商分別佔本集團經營收益總額及銷售成本約52%(二零一五年:60%)及5.2%(二零一五年:71%)。

於本年度內任何時間,各董事、其聯繫人士或本公司任何股東(據董事所知擁有本公司股本5%以上者)並不擁有該等主要客戶及供應商任何權益。

儲備

本集團及本公司於本年度內之儲備變動詳情載於第60頁之綜合權益變動表。

可供分派儲備

於二零一六年十二月三十一日,本公司可供分派予股東之儲備之詳情載於綜合財務報表附註40。

物業、廠房及設備

本年度內物業、廠房及設備之變動詳情載於綜合財務報表附註15。

附屬公司

本公司於二零一六年十二月三十一日之主要附屬公司詳情載於綜合財務報表附註41。

股本

本年度內本公司之股本變動詳情載於綜合財務報表附註26。

Report of the Directors

董事會報告

CHANGES IN THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes of information of Directors during the year ended 31 December 2016 and up to the date of this report are set out below:

- Mr. Yang Ying Min was appointed as the Chairman of the Board of the Company on 4 January 2016.
- Mr. Leung Kar Fai has resigned as non-executive director of Future Bright Mining Holding Limited (stock code: 2212) with effect from 23 September 2016.
- Dr. Cheng Chak Ho has been appointed as independent non-executive director of Combest Holdings Limited (stock code: 8190) with effect from, 22 November 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2016.

DIRECTORS

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

Executive Directors

Yang Ying Min (*Chairman and Chief Executive Officer*)

(appointed as Chairman on 4 January 2016)

Qian Yi Dong (*Deputy Chairman*)

Zhang Jia Kun

Li Li Juan

Gao Yuan Xing (*Chairman*) (resigned on 4 January 2016)

Independent Non-executive Directors

William Fong

Leung Kar Fai

Cheng Chak Ho

DIRECTORS RETIRING BY ROTATION

In accordance with the Company's bye-laws 87(1) and (2), Mr. Yang Ying Min, Mr. Zhang Jia Kun and Dr. Cheng Chak Ho will retire from office by rotation, and both of them being eligible, offer themselves for re-elections at the AGM.

董事資料變動

根據上市規則第13.51(B)(1)條之規定，截至二零一六年十二月三十一日止年度及截至本報告日期之董事資料變動載於下文：

- 於二零一六年一月四日，楊英民先生獲委任為本公司董事會主席。
- 梁嘉輝先生已辭任高鵬礦業控股有限公司（股份代號：2212）非執行董事，自二零一六年九月二十三日起生效。
- 鄭澤豪博士已獲委任康佰控股有限公司（股份代號：8190）獨立非執行董事，自二零一六年十一月二十二日起生效。

購買、出售或贖回本公司上市證券

本公司及其任何附屬公司於截至二零一六年十二月三十一日止年度內概無購買、出售或贖回任何本公司上市股份。

董事

於本財政年度及截至本報告日期止，董事為：

執行董事

楊英民 (*主席兼行政總裁*)

(於二零一六年一月四月獲委任為主席)

錢一棟 (*副主席*)

張家坤

李麗娟

高源興 (*主席*) (於二零一六年一月四月辭任)

獨立非執行董事

方偉濂

梁嘉輝

鄭澤豪

董事輪值退任

根據本公司之公司細則第87(1)及(2)條，楊英民先生、張家坤先生及鄭澤豪博士將輪值退任，彼等均符合資格並願意於股東週年大會重選連任。

Report of the Directors

董事會報告

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

The Directors' remuneration for the financial year is set out in Note 10 to the consolidated financial statements.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 25 May 2011, the Company adopted the share option scheme (the "Share Option Scheme"). A summary of the Share Option Scheme is as follows:

(1) Purposes of the Share Option Scheme

The principal purposes of the Share Option Scheme are to enable the Group and any entity in which the Group holds any equity interest ("Invested Entity") to recruit and retain high calibre persons and attract human resources that are valuable to the Group or any Invested Entity, to recognise the contributions of the eligible persons to the growth of the Group or any Invested Entity by rewarding them with opportunities to obtain ownership interest in the Company and to motivate and give incentives to these eligible persons to continue to contribute to the long term success and prosperity of the Group or any Invested Entity.

(2) Who may join

Persons who are eligible to the Share Option Scheme ("Eligible Person(s)") are any employee (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of the Company, any of its affiliates or any Invested Entity, or any of their respective associates, chief executives, or substantial shareholders, or any person, who, as determined by the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity.

董事之服務合約

擬於應屆股東週年大會重選連任之董事並無與本公司訂立本公司或其任何附屬公司不可於一年內毋須賠償(一般法定賠償除外)而終止之尚未到期服務合約。

本財政年度董事酬金載於綜合財務報表附註10。

購股權計劃

根據本公司股東於二零一一年五月二十五日舉行之股東週年大會通過之普通決議案，本公司採納購股權計劃(「購股權計劃」)。購股權計劃概要如下：

(1) 購股權計劃之目的

購股權計劃主要目的為讓本集團及本集團持有其股本權益之任何實體(「投資實體」)招聘及留聘優秀人員及為本集團或任何投資實體吸納寶貴人力資源，透過讓合資格人士有機會獲得本公司之所有權權益而肯定彼等對本集團或任何投資實體發展所作貢獻，並鼓勵及激勵有關合資格人士繼續為本集團或任何投資實體之長遠成就及蓬勃發展作出貢獻。

(2) 可參與人士

合資格參與購股權計劃之人士(「合資格人士」)為任何本公司、其任何附屬公司或任何投資實體之全職或兼職僱員、高級行政人員或主管、經理、董事(包括執行、非執行及獨立非執行董事)或顧問，或彼等各自之任何聯繫人士、高級行政人員或主要股東，或董事會釐定為已經或將會對本集團或任何投資實體之增長及發展作出貢獻之任何人士。

Report of the Directors

董事會報告

(3) Total number of shares available for issue

Total number of shares available for issue are 1,300,261,670, representing approximately 10% of the issued share capital of the Company as at the date of the AGM held on 25 May 2011.

On 26 July 2011, the Company granted 500,000 share options to a consultant of the Company with 3 years of exercisable period from 26 July 2011 to 25 July 2013. Upon the expiry of exercise period, no share option was exercised, all outstanding share options granted under the Share Option Scheme had been lapsed accordingly.

During the year ended 31 December 2016, no share option had been granted, exercised, lapsed, or was cancelled under the Share Option Scheme.

As at 31 December 2016, total number of share available for issue under the Share Option Scheme was 1,299,761,670, representing 6.03% of the issued shares of the Company.

(4) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of the options granted to each Eligible Person under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) in any 12-month period must not exceed one (1) per cent. of the shares in issue.

(5) Maximum entitlement of each eligible person who is a connected person

- (a) each grant of option to an Eligible Person who is a director, chief executive or substantial shareholder of the Company or any of their respective associates, under the Share Option Scheme must be approved by the independent non-executive director(s) of the Company (excluding the independent non-executive director who is the grantee of the option); and

(3) 可供發行之股份總數

可供發行之股份總數為1,300,261,670股，相當於本公司於二零一一年五月二十五日舉行之股東週年大會日期之已發行股本約10%。

於二零一一年七月二十六日，本公司向本公司的顧問授出500,000份購股權，可行使期為3年，自二零一一年七月二十六日至二零一三年七月二十五日。行使期屆滿後，並無購股權獲行使，相應地，根據購股權計劃授出的所有未行使購股權已失效。

於截至二零一六年十二月三十一日止年度內，並無購股權已根據購股權計劃獲授出、行使、失效或註銷。

於二零一六年十二月三十一日，根據購股權計劃可供發行的股份總數為1,299,761,670股，佔本公司已發行股份的6.03%。

(4) 每名合資格人士可獲股份數目上限

於任何12個月期間內根據購股權計劃及本公司任何其他購股權計劃向每名合資格人士所授出購股權(包括已行使、註銷及尚未行使之購股權)獲行使時已發行及將予發行之股份數目，不得超逾已發行股份1%。

(5) 每名身為關連人士之合資格人士之權益上限

- (a) 每次根據購股權計劃向身為本公司董事、行政總裁或主要股東或彼等各自之聯繫人士之合資格人士授出購股權之前，必須取得本公司之獨立非執行董事(不包括身為購股權承授人之獨立非執行董事)批准；及

Report of the Directors

董事會報告

(b) where the Board proposes to grant any option to an Eligible Person who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, and such option, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the past 12-month period up to and including the date of grant:

- (i) representing in aggregate more than 0.1 per cent. of the total number of Shares in issue; and
- (ii) having an aggregate value (on the assumption that all such Options had been exercised and all Shares allotted), based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant or, if that date is not a business day, the business day immediately before, in excess of HK\$5,000,000.00,

such further grant of options must be approved by the Shareholders. The Company must send a circular to the Shareholders containing the information required under Rule 17.04 of the Listing Rules. All connected persons of the Company must abstain from voting at their respective general meetings, except that any connected person may vote against the relevant resolution at such general meeting(s) provided that his or her intention to do so has been stated in the circular to be sent to the relevant shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(6) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option may be exercised, to be notified by the Directors to each Eligible Person who accepts an offer in accordance with the terms of the Share Option Scheme, provided that it shall commence on a date not be more than ten years from the date of grant.

(b) 倘董事會擬向身為本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人士之合資格人士授出任何購股權，而有關購股權如獲全面行使，會令截至購股權授出當日（包括當日）止過去12個月期間內已經或將會授予有關合資格人士之所有購股權（包括已行使、已註銷及尚未行使之購股權）獲行使時已經及將予發行之股份總數：

- (i) 合共佔已發行股份總數0.1%以上；及
- (ii) （假設所有有關購股權已獲行使及所有股份已配發）按股份於各授出日期（若該日並非營業日，則指緊接該日前之營業日）在聯交所每日報價表所報收市價計算，總值超逾5,000,000.00港元，

則進一步授出購股權須獲得股東批准。本公司必須向其股東寄發載有上市規則第17.04條規定資料之通函。本公司所有有關人士必須在有關股東大會放棄表決，惟任何有關人士可在股東大會表決反對有關決議案，但必須已在即將寄發予有關股東之通函內表明其意向。會上任何有關批准授出該等購股權之表決均須以按股數投票方式進行。

(6) 行使購股權之時限

根據購股權計劃之條款，接納要約之合資格人士可於董事所知會之購股權行使期間內，隨時根據購股權計劃之條款行使購股權，惟有關期間開始當日不得遲於自授出日期起計十年。

Report of the Directors

董事會報告

(7) Acceptance of offer

The Eligible Person must accept any such offer notified to him or her within ten (10) business days from the offer date, failing which it shall be deemed to have been rejected. Upon acceptance of the offer, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(8) Basis of determining the subscription price

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to an Eligible Person but 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 offer date;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the offer date; and
- (iii) the nominal value of a Share.

(9) The remaining life of the Share Option Scheme

The Share Option Scheme became effective on 25 May 2011 and will remain in force for a period of 10 years from that date.

(7) 接納要約

合資格人士必須於要約日期起計十(10)個營業日內接納已知會彼等之任何有關要約，否則將被視作拒絕論。接納要約時，承授人須向本公司支付1.00港元作為獲授購股權之代價。

(8) 認購價之釐定基準

根據購股權計劃，股份認購價由董事會全權酌情釐定及知會合資格人士，惟不得低於下列各項中的最高者：

- (i) 於要約日期聯交所每日報價表所報股份之收市價；
- (ii) 緊接要約日期前五(5)個營業日聯交所每日報價表所報股份之平均收市價；及
- (iii) 股份面值。

(9) 購股權計劃之剩餘年期

購股權計劃自二零一一年五月二十五日起生效，並將自該日期起計10年期間內維持有效。

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2016, none of the Directors or the chief executive of the Company, or any of their respective associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

董事之股份權益

於二零一六年十二月三十一日，本公司各董事或高級行政人員或彼等各自之任何聯繫人士概無於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債券中，擁有根據證券及期貨條例第352條已記入本公司須存置之登記冊之任何權益或淡倉，或根據上市發行人董事進行證券交易的標準守則須知會本公司及聯交所之任何權益或淡倉。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 31 December 2016, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to the Directors or chief executive of the Company, the following persons had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company:

Long position:

Ordinary Shares of HK\$0.016 each of the Company

主要股東之股份權益

於二零一六年十二月三十一日，根據本公司遵照證券及期貨條例第336條存置之登記冊，以及就各董事或本公司高級行政人員所悉，下列人士於本公司股份或相關股份中擁有或被視為或視作擁有權益或淡倉：

長倉：

本公司每股0.016港元的普通股

Name of shareholders	Capacity	Number of shares/ underlying shares held	Approximate percentage interest in the Company as at 31 December 2016
股東名稱／姓名	身份	所持股份／相關股份數目	佔本公司於二零一六年十二月三十一日權益的概約百分比
Qian Yong Wei ("Mr. Qian") (Note 1) 錢永偉(「錢先生」)(附註1)	Beneficial owner 實益擁有人	11,500,000	0.05%
	Held by controlled corporation 由受控制公司持有	3,729,808,552	17.30%
		3,741,308,552	17.35%
Xu Zhe Cheng ("Ms. Xu") (Note 2) 許哲誠(「許女士」)(附註2)	Held by spouse 由配偶持有	3,741,308,552	17.35%
China Wan Tai Group Limited ("China Wan Tai") (Note 3) 中國萬泰集團有限公司(「中國萬泰」)(附註3)	Held by controlled corporation 由受控制公司持有	3,729,808,552	17.30%
Universal Union Limited ("Universal Union")	Beneficial owner 實益擁有人	3,729,808,552	17.30%
China Huarong International Holdings Limited ("Huarong") (Note 4) 中國華融國際控股有限公司(「華融」)(附註4)	Held by controlled corporation 由受控制公司持有	4,898,000,000	22.72%
Gu Jie ("Mr. Gu") (Note 5) 顧頴(「顧先生」)(附註5)	Beneficial owner 實益擁有人	1,876,580,000	8.70%
Topsearch International (Holdings) Limited (Note 6) 至卓國際(控股)有限公司(附註6)	Held by controlled corporation 由受控制公司持有	1,324,929,577	6.14%
Hong Kong Bridge Investments Limited (Note 6) 港橋投資有限公司(附註6)	Beneficial owner 實益擁有人	1,324,929,577	6.14%

Report of the Directors

董事會報告

Convertible Bond issued by the Company:

本公司所發行可換股債券：

Name of bondholder	Date of issue	Conversion period	Conversion price per share	Outstanding as at the Latest Practicable Date		Number of underlying shares	Approximate percentage interest in the Company as at 31 December 2016
				每股兌換價	於最後可行日期尚未獲行使		
債券持有人名稱	發行日期	兌換期	每 股 兌 換 價 HK\$ 港 元		相 關 股 份 數 目		佔本公司於二零一六年十二月三十一日權益的概約百分比
Sfund International Investment Fund Management Limited ("Sfund") (Note 7)	29 December 2016	29 December 2016 to 28 December 2018	0.15	1,666,666,666	1,666,666,666		7.73%
廣州基金國際股權投資基金 管理有限公司(「廣州基金」)(附註7)	二零一六年 十二月二十九日	二零一六年 十二月二十九日至 二零一八年 十二月二十八日					

Notes:

附註：

- Mr. Qian personally held 11,500,000 shares in the Company, and held 95% interest in China Wan Tai. China Wan Tai held 100% interest in Universal Union. Universal Union held 3,729,808,552 shares in the Company.
 - Ms. Xu is the spouse of Mr. Qian. The interest of Mr. Qian was deemed to be Ms. Xu's interest.
 - These shares are held by Universal Union, a wholly owned subsidiary of China Wan Tai which is in turn beneficially owned by Mr. Qian and Ms. Xu as to 95% and 5% respectively.
 - (i) Driven Innovation Limited, a wholly-owned subsidiary of Huarong, held 3,028,000,000 shares in the Company. (ii) Mr. Gu charged his 1,870,000,000 shares to Huarong on 11 December 2014.
 - The Company issued and allotted a total of 1,870,000,000 conversion shares to Mr. Gu on 29 August 2014 and Mr. Gu subsequently charged these shares to Huarong on 11 December 2014.
 - These shares were held by Hong Kong Bridge Investments Limited ("Hong Kong Bridge"). Hong Kong Bridge is wholly owned by Top Rider Investments Limited which is wholly owned by Brilliant Plus Investments Limited which is wholly owned by Topsearch International (Holdings) Limited. Topsearch International (Holdings) Limited is deemed to be interested in the shares held by Hong Kong Bridge for the purpose of Part XV of the SFO.
 - Sfund is held as 100% by Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd. ("Guangzhou Huiyin"). Guangzhou Huiyin is held as 5% by Guangzhou Industry Investment Fund Management Co., Ltd. ("Guangzhou Industry") and as 95% by Guangzhou Technology Financial Innovation Investment Holdings ("Guangzhou Technology"). Guangzhou Technology is held as 100% by Guangzhou Industry which is held as 100% by People's Government of Guangzhou Municipality. People's Government of Guangzhou Municipality is deemed to be interested in the convertible bond held by Sfund for the purpose of Part XV of the SFO.
- 錢先生個人持有 11,500,000 股本公司股份及持有中國萬泰 95% 權益。中國萬泰持有 Universal Union 100% 權益。Universal Union 持有 3,729,808,552 股本公司股份。
 - 許女士為錢先生之配偶。錢先生之權益被視為許女士之權益。
 - 該等股份由中國萬泰之全資附屬公司 Universal Union 持有，中國萬泰分別由錢先生及許女士實益擁有其 95% 及 5% 權益。
 - (i) 華融之全資附屬公司 Driven Innovation Limited 持有 3,028,000,000 股本公司股份 (ii) 顧先生於二零一四年十二月十一日將其 1,870,000,000 股股份抵押予華融。
 - 本公司於二零一四年八月二十九日向顧先生發行及配發合共 1,870,000,000 股兌換股份及顧先生其後於二零一四年十二月十一日將該等股份抵押予華融。
 - 該等股份由 Hong Kong Bridge Investments Limited (「Hong Kong Bridge」) 持有。Hong Kong Bridge 由 Top Rider Investments Limited 全資擁有，而 Top Rider Investments Limited 由 Brilliant Plus Investments Limited 全資擁有，而後者由 Topsearch International (Holdings) Limited 全資擁有。根據證券及期貨條例第 XV 部，Topsearch International (Holdings) Limited 被視為於 Hong Kong Bridge 持有的股份中擁有權益。
 - 廣州基金由廣州匯垠天粵股權投資基金管理有限公司(「廣州匯垠」)持有 100% 權益。廣州匯垠則由廣州產業投資基金管理有限公司(「廣州產業」)及廣州科技金融創新投資控股有限公司(「廣州科技」)分別持有 5% 及 95% 權益。廣州科技由廣州產業持有 100% 權益，而後者則由廣州市人民政府持有 100% 權益。根據證券及期貨條例第 XV 部，廣州市人民政府被視為於廣州基金持有的可換股債券中擁有權益。

Report of the Directors

董事會報告

Save as disclosed above, the Directors and chief executive of the Company were not aware of any persons who, as at 31 December 2016, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance in relation to the Group's business to which the Company, any of its holding companies or fellow subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year under review or at any time during the year under review.

EMOLUMENT POLICY

The Board has the general power of determining the Directors' remuneration, subject to the authorization of the shareholders of the Company at the annual general meeting each year. The remuneration of the Directors is subject to review by the Remuneration Committee, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the financial year are set out in Note 34 to the consolidated financial statements.

除上文披露者外，於二零一六年十二月三十一日，本公司各董事及高級行政人員並不知悉任何人士於本公司股份或相關股份中擁有須根據證券及期貨條例第336條記錄於須予存置的登記冊內之權益或淡倉及／或直接或間接於附有權利在任何情況下可於本公司之股東大會上投票之已發行股本之面值5%或以上擁有權益。

董事購入股份或債券之權利

於回顧年度任何時間，任何董事或彼等各自之配偶或未成年子女概無獲授權利以透過購買本公司之股份或債券而獲益，彼等亦無行使上述任何權利；而本公司、其控股公司或其任何附屬公司或同系附屬公司並無參與任何安排，使董事能取得本公司或任何其他法人團體之該等權利。

董事之重大合約權益

董事概無於本公司、其任何控股公司或同系附屬公司參與訂立任何在回顧年度終結時或在回顧年度內任何時間仍然有效且對本集團之業務而言屬重大合約中，擁有任何重大權益。

薪酬政策

董事會擁有釐定董事薪酬之一般權力，有關權力須每年於股東週年大會上獲本公司股東授權。董事薪酬須經薪酬委員會檢討，並於參照董事之資歷、經驗、職務、職責以及本公司之表現及業績後釐定。

有關連人士交易

於財政年度內，有關連人士之交易詳情載於綜合財務報表附註34。

Report of the Directors

董事會報告

COMPETING INTERESTS

The Directors believe that none of the Directors and their respective associates had an interest, directly or indirectly, in a business which competes or may compete with the business of the Group.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that each Director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors' and officers' liability insurance in respect of relevant legal actions against the Directors.

EQUITY-LINKED AGREEMENTS

Save for convertible bonds and share option scheme of the Company, no equity linked agreements were entered into by the Group, or existed during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the law of Bermuda.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the date of this report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 156 of this annual report.

競爭權益

董事相信，概無任何董事及彼等各自之聯繫人士於與本集團業務有競爭或可能有競爭之業務中擁有直接或間接權益。

管理合約

於年內，本公司並無訂立或已訂有與全部或任何絕大部分業務的管理及行政管理有關的任何合約。

獲准許彌償條文

細則規定，各名董事或本公司其他高級職員將有權就其於或有關履行其職責或與此有關其他事項而可能蒙受或產生的所有虧損或負債自本公司資產獲取彌償。另外，本公司已就針對董事的相關法律行動投購適當的董事及高級職員責任保險。

股票掛鈎協議

除本公司的可換股債券及購股權計劃外，於年內，本集團並無訂立或訂有任何股票掛鈎協議。

優先購股權

根據本公司之公司細則或百慕達法例，並無優先購股權之規定。

足夠公眾持股量

就本公司所得公開資料所示，並據董事所深知，於本報告日期，本公司之已發行股本最少25%由公眾股東持有。

財務資料概要

本集團過去五個財政年度之業績及資產負債概要載於本年報第156頁。

Report of the Directors

董事會報告

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. William Fong, Mr. Leung Kar Fai and Dr. Cheng Chak Ho. The purpose of the establishment of the audit committee is for reviewing and supervising the financial reporting process, risk management and internal control systems of the Group. The audit committee has reviewed the Group's financial statements for the year ended 31 December 2016.

AUDITORS

Elite Partners CPA Limited ("Elite") was appointed as auditors of the Company in 2012, and then retired and was re-appointed at the Company's annual general meeting from 2012 to 2016.

Elite will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

A resolution for the re-appointment of Elite as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Yang Ying Min
Chairman of the Board

Hong Kong, 29 March 2017

審核委員會

審核委員會由三名獨立非執行董事方偉濂先生、梁嘉輝先生及鄭澤豪博士組成。成立審核委員會旨在審閱及監督本集團之財務申報程序、風險管理及內部監控系統。審核委員會已審閱本集團截至二零一六年十二月三十一日止年度之財務報表。

核數師

開元信德會計師事務所有限公司(「開元信德」)於二零一二年獲委任為本公司核數師，其後於二零一二年至二零一六年之本公司股東週年大會告退及獲續聘。

開元信德將於應屆股東週年大會告退，惟合資格並願意獲續聘出任本公司核數師。

有關續聘開元信德為本公司核數師之決議案，將於應屆股東週年大會提呈。

代表董事會

董事會主席
楊英民

香港，二零一七年三月二十九日

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders.

During the year ended 31 December 2016, the Company had applied the principles of the Corporate Governance Code (the “Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and complied with all the applicable code provisions of the Code, except the following code provision:

1. Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Gao Yuan Xing resigned as the Chairman of the Board and executive Director on 4 January 2016 due to his other business engagement which requires more of his attention. Mr. Yang Ying Min (“Mr. Yang”), the Chief Executive Officer of the Company has been appointed as the Chairman with effect from 4 January 2016.

Mr. Yang has in-depth knowledge and considerable experience of the Group’s business who is responsible for the overall strategic planning and general management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person leading to consistent leadership of the Group and enabling the Group to make and implement decisions promptly and thus achieving the Group’s objectives efficiently and effectively in response to the changing environment.

The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

2. Under the code provision A.5.1 of the Code, company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

企業管治常規

董事會相信，優質企業管治對提升本集團效率及表現以及保障股東權益尤為重要。

截至二零一六年十二月三十一日止年度，本公司一直應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄 14 所載企業管治守則（「守則」）之原則，並已遵守守則項下所有適用守則條文，惟以下守則條文除外：

1. 根據守則之守則條文第 A.2.1 條，主席與行政總裁之角色應予區分，不應由同一人兼任。

高源興先生由於需要更專注於彼之其他業務，彼已於二零一六年一月四日辭任董事會主席及執行董事，本公司行政總裁楊英民先生（「楊先生」）已獲委任為主席，自二零一六年一月四日生效。

楊先生於本集團業務方面擁有深厚知識及豐富經驗，負責本集團整體策略性規劃及一般管理。董事會認為由一人兼任主席與行政總裁有利於本集團貫徹領導，令本集團能及時作出及執行決策，此使本集團在多變之環境下仍能有效地達成本集團之目標。

然而，董事會將不時檢討架構，並將考慮於適當時候作出合適調整。

2. 根據守則之守則條文第 A.5.1 條，公司應設立提名委員會，由董事會主席或獨立非執行董事擔任主席，大部分成員須為獨立非執行董事。

Corporate Governance Report

企業管治報告

However, the Board considers that the setting up of such nomination committee may not be necessary at the current scale of the Board and the Company. The Board is responsible for considering and approving the appointment of its members and making recommendations to shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominate and appoint Directors to fill casual vacancies.

The Company has set out a board diversity policy (the "Policy") for achieving diversity on the Board. The Policy provides a sustainable and balanced development in the Company's strategic objectives. The Board reviews the Policy annually and ensures the effectiveness of the Policy.

3. Under the code provision A.6.7 of the Code, independent non-executive directors should, inter alia, attend general meetings.

Due to personal and other important engagement at the relevant time, Dr. Cheng Chak Ho was absent from the 2016 annual general meeting of the Company.

The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than the Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2016, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

然而，董事會認為，按照董事會及本公司目前的規模，成立有關提名委員會可能並非必要。董事會負責考慮及批准委任其成員並就可供重選的董事向股東作出推薦，提供足夠的董事履歷詳情，使股東能夠就重選作出知情決定，並在必要的情況下提名及委任董事以填補臨時空缺。

本公司已制定董事會成員多元化政策（「該政策」），以實現董事會成員的多元化。該政策訂明本公司策略目標的可持續及均衡的發展。董事會每年檢討該政策並確保該政策的效用。

3. 根據守則之守則條文第A.6.7條，獨立非執行董事應（其中包括）出席股東大會。

由於鄭澤豪博士於有關時間須處理個人及其他重要事務，故缺席本公司二零一六年的股東週年大會。

本公司認為已採取足夠措施，確保本公司之企業管治常規不較守則寬鬆。

本公司將參考企業管治之最新發展趨勢，定期檢討及改善其企業管治常規。

董事之證券交易

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）。

經本公司就有否違反標準守則向全體董事作出特定查詢後，全體董事已確認彼等於截至二零一六年十二月三十一日止年度內一直全面遵守標準守則所載規定標準。

Corporate Governance Report

企業管治報告

BOARD MEETING

The principal roles of the Board are to oversee the strategic development, to determine the objectives, strategies and policies of the Group, to monitor and control the financial performance and to ensure effective internal controls and risk management. Implementation of strategies and day-to-day operations are delegated to the management.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. Schedules for annual meeting and draft agenda of each meeting is sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

Minutes of all Board meetings and committee meetings, which record in sufficient detail the matters considered and decisions reached, are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. The Company's Bye-laws contains provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The following table shows the attendance of each individual member of the Board and the respective Board Committees at the Board and the respective Board Committees meetings and general meeting held during the year ended 31 December 2016:

Name of Directors 董事姓名	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Remuneration Committee meeting 薪酬委員會會議	Corporate Governance Committee meeting 企業管治委員會會議	Financial Reporting Committee meeting 財務報告委員會會議	General meeting 股東大會
Executive Directors 執行董事						
Yang Ying Ming 楊英民	4/4	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	1/1
Qian Yi Dong 錢一棟	4/4	n/a 不適用	2/2	2/2	2/2	1/1
Zhang Jia Kun 張家坤	4/4	n/a 不適用	n/a 不適用	2/2	2/2	0/1
Li Li Juan 李麗娟	4/4	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	0/1
Gao Yuan Xing* 高源興*	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用
Independent Non-executive Directors 獨立非執行董事						
William Fong 方偉濂	4/4	2/2	2/2	n/a 不適用	2/2	1/1
Leung Kar Fai 梁嘉輝	4/4	2/2	2/2	n/a 不適用	n/a 不適用	1/1
Cheng Chak Ho 鄭澤豪	4/4	2/2	2/2	2/2	n/a 不適用	0/0

* resigned on 4 January 2016

董事會會議

董事會之主要職責為審視本集團之策略發展、決定本集團之目標、策略及政策、監察及控制財務表現，以及確保內部監控及風險管理行之有效。實行策略及日常業務運作之職責已指派予管理層。

董事會成員獲提供完整、充份及最新資料，以便彼等可妥善履行職責。週年大會時間表及各會議議程草擬本一般會預先送呈全體董事。董事會常規會議召開前最少給予14日通知。其他董事會及委員會會議之通告一般於合理時間內發出。董事會文件連同所有適當、完整及可靠的資料最少於各董事會常規會議前三日寄發予各位董事，以確保董事有足夠時間審閱相關文件，為會議作充份準備。

所有董事會會議及委員會會議之會議記錄(其充分記錄所審議事宜及所得出決定的細節)均由公司秘書保管，可供任何董事於任何合理時間發出合理通知後查閱。本公司之公司細則條文規定，董事須在有關會議就批准彼等或彼等之任何聯繫人士擁有重大權益之交易放棄表決，且不計入會議之法定人數內。

下表顯示董事會及各董事會委員會之個別成員出席於截至二零一六年十二月三十一日止年度舉行之董事會會議及各董事會委員會會議及股東大會之記錄：

* 於二零一六年一月四日辭任

Corporate Governance Report

企業管治報告

Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board.

During the financial year of 2016, the Board had at all times at least three independent non-executive directors and at least one of independent non-executive directors have appropriate professional qualifications or accounting or related financial management expertise. The Company has appointed independent non-executive directors representing at least one-third of the board.

The Company has arranged for appropriate liability insurance for the Directors for indemnifying their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independency pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Director's Continuous Professional Development

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills.

During the year, all Executive Directors of the Company namely, Yang Ying Min, Qian Yi Dong, Zhang Jia Kun and Ms. Li Li Juan received briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to rules and regulations applicable to the Group were provided to them. According to the training records maintained by the Company, Independent Non-executive Directors namely William Fong, Leung Kar Fai and Cheng Chak Ho also attended regulatory update sessions and seminars on relevant topics.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the non-executive Directors of the Company were appointed for an initial term of one year and every Director (including those appointed for a specific term) is subject to retirement by rotation at least once every three years in accordance with the bye-laws of the Company.

任何董事均可於適當情況下，向董事會作出合理要求以尋求獨立專業意見，費用由本公司支付。

於二零一六財政年度，董事會於整段期間內最少有三名獨立非執行董事，其中最少一名獨立非執行董事具備合適專業資格或會計或相關財務管理專業知識。本公司已委任人數佔董事會至少三分之一的獨立非執行董事。

本公司已為董事安排合適之責任保險，以就彼等在執行公司職務時引致之責任提供賠償保證。承保範圍按年檢討。

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性發出之年度確認。本公司認為，所有獨立非執行董事均為獨立人士。

董事之持續專業發展

本公司鼓勵董事持續參與專業發展，以發展及更新其知識及技能。

年內，本公司所有執行董事楊英民、錢一棟、張家坤及李麗娟女士已聽取有關本集團業務、營運、風險管理及企業管治方面之簡報及最新動向。適用於本集團之規則及規例之新規定或變更，董事均獲提供有關資料。根據本公司存置之培訓記錄，獨立非執行董事方偉濂、梁嘉輝及鄭澤豪亦有出席介紹最新監管規定之簡報會及相關議題之研討會。

委任及重選董事

本公司全體非執行董事之初步任期均為一年，而根據本公司之公司細則規定，每名董事(包括有特定任期之董事)須最少每三年輪值退任一次。

Corporate Governance Report

企業管治報告

BOARD COMMITTEES

The Board set up various board committees responsible for various aspect of business of the Company.

Remuneration Committees

The Remuneration Committee of the Company was established in May 2006. The members of the Remuneration Committee during the financial year of 2016 are:

Mr. Leung Kar Fai (*Chairman*)
Dr. Cheng Chak Ho
Mr. Qian Yi Dong
Mr. William Fong

The responsibilities of the Remuneration Committee include setting remuneration policy of the Group and fixing remuneration packages of the Directors in accordance with the Listing Rules and the Bye-laws. Details of the remuneration paid to the respective Directors are set out in note 10 to the financial statements. No Directors can determine their own remuneration packages. The Remuneration Committee is provided with sufficient resources to discharge its duties. The Remuneration Committee has adopted terms of reference which are aligned with the Code. The chairman of the Remuneration Committee will report their findings and recommendations to the Board for consideration and approval. The Remuneration Committee will meet at least once a year to discharge its responsibilities in accordance with its terms of reference.

During the year ended 31 December 2016, the Remuneration Committee held two meetings, the work performed included the followings:

- a. discussing the policy for the remuneration of the Directors;
- b. reviewing remuneration packages of the Directors;
- c. making recommendations to the Board on remuneration of the Non-Executive Directors; and
- d. proposed annual remuneration package of newly appointed Directors to the Board.

董事會委員會

董事會轄下設有多個董事會委員會，負責處理本公司業務之不同範疇。

薪酬委員會

本公司於二零零六年五月成立薪酬委員會。二零一六財政年度之薪酬委員會成員如下：

梁嘉輝先生(主席)
鄭澤豪博士
錢一棟先生
方偉濂先生

薪酬委員會之職責包括根據上市規則及公司細則制定本集團之薪酬政策及釐定董事之薪酬待遇。個別董事所獲薪酬詳情載於財務報表附註10。董事不得自行釐定本身之薪酬待遇。薪酬委員會獲提供充足資源以履行職責。薪酬委員會已採納與守則一致之職權範圍。薪酬委員會主席將匯報其調查結果及推薦建議供董事會考慮及批准。薪酬委員會每年最少舉行一次會議，以按照其職權範圍履行職責。

於截至二零一六年十二月三十一日止年度，薪酬委員會曾舉行兩次會議，其工作包括以下事項：

- a. 討論董事薪酬之政策；
- b. 檢討董事之薪酬待遇；
- c. 就非執行董事之薪酬向董事會提供建議；及
- d. 向董事會建議新任董事之年度薪酬待遇。

Corporate Governance Report

企業管治報告

Audit Committee

The Audit Committee comprises all Independent Non-executive Directors of the Company, they are as follows:

Mr. William Fong (*Chairman*)
Mr. Cheng Chak Ho
Mr. Leung Kar Fai

The Audit Committee will meet no less than twice a year to review all business affairs managed by the Executive directors and to review the interim and annual financial statements of the Group before their submission to the Board for approval and to review the effectiveness of the financial reporting system, risk management and internal control systems of the Group. The Audit Committee has adopted terms of reference which are aligned with the Code. A copy of the terms of reference of the Audit Committee has been posted on the Company's website.

During the year ended 31 December 2016, the Audit Committee met on two occasions with the presence of external auditors and discharged its responsibilities in its review of the interim and annual results. The work performed by the Audit Committee for the year ended 31 December 2016 included reviews of the following:

- a. the directors' report and the consolidated financial statements for the year ended 31 December 2015 of the Group, with a recommendation to the Board for approval;
- b. the consolidated financial statements for the six months ended 30 June 2016 of the Group, with a recommendation to the Board for approval;
- c. the audit fees for the year ended 31 December 2016 proposed by the external auditors, with a recommendation to the Board for approval;
- d. the new accounting policies and practices adopted by the Group;
- e. the compliance status of the Group with the applicable regulatory and other legal requirements;
- f. the Group's investment policy and the adequacy of provision made for diminution in value for the Group's assets and investments; and
- g. the risk management and internal control systems of the Group.

審核委員會

審核委員會由本公司全體獨立非執行董事組成，名單如下：

方偉濂先生(主席)
鄭澤豪先生
梁嘉輝先生

審核委員會每年舉行不少於兩次會議，以檢討執行董事管理之所有事務，並於本集團之中期及全年財務報表提呈供董事會批准前先行審閱有關財務報表，以及檢討本集團財務申報系統、風險管理系統及內部監控之成效。審核委員會已採納與守則一致之職權範圍。審核委員會之職權範圍已上載於本公司之網頁。

截至二零一六年十二月三十一日止年度，審核委員會在外聘核數師列席下舉行兩次會議，並於會上履行審閱中期及全年業績之職責。審核委員會於截至二零一六年十二月三十一日止年度之工作包括審閱以下事項：

- a. 本集團截至二零一五年十二月三十一日止年度之董事會報告及綜合財務報表，並提供建議以供董事會批准；
- b. 本集團截至二零一六年六月三十日止六個月之綜合財務報表，並提供建議以供董事會批准；
- c. 外聘核數師所提出截至二零一六年十二月三十一日止年度之核數費，並提供建議以供董事會批准；
- d. 本集團採納之新會計政策及慣例；
- e. 本集團遵守適用監管及其他法例規定之情況；
- f. 本集團之投資政策以及就本集團資產及投資作出足夠減值撥備；及
- g. 本集團之風險管理及內部監控系統。

Corporate Governance Report

企業管治報告

Corporate Governance Committee

In order to further strengthen the Company's corporate governance, the Company established the Corporate Governance Committees on 12 January 2008:

The members of the Corporate Governance Committee during the financial year of 2016 are as follows:

Mr. Qian Yi Dong (*Chairman*)
Dr. Cheng Chak Ho
Mr. Zhang Jia Kun

The major responsibilities of the Corporate Governance Committee are to oversee the Company's corporate governance matters and to ensure that the Company has complied with the Code. The Corporate Governance Committee had reviewed the corporate governance report of the Company and confirmed that the Company had complied with the Code of the Listing Rules throughout the year except some deviations from the Code mentioned in the section headed "Corporate Governance Practice" of this report.

Financial Reporting Committee

The Board, supported by the accounts department, is responsible for the preparation of the financial statements of the Company and the Group. The Company has also set up a Financial Reporting Committee which major responsibility is to oversee the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the Group's results and cash flow for that year. The Financial Reporting Committee is also responsible to ensure the compliance by the Group of disclosure requirements under the Listing Rules in a timely manner.

The members of the Financial Reporting Committee during the financial year of 2016 are as follows:

Mr. Qian Yi Dong (*Chairman*)
Mr. Zhang Jia Kun
Mr. William Fong

企業管治委員會

為進一步加強本公司之企業管治，本公司於二零零八年一月十二日成立企業管治委員會：

於二零一六財政年度之企業管治委員會成員如下：

錢一棟先生 (*主席*)
鄭澤豪博士
張家坤先生

企業管治委員會之主要職責為監管本公司企業管治事宜及確保本公司已遵守守則。企業管治委員會已審閱本公司之企業管治報告，並確認本公司於年內已遵守上市規則之守則（惟本報告「企業管治常規」一節所述若干偏離守則之情況除外）。

財務報告委員會

董事會在會計部支援下負責編製本公司及本集團之財務報表。本公司亦已成立財務報告委員會，其主要職責為監督就各財政期間編製之財務報表是否真實公平反映本集團之業務狀況以及其於該年度之業績及現金流量狀況。財務報告委員會亦負責確保本集團於適當時候遵守上市規則之披露條文。

於二零一六財政年度內，財務報告委員會之成員如下：

錢一棟先生 (*主席*)
張家坤先生
方偉濂先生

Corporate Governance Report

企業管治報告

During the year ended 31 December 2016, the Financial Reporting Committee had reviewed the audited financial statements of the Group for the year ended 31 December 2015 and the unaudited financial statements of Group for the six months ended 30 June 2016. They also confirmed the preparations of the audited and unaudited financial statements of the Group were in compliance with the disclosure requirements under the Listing Rules.

Nomination Function

The Board is collectively responsible for performing the nomination duties including:

- a. reviewing the structure, size and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board on a regular basis (“Board Diversity Policy”);
- b. formulating and adjusting the Board Diversity Policy and reviewing the measurable objectives for implementing diversity on the Board from time to time;
- c. reviewing the candidates’ qualification and competence;
- d. assessing the independence of the Independent Non-Executive Directors; and
- e. making decision on appointment of Directors.

Board Diversity Policy

The Board has adopted the board diversity policy (“Board Diversity Policy”) in accordance with the requirement set out in the Code. Such policy aims to set out the approach to achieve diversity on the Board. Accordingly, all Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution could the selected candidates could bring to the Board. The Board, from time to time, oversees the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy and continues to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

截至二零一六年十二月三十一日止年度，財務報告委員會已審閱本集團截至二零一五年十二月三十一日止年度之經審核財務報表及本集團截至二零一六年六月三十日止六個月之未經審核財務報表。委員會亦確認本集團經審核及未經審核財務報表之編製已遵守上市規則之披露條文。

提名職能

董事會集體負責提名工作包括：

- a. 定期檢討董事會之架構、規模及多元性(包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年資)(「董事會成員多元化政策」)；
- b. 制定及調整董事會成員多元化政策，並不時就推行董事會成員多元化檢討可計量目標；
- c. 審閱候選人之資歷及才能；
- d. 評估獨立非執行董事之獨立性；及
- e. 就委任董事作出決定。

董事會成員多元化政策

董事會已根據守則所載之規定採納董事會成員多元化政策(「董事會成員多元化政策」)。有關政策旨在載列達致董事會成員多元化之方針。因此，董事會所有委任均以用人唯才為原則，並在考慮人選時以客觀標準充分顧及董事會成員多元化之裨益。甄選人選將按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年資。最終決定將取決於經甄選人選之優點及其可為董事會帶來之貢獻。董事會不時監察該政策之實施情況並在適當時候作出檢討，以確保該政策行之有效，並在就委任人選向董事會作出推薦建議時持續充分考慮該等可衡量目標。

Corporate Governance Report

企業管治報告

AUDITOR'S REMUNERATION

An amount of approximately HK\$900,000 (2015: HK\$900,000) was charged to the Group's consolidated financial statements for the year ended 31 December 2016 for the auditing services provided by Elite Partners CPA Limited. There was no non-audit service assignment provided by Elite Partners CPA Limited during the year (2015: Nil).

SHAREHOLDER'S RIGHTS

Convening a Special General Meeting by Shareholders

Pursuant to the Bye-law 58 of the Company, a special general meeting may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office or principal place of business in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. The Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business. If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such special general meeting, the shareholder shall do so pursuant to the provisions of Section 74(3) of the Companies Act of Bermuda.

The procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the Principal Place of Business and the Company Secretary shall then forward the same to the appropriate executives of the Company or members in the Board for further handling.

Putting Forward Proposals at General Meetings

A shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office or principal place of business in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

核數師酬金

開元信德會計師事務所有限公司就本集團截至二零一六年十二月三十一日止年度之綜合財務報表所提供核數服務收費約900,000港元(二零一五年: 900,000港元)。年內開元信德會計師事務所有限公司並無提供任何非核數服務(二零一五年: 無)。

股東權利

股東召開股東特別大會

根據本公司之公司細則第58條，董事會可於持有本公司已發行股本及附有於本公司股東大會表決權利之證券不少於十分之一之股東要求下召開股東特別大會。股東須向董事會或本公司之公司秘書提出書面要求，有關要求須逕寄本公司之總辦事處或香港主要營業地點，列明股東之持股資料、聯絡資料及有關任何特定交易／事項之建議及相關文件。

董事會須安排於接獲該書面要求後兩(2)個月內召開有關股東大會。本公司須發出所需股東大會通告，包括舉行大會之時間、地點以及將於會上考慮之決議案詳情及所處理事務之性質。倘於接獲該書面要求後二十一(21)日內，董事會仍未進行召開該股東特別大會，股東須根據百慕達公司法第74(3)條之規定召開股東特別大會。

向董事會查詢之步驟

股東可以書面向董事會作出查詢及表達關注，函件逕寄主要營業地點並註明公司秘書收，而公司秘書屆時須將股東來函轉交本公司相關行政人員或董事會成員跟進。

於股東大會上提呈建議

股東須以書面向董事會或本公司之公司秘書提出要求，函件逕寄總辦事處或香港主要營業地點，列明股東之持股詳情、聯絡資料及擬就任何特定交易／事項於股東大會提出之建議及相關文件。

Corporate Governance Report

企業管治報告

COMPANY SECRETARY

The Company Secretary is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of directors.

During the year under review, the company secretary has attended relevant professional seminars to update her skills and knowledge. She met the training requirement set out in Rule 3.29 of the Listing Rules.

INVESTOR RELATIONS

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. The Directors meet and communicate with shareholders at the AGM of the Company. The Chairman proposes separate resolutions for each issue to be considered and put each proposed resolution to the vote by way of a poll. Voting results are posted on the Company's website on the day of AGM.

Our corporate website which contains corporate information, corporate governance practice, interim and annual reports, announcements and circulars issued by the Company enables the Company's shareholders to have timely and updated information of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining sound and effective risk management and internal control systems for the Group to safeguard investments of the Shareholders and assets of the Group at all times.

The Board will conduct regular review regarding internal control and risk management systems of the Group. During the year ended 31 December 2016, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

公司秘書

公司秘書對董事會負責，以確保董事會程序得以遵守，且董事會活動高效、有效進行。彼亦負責確保董事會充分評估與本集團有關的相關司法、規管及企業管治情況，並為董事入職及專業發展提供便利。

於回顧年度，公司秘書已出席相關專業研討會，以更新其技術及知識。彼已滿足上市規則第3.29條載述的培訓要求。

投資者關係

本公司貫徹適時向股東披露相關資料之政策。董事於本公司之股東週年大會與股東會面及溝通。主席就每項將予考慮之事項提呈獨立決議案，並建議以按股數投票方式就每項決議案表決。表決結果於股東週年大會當日在本公司網頁登載。

本公司網頁已登載公司資料、企業管治守則、本公司刊發之中期報告及年報、公佈及通函，以供本公司股東可適時得悉有關本公司之最新資料。

風險管理及內部控制

董事會確認須負責維持本集團之穩健有效的風險管理及內部控制制度，以一直保障股東投資及本集團資產。

董事會將定期檢討本集團的內部控制及風險管理制度。截至二零一六年十二月三十一日止年度，審核委員會就包括財務、營運及合規控制及風險管理在內的本公司的內部控制制度的充足性及有效性進行檢討並與本集團的內部審計組及高級管理層討論。審核委員會進一步向董事會作出推薦意見，確保財務報告的可靠性及遵守適用法定會計及申報規定、法律及監管規定、內部規則及董事會批准的程序，以識別及管理本集團的潛在風險。此外，審核委員會及董事會亦定期檢討本集團的表現及內部控制制度，確保落實有效措施，保障重要資產及識別本集團的業務風險。

Corporate Governance Report

企業管治報告

In respect of the year ended 31 December 2016, the Board considered the internal control and risk management system effective and adequate. No significant areas of concern that might affect shareholders were identified during the relevant period.

On behalf of the Board

Yang Ying Min

Chairman of the Board

Hong Kong, 29 March 2017

就截至二零一六年十二月三十一日止年度而言，董事會認為內部控制及風險管理制度充足有效。於有關期間並未識別可能對股東造成影響的重大問題。

代表董事會

董事會主席

楊英民

香港，二零一七年三月二十九日

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THIS REPORT

This is the first annual Environmental, Social and Governance Report (the “ESG Report”) of North Mining Shares Company Limited (“North Mining” or the “Company”, together with its subsidiaries, the “Group”), which was prepared based on the Environmental, Social and Governance Reporting Guide (“ESG Guide”) in the Appendix 27 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. The ESG Report included the work for the financial year ended 31 December 2016 (the “Reporting Period”) and disclosed information on environmental, social and governance performance, management policies and strategies, commitments and objectives of North Mining.

Information and data disclosed in this ESG Report were sourced from formal document and internal statistics of the Group and was reviewed and approved by the Board of the Company.

SCOPE OF THE REPORT

During the Reporting Period, the principal activities of the Group are (i) mining operations — exploitation, exploration and trading of mineral resources; and (ii) property management operations. Based on the importance of North Mining in financial performance, environmental and social areas and the most concerned issues for stakeholders, the ESG Report focuses on evaluating and analyzing the following segments of the Group’s mining business:

- Environment (consumption of energy and resources and emissions)
- Society
 - 1 Employment and labour routine
 - 2 Operation practices
 - 3 Community involvement

For details of our corporate governance, please refer to our report on corporate governance on Page 26 to Page 36 of this annual report.

關於本報告

本報告為北方礦業股份有限公司(「北方礦業」或「本公司」，連同附屬公司統稱「本集團」)的首份按照《香港聯合交易所有限公司證券上市規則》附錄27之《環境、社會及管治報告指引》(「ESG指引」)而編製的環境、社會及管治年度報告(「本ESG報告」)。本報告涵蓋截至二零一六年十二月三十一日止財務年度(「報告期間」)的工作，並披露北方礦業有關環境、社會及管治的表現、管理方針及策略、承諾及目標的資料。

本ESG報告所披露之資料及數據均由本集團的正式文件或內部統計，並經董事會審閱及批准。

報告範疇

報告期間，本集團之主要業務為(i)採礦業務 — 開採、勘探及買賣礦產資源及(ii)物業管理業務。根據北方礦業於財務業績、環境及社會範疇上的重要性，以及持份者最關注的事宜，本ESG報告的內容集中於評估及分析本集團採礦業務於下列各範疇的情況：

- 環境(能源及資源消耗、排放物)
- 社會
 - 1 僱傭及勞工常規
 - 2 營運慣例
 - 3 社區參與

有關我們企業管治的詳情，請參閱本年報內第26頁至第36頁的企業管治報告。

Environmental, Social and Governance Report

環境、社會及管治報告

COMMUNICATIONS WITH STAKEHOLDERS

The Group attaches the importance to communications with all internal and external stakeholders to understand their concerns and needs. We believe that listening carefully to the views of the stakeholders will help us objectively develop a corporate social responsibility policy that is effective and comprehensive. Therefore, we will communicate with stakeholders through different channels in our daily operations.

持份者溝通

本集團重視與所有內部及外部持份者的溝通，了解他們的關注和需要。我們相信認真聽取各持份者的意見有助於我們客觀地制定有效、全面的企業社會責任管治政策。因此，在日常運營中，我們會通過不同渠道與持份者溝通。

Stakeholders 持份者	Expectations and requirements 期望與要求	Means of communications and feedback 溝通與反饋方式
Investors and shareholders 投資者及股東	<ul style="list-style-type: none"> To safeguard shareholders' interests and investors' returns To ensure operating efficiency To maintain sound corporate governance To ensure highly transparent and timely disclosure of information 	<ul style="list-style-type: none"> To provide investors and shareholders with the latest business updates and financial performance of the Company in a timely manner through statutory disclosures such as announcements and financial statements To hold general meetings and investor briefings on a regular basis to communicate with investors and shareholders face to face and understand their views on the Company's operating conditions and strategies To continuously review the business policy, improve operational efficiency and improve the governance system 透過公告、財務報表等法定披露，及時向投資者及股東提供本公司的最新業務發展情況及財務表現 定期舉行股東大會及投資者簡報會，與投資者及股東直接面對面溝通，了解他們對本公司營運狀況、策略的意見 持續檢視業務方針，提升營運效益，完善管治制度
Government 政府	<ul style="list-style-type: none"> To comply with laws and regulations To deliver asset appreciation To boost local economy and employment 遵守法紀 資產增值 帶動當地經濟及就業 	<ul style="list-style-type: none"> To abide by laws and proactively pay taxes To improve corporate governance quality To follow national and regional policies to contribute to local economic development 奉公守法並主動納稅 提升企業管治質素 配合國家及地區政策，為當地經濟發展作貢獻

Environmental, Social and Governance Report

環境、社會及管治報告

Stakeholders 持份者	Expectations and requirements 期望與要求	Means of communications and feedback 溝通與反饋方式
Clients 客戶	<ul style="list-style-type: none"> To provide safe and high-quality products To offer sound and attentive client services To effectively handle client comments and complaints To protect privacy 	<ul style="list-style-type: none"> To exercise proper quality control to provide premier products on reasonable pricing terms and conditions To engage account executives in constant communications with clients to understand their needs on a timely basis To improve the client system, including after-sales services
客戶	<ul style="list-style-type: none"> 安全及高質產品 良好、貼心的客戶服務 有效處理客戶意見及投訴 保護私隱 	<ul style="list-style-type: none"> 做好質量監控，以合理價格及條件提供高質產品 客戶主任持續與客戶交流，及時瞭解客戶需求 完善客戶制度，包括售後服務
Employees 員工	<ul style="list-style-type: none"> To provide career training, personal development and promotion opportunities To offer reasonable and fair service packages, including salary and fringe benefits To provide a healthy and safe working environment To maintain sufficient communication channels 	<ul style="list-style-type: none"> To provide trainings and related information To encourage applications for in-house promotion To grant reasonable remuneration and fringe benefits with reference to market practices and regulations To organize recreational activities on a regular basis to conduct better communications with employees
員工	<ul style="list-style-type: none"> 職業培訓、發展及晉升機會 合理、公平的待遇，包括工資及福利保障 健康與安全的工作環境 足夠的溝通渠道 	<ul style="list-style-type: none"> 提供培訓及資訊 鼓勵內部晉升 按照市場情況及法規給予合理薪酬及福利 定期組織員工文娛生活，以便與員工進行更好的溝通

Environmental, Social and Governance Report

環境、社會及管治報告

Stakeholders 持份者	Expectations and requirements 期望與要求	Means of communications and feedback 溝通與反饋方式
Partners and suppliers 合作夥伴及供應商	<ul style="list-style-type: none"> To achieve common development and mutual benefits To offer reasonable procurement terms To perform contractual obligations in good faith To share resources and market information <ul style="list-style-type: none"> 共同發展、互利共贏 提供合理的採購條件 誠信履約 共享資源及市場資訊 	<ul style="list-style-type: none"> To make legal and compliant purchases To offer fair and impartial purchase guidance and conditions To further enhance mutual trust by organizing activities and visits To dedicate to common growth <ul style="list-style-type: none"> 在符合法規的情況下進行採購 提供公平公正的採購指引及條件 透過組織活動、拜訪等措施進一步加強雙方互信 致力實現共同成長
Community and the public 社區及公眾	<ul style="list-style-type: none"> To promote the development of utilities in the community To involve in public charity and community activities To practice environmental protection <ul style="list-style-type: none"> 推動社區公共事業發展 公益慈善、社區參與 環保綠化 	<ul style="list-style-type: none"> To engage in communications with the community for establishing mutual trust and enhancing recognition of our Company by the community To perform environmental responsibilities to minimize environmental impacts, including energy conservation and emission reduction <ul style="list-style-type: none"> 安排人員與社區相互溝通，建立雙方互信，提升社區對企業的認同感 履行節能減排、減少對環境影響等的環保責任

The Group wishes to inform stakeholders of the Group's other performances in addition to the financial performance and business operations in this report. Should any stakeholder have any questions or comments regarding the contents of this ESG Report, he or she is welcome to share his or her valuable comments with the Group in the following ways:

本集團希望藉本報告讓持份者認識本集團在財務業績及業務經營以外的表現。如對本 ESG 報告的內容有任何疑問或反饋意見，本集團歡迎各持份者就下列方式與本集團分享寶貴意見：

Address: Rooms 1505-07, 15/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong
 Tel: (852) 2520 8433
 Fax: (852) 2537 4678
 Email: info@northmining.com.hk

地址：香港灣仔港灣道6-8號瑞安中心15樓1505-07室
 電話：(852) 2520 8433
 傳真：(852) 2537 4678
 電郵：info@northmining.com.hk

Environmental, Social and Governance Report

環境、社會及管治報告

OUR MISSION AND VISION

North Mining has been persisting in creating economic benefits, promoting business development, and performing its corporate social responsibility to strike a balance between all parties, while advocating corporate integrity in its pursuit of sustainable development.

For our sustainable development, we are committed to:

- ensuring the compliance with laws, regulations and standards applicable to our operations in an ethical and transparent manner
- maintaining our stable growth to become a leading mining company with constant and consistent revenue and returns by ensuring constant and healthy growth in production capacity and further expanding our product mix
- maintaining a long-term and sustainable relationship by listening to the voice of the community to understand the social needs
- establishing and maintaining open and transparent communications with local communities and the public on matters regarding safety, environment and community relationship
- protecting the integrity, health, and benefits of the stakeholders on issues such as cooperation and respect for employees, communities and environment and be recognized for our sustainable development.

本集團的使命及願景

北方礦業一直秉持在創造經濟效益、推動業務發展的同時，兼顧社會責任，平衡各方利益，倡導誠信的企業價值觀，追求可持續發展。

對於企業可持續發展，我們承諾：

- 以符合道德及透明的方式確保遵守我們營運適用的法律，法規和法律標準
- 透過持續穩健的產量增長，並進一步擴大採礦業務的產品種類，維持穩定的增長從而實現持續一致的收入及回報，成為礦業龍頭之一
- 聆聽社會的心聲，藉以理解社會的需求，從而建立長期可持續的關係
- 在安全，環境和社區關係問題和當地社區和公眾建立和保持開放，透明的溝通
- 在合作以及尊重員工，社會及環境的議題保護利益相關者的誠信，健康和福利，旨在被認可為一個可持續發展的公司。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL ISSUES

2016 environmental data highlights

Direct emission and consumption	water consumption (municipal water supply, including mining area and office)	4,081 tons
	sewage discharge	1,360 tons
	power utilization	48,405 kilowatt hours
	diesel oil used for vehicles and transport	16,761 liters
	discarded tires	0.24 ton
Other direct consumption or emission (office)	power utilization	24,200 kilowatt hours
	carbon dioxide emission	18.99 tons
	diesel oil and gasoline used for self-owned vehicle fleet	3,400 liters
	paper	0.08 ton
	general solid wastes at the office	0.09 ton
	non-inert construction waste	1 ton
	other wastes	1 ton

Environmental policies and guidelines

North Mining has been committed to protecting the environment. During our course of business, including logistic support, administrative and compliance work at the office, mining, processing, and production and other processes at mines, we ensure compliance with the relevant national regulations and prepare internal guidelines and codes in accordance with these regulations. Such regulations and internal guidelines and codes include:

Government regulations

Environmental air quality shall be subject to the secondary standard under the "Air Quality in a Specific Environment" (GB3095-2012)

Dust and yard dust shall be subject to the secondary standard and unorganized emission limits under the "Comprehensive Air Pollutant Emission Standards" (GB16297-1996)

Coal-fired boiler exhaust gas shall be subject to the Period II Standards of Second Zone under the "Emission Standards of Air Pollutants for Boilers" (GB13271-2001)

Internal guidelines and codes

"Letter of Luonan County Environmental Protection Bureau on Implementation Standards for Environmental Impact Assessment on the Potassium Feldspar Pilot Project of Shaanxi Daqin Potassium Industry Limited* (陝西大秦鉀業有限公司)" – Luo Huan Han 2013 No.34

"Letter on Implementation Standards for Environmental Impact Assessment on the Mining Project of 1.2 million Tons Per Annum of Changling Potash Mine of Luonan Daqin Potassium Mining Limited (洛南縣大秦鉀礦有限公司)*- Luo Huan Han 2016 No.93

環境層面

2016年環境數據摘要

直接排放及消耗	耗水(市政供水, 包括礦區及辦公室)	4,081噸
	污水排放量	1,360噸
	用電	48,405千瓦時
	柴油(用於車輛運輸)	16,761公升
	廢棄輪胎	0.24噸
其他間接消耗或排放(辦公室)	用電	24,200千瓦時
	二氧化碳排放量	18.99噸
	柴油及汽油(用於自有車隊)	3,400公升
	紙張	0.08噸
	一般辦公室固體廢物	0.09噸
	非惰性物料建築廢物	1噸
	其他廢物	1噸

環保政策及方針

北方礦業一直致力保護環境。在業務過程中，包括於辦公室進行後勤支援、行政及合規工作、礦山範圍的採礦、洗選及生產等工序，我們均確保符合國家相關法規，並按照這些法規編制內部指引及守則。部份法規及內部指引和守則包括：

政府法規

環境空氣執行《環境空氣質量標準》(GB3095-2012)二級標準。

粉塵、堆場揚塵執行《大氣污染物綜合排放標準》(GB16297-1996)中二級標準和無組織排放限值

燃煤鍋爐廢氣執行《鍋爐大氣污染物排放標準》(GB13271-2001)中二類區II時段標準

內部指引及和守則

《洛南縣環境保護局關於陝西大秦鉀業有限公司鉀長石中試項目環境影響評價執行標準的函》— 洛環函201334號；

《關於洛南縣大秦鉀礦有限公司長嶺鉀石礦120萬噸/年採礦工程環境影響評價執行標準的函》— 洛環函201693號

Environmental, Social and Governance Report

環境、社會及管治報告

In consideration of inevitable and negative impacts of our mining activities on the ecological structure of land, the Group implements a number of measures to closely monitor various processes. Environmental protection and rehabilitation at the mines of the Group are in compliance with the “EIA Report” and the “Soil and Water Conservation Plan”. By starting with the planning and design with reference to the land, climate, air quality and other environmental conditions at mining areas, we carry out appropriate planning for mining processes. In accordance with the design requirements and open-air mining area protection design, our employees are required to commence work to minimize the impact. Besides reducing the impact of our work on the land ecology, we are also actively engaged in greening and reclamation. Mineral vegetation restoration is indispensable for mining construction. To prevent unnecessary vegetation removal, we clearly demarcate the vegetation area to be removed, and we will also carry out mine restoration upon completion of the mine production.

Taking into account land occupation, environmental pollution, soil erosion, plant destruction, and many other ecological hazards due to mining tailings and waste rock deposits, our company engaged in disposing tailings and waste rocks has built a unified slag-stacking dam to prevent environmental destruction. We also carry out production and construction according to the requirements of our in-house “Mine Design”, “EIA Report” and “Soil and Water Conservation Plan” to minimize ecological damage such as environmental pollution and soil erosion. With our mine construction currently being at the primary stage, it is unsuitable for any meaningful greening project. However, we will design the greening projects in detail based on the construction of the mine to gradually restore the ecological environment of the mining area.

We strive to use resources more efficiently and enhance our mining technology standards. As potassium feldspar ores are large in body and evenly stratified, we adopt the mine blasting technique to control the distribution of shot holes and the use of explosives to improve mining efficiency and ore recovery. In addition to regular inspections by the local government on water quality, air quality and noise surrounding our mine, we will appoint intermediaries to check and improve our environmental protection measures based on their recommendations to further enhance our mine environmental management.

從事採礦活動，無可避免會對土地生態結構等造成一定負面影響，因此，本集團實施多項措施並嚴密監察各個工序。本集團的礦山均遵照《環評報告》和《水土保持方案》進行礦山環境保護和恢復治理工作。我們從規劃設計著手，針對開採區的土地、氣候、空氣質素等環境情況，為採礦工序進行合適的規劃，要求員工按照設計要求及露天開採區防護設計施工，儘量減少影響。除了減少施工對土地生態所構成的影響，我們亦積極做好綠化與復墾工作。礦區植被恢復是礦區建設不可缺少的措施，為防止不必要的植被清除，我們明確界定將被清除的植被區，而我們亦會於礦區生產完成後進行礦區植被恢復工作。

考慮到礦山尾礦、廢石堆存所帶來的佔用土地、環境污染、水土流失、植物破壞等諸多生態危害，我們的尾礦、廢石堆放公司已建成攔渣壩統一堆放以避免對環境的破壞。我們亦按照內部《礦區設計》、《環評報告》和《水土保持方案》中的各類要求經行生產、施工，儘量減少環境污染、水土流失等生態破壞。目前，我們的礦山建設屬於初級階段，未適合對礦區進行具意義的綠化工程；然而，我們將根據礦山的建設情況，詳細設計綠化工程，以逐步恢復礦區生態環境。

我們努力改善資源利用，提升礦山開採技術水平。鉀長石礦體大，分層均勻，所以我們採用爆破開採，控制炸孔分佈、炸藥使用量來提高採礦效率及礦石回收率。為進一步提升我們的礦山環境治理，除了地方政府定期對礦區水質、空氣質量、噪音經行檢查，我們亦會聘請中介機構經行檢查，並會按照他們提出的意見，完善我們的環保措施。

Environmental, Social and Governance Report

環境、社會及管治報告

Besides our mine environmental management, we also implement numerous measures to save energy and reduce emissions at the office. Use of all office equipment is subject to the rules of “turning equipment on when needed, keeping equipment on standby when idle, and turning equipment off when leaving the office”. Illumination of lighting equipment is controlled by a timer based on summers and winters. Subject to the principle of water conservation, we strictly prohibit our employees from wasting water by regulating the consumption. To create a paperless office environment, we also try and encourage the use of e-mail and other electronic documents, while requiring internal documents to be printed on both sides, as well as recycling waste paper.

As confirmed by the Group during the Reporting Period, no violation of the aforesaid laws and regulations, which may result in penalties imposed by the relevant government authorities, was committed by us during our course of business.

SOCIAL ISSUES – EMPLOYMENT AND LABOUR STANDARDS

1. Employment

The Group is committed to providing a good and safe working environment for its employees. We ensure all of our employees are treated equally by preparing human resources management systems and related employment standards in accordance with the Labour Law, including recruitment and dismissal, remuneration and promotion, working hours, holidays, equal opportunities, diversity and other treatment packages, as well as benefits policies and guidelines. All employees have access to the relevant policies and provisions which clarify their rights and responsibilities.

To attract and retain employees, the Group has developed a competitive remuneration and benefits system, including basic remuneration, employee benefits and interests such as mandatory provident fund, insurance, annual leave, sick leave, various allowances and severance payment. We also arrange for shift leave with compensation for staff who work overtime according to their work nature, and pay remuneration for employees who work reasonably overtime. The Group also offers additional remuneration and benefits such as employee assessment bonuses with reference to factors such as employee performance, financial performance and market conditions. For long service staff, we will provide length of service awards to thank for their contribution to the Company over the years.

除了礦山的環境治理，我們亦於辦公室實施多項節能減排措施。所有辦公電器使用遵循「用時開機、閒時待機、下班關機」的行為規範；照明電器用時間控制器按照夏冬兩季分時照明。用水方面，本著節約用水的原則，我們規範員工用水行為，嚴禁浪費；辦公用紙方面，儘量使用無紙辦公，儘量利用電郵等電子文件，同時規定雙面打印內部文件，以及廢紙回收。

本集團確認於報告期間，我們業務過程中未有出現違反上述法律及法規而遭受相關政府機關處罰的情況。

社會層面 — 僱傭及勞工常規

1. 僱傭

本集團致力為員工提供一個良好及安全的工作環境。我們依據《勞動法》編制人力資源管理制度及相關僱傭標準，包括招聘及解僱、薪酬及晉升、工作時數、假期、平等機會、多元化以及其他待遇及福利政策和條文指引，保證所有員工均獲得平等待遇。所有員工均獲得相關政策和條文的詳細資料，清楚其權利及責任。

為吸引及挽留員工，本集團已制訂一套具競爭力的薪酬及福利待遇制度，包括基本薪酬、員工福利及權益，如強制性公積金、保險、年假、病假、各種津貼及遣散費等。我們亦根據工作性質，對超出工作時長的人員進行調休或補假，對於合理加班的員工，按照規定支付薪酬。本集團亦因應僱員工作表現、財務業績、市場情況等因素，給予員工考核獎金等額外薪酬及福利。對於長期服務公司的人員，我們會提供工齡獎勵，以感謝對公司多年來的貢獻。

Environmental, Social and Governance Report

環境、社會及管治報告

Based on the nature of our business, there will be more outsourcing construction workers and equipment installation personnel during the construction of our mines. For external personnel, the Company will pay contract payment by installment, if they are not paid on time, we will urge our cooperative unit first, failure to pay, we will pay them with the total project payments after negotiation with the other two parties.

We advocate open communication and encourage employees of different positions and posts to express their views through different channels, including communicating with the management directly or through corporate activities. Corporate culture propaganda will be conducted by staff upon their entry to understand our development process and vision, and the realization of own value. We also organize festive meals, tours and other activities to recognize their hard work, adjust the work fatigue and enhance team cohesion.

2. Employee Health and Safety

The ore mining business involves a certain degree of danger. In view of this, the Group put providing employees with a safe working environment first. We have developed comprehensive work health and safety guidelines, including “safety training system”, “safety regular meeting system”, “safety inspection system” and “safety hazard investigation system”, with reference to industry practice and regulatory requirements, and strictly supervise and implement the same, to achieve safe operation. Safety committee has been set up to deal with and respond to emergencies. The safety committee will conduct safety inspection of the work environment on a regular basis and prepare the “Safety Assessment Report”, and we will improve and revise the work health and safety guidelines according to the “Safety Assessment Report” to ensure the safety of the working environment.

Electric shocks, falling objects and traffic accidents are frequently occurred surrounding the mining area, for this regard, the Group has provided various warnings and reminders (including identification cards and protective tools) in the mining area and implemented strict vehicle management to prohibit drunk driving. In addition, to ensure the safety of employees and strengthen their awareness of the importance of occupational health and safety, we enhance safety education and provide relevant safety training and knowledge for employees, including equipping with fire prevention equipment, organizing to watch videos about the fire protection knowledge and first aid as well as electrical safety knowledge. We also provide long-term employees with annual physical examination, medical insurance and other benefits.

基於我們的業務性質，礦山建設過程中會出現較多外判的施工人員及設備安裝人員。對非本公司人員，公司會在合同分批支付合同款，如發現有外判人員薪資不能按時支付，先會督促合作單位，如不予支付的，將會三方協商在工程款總額扣除，給予外判人員支付。

我們主張員工開放溝通，鼓勵不同職位及崗位的員工透過不同渠道表達他們的意見，包括透過公司活動或直接與管理人員面談等。在員工入職時，員工進行企業文化宣講。讓員工瞭解企業發展歷程及遠景規劃，和自身價值的實現。我們亦會舉辦節日聚餐、旅遊等活動，對員工辛勤工作認可、調節工作疲勞、以及增強團隊凝聚力。

2. 僱員健康及安全

礦石開採業務涉及一定危險程度的工序。有鑑於此，本集團以提供安全的工作環境予員工為最優先考慮。我們參考行業慣例及監管規定，制訂完善的工作健康及安全指引，包括《安全培訓制度》、《安全例會制度》、《安全檢查制度》、《安全隱患排查制度》等制度，並嚴格監督及執行，以達致規範操作安全。我們成立安全委員會，對安全、緊急事件經行處理和響應。安全委員會會定期對工作環境進行隱患排查，準備《安評報告》；而我們會根據《安評報告》改進及修改工作健康及安全指引，保證工作環境安全。

礦山環境容易出現觸電、高空墜物、交通意外等危險，因此，本集團在礦區設置各類警告及提示，包括標識牌、防護工具，並實施嚴格的車輛管理，嚴厲禁止酒後駕駛等。同時，為保證員工安全，加強員工對職業健康及安全的重視，我們加強安全教育，為僱員提供相關安全培訓及知識，包括配備防火設備，組織觀看防火知識及急救視頻、用電常識等。我們亦為長期員工提供年度體檢、醫療保險等福利。

Environmental, Social and Governance Report

環境、社會及管治報告

We also organize various types of activities for our employees to enhance the interaction between them, promote employees' physical and mental development, maintain the balance of work and life, and enhance their sense of belonging.

There were no major safety incidents in the Group for the year ended 31 December 2016.

3. Employee Development and Training

We are convinced that employee development is critical to sustainable development of our business. The Group continues to promote culture learning and encourages employees to actively equip themselves with knowledge. We provide our staff with professional knowledge through various trainings and development programs to improve their quality and skills and help them grow. All new recruits will be offered trainings to become familiar with the Company's culture, business and operations.

The Group determines the remuneration and benefits of employees based on the nature of their work, qualifications, work performance and market conditions after assessment. We encourage internal promotion and provide a fair promotion platform, adequate on-the-job and professional training as well as promotion opportunities for employees. The Group attaches importance to the views of employees and encourages them to discuss their work promotion and career development objectives with the management.

Training and development plans include but not limited to:

- safety training of mine operations
- professional knowledge such as mining
- relevant regulation seminars/guideline
- knowledge relating to listing rules and corporate governance

我們亦為僱員安排各類型活動，加強僱員之間的互動交流，促進僱員身心發展，保持工作及生活平衡，加強員工歸屬感。

於截至二零一六年十二月三十一日止年度，本集團未發生重大安全事故。

3. 僱員發展及培訓

我們深信員工發展對可持續業務發展至為重要。本集團持續推動學習文化，鼓勵員工積極裝備自己。我們透過各類培訓及發展計劃，為員工提供專業知識，提高員工質素和技能，協助員工成長。對所有新入職員工安排入職培訓，以幫助他們熟悉本公司的文化、業務和營運情況。

本集團按照工作性質、資歷、工作表現及市場情況，並經過績效評估而釐訂僱員薪酬及福利。我們鼓勵內部晉升，因此為員工提供公平的晉升平台，提供足夠在職及專業培訓，提供晉升機會。本集團重視員工意見，鼓勵員工就其工作晉升及事業發展目標與管理人員討論。

培訓及發展計劃包括但不限於：

- 礦山操作安全培訓
- 開採等專業知識
- 相關法規講座／指引
- 上市條例及企業管治相關知識

Environmental, Social and Governance Report

環境、社會及管治報告

4. Labour Standards

The Group strictly complies with the Employment Ordinance of Chapter 57 of the Laws of Hong Kong and the Regulation on Labour Security Supervision of the State Council of the People's Republic of China. All recruitment procedures and promotions are strictly supervised in accordance with the Group's human resources management system. In addition to its capacity as a core mining and processing enterprise with more male staff, the Group has no gender requirements for staff in our recruitment due to the nature of our work.

The Group has strict rules on the conduct of all our employees, including directors and management, to protect employees from any form of harassment and bullying and ensure employees are treated equally. We are committed to protecting human rights, prohibiting the employment of forced labour and child labour in business operations, and ensuring that all employees are not discriminated against or deprived of any treatment due to gender, race background, religion, age, marriage and family status, disability or any other cause.

We require all suppliers, outsourcers and partners to comply with our zero tolerance approach to the recruitment of forced labour and child labour, and our code of conduct to prohibit direct or indirect participation in human rights violations.

During the Reporting Period, the Group provided staff benefits such as the following work security and insurance:

Hong Kong	China
Severance Payment/ Long Service Payment	Health and Safety Endowment Insurance
Medical Insurance	Medical Insurance
Mandatory Provident Fund	Accident Insurance
Employment Compensation Insurance	
Maternity/Paternity Leave with Pay	Unemployment Insurance
	Work-related Injury Insurance
	Childbirth Insurance
	Housing provident funds

4. 勞工標準

本集團嚴格遵守香港法例第57章《僱傭條例》以及中華人民共和國國務院的《勞動保障監察條例》。所有招聘程序及晉升活動均根據本集團人力資源管理制度嚴格監督。除了本身作為礦石開採加工工型企業，因工作性質局限而較多男性員工外，本集團於招聘時概無任何對員工性別的要求。

本集團對包括董事及管理層在內所有員工的行為操守有嚴格規定，保障員工不受任何形式的騷擾及欺凌，確保僱員獲得平等待遇。我們致力保障人權，禁止於業務營運中聘用強制勞工及童工，亦確保所有員工不會因性別、種族背景、宗教、年齡、婚姻及家庭狀況、殘疾或任何其他原因而遭受歧視或遭剝奪任何待遇。

我們要求所有供應商、外判商及合作夥伴遵守我們對聘用強制勞工及童工的零容忍方針，以及禁止直接或間接參與侵犯人權的行為。

於報告期間，本集團提供以下工作保障及保險等員工福利：

香港	中國
遣散費／長期服務金	健康和安養老保險
醫療保險	醫療保險
強制性公積金	意外保險
就業補償保險	失業保險
有薪產假／待產假	工傷保險
	生育保險
	住房公積金

Environmental, Social and Governance Report

環境、社會及管治報告

SOCIAL LEVEL – OPERATING PRACTICES

Supply Chain Management

The Group values integrity and holds the same ethical standards for suppliers and partners. We have a strict “Company Contract Management System” to regulate all procurement activities. When choosing a supplier, we consider the cost, product quality and track record as the main consideration, and only choose suppliers with good business record and without serious violation or violation of business ethics. The products and services supplied to us by suppliers are in accordance with our strict procurement tender procedures and in line with our requirements. Suppliers are strictly prohibited to obtain supply contracts through any form of interest transfer.

The Group will grant the supplier fair and reasonable conditions when receiving goods from the supplier and will not exploit the supplier in any way. Meanwhile, the Group will evaluate the products provided by the supplier, check whether the supplier has fulfilled the product liability and report relevant information in time to ensure that its products meet the requirements of the Group or replace the suppliers.

Product Responsibility

The Group attaches great importance to customer relations and requires a high standard for product quality and corporate reputation. Therefore, we will conduct very strict monitor on the quality of our products and services, to ensure the products meet the specifications and requirements of our customers. We will also be actively aware of the needs of our customers, review the service process through customer feedback, and promptly deal with and investigate customer complaints, thereby improving customer service.

We respect the privacy and intellectual property of our customer. We require employees to properly handle customer’s business sensitive information and will not resell for profit for the avoidance of incurring losses for our customers. During the Reporting Period, the Group did not suffer from customer losses due to customer privacy leaks or other service problems, nor did it receive any complaints and compensation requests from customers due to poor service quality.

社會層面 – 營運慣例

供應鏈管理

本集團重視誠信，對供應商及合作夥伴亦持同樣的道德標準。我們擁有嚴格的《公司合同管理制度》，規範所有採購活動。當選擇供應商時，我們以成本、產品質素及往績紀錄作主要考慮，並只選擇營商紀錄良好，沒有任何嚴重違規或違反商業道德行為的供應商。供應商向我們提供之產品及服務均按照我們嚴格的採購招標程序進行，符合我們的要求，嚴禁供應商透過任何形式的利益輸送而取得供應合約。

本集團向供應商取貨時，會給予供應商公平合理的條件，不會以任何方式剝削供應商。同時，本集團會對供應商提供的產品作評估，檢查供應商有否履行產品責任，並及時將有關訊息匯報，確保其產品符合本集團之要求，或更換供應商。

產品責任

本集團十分重視客戶關係，對產品質量和企業信譽有很高標準。因此，我們會對產品及服務的質量監控非常嚴謹，確保產品按照客戶要求規格，合規履約。我們亦會積極了解客戶所需。我們透過客戶的意見反饋，審視服務過程，並及時處理與調查客戶投訴，從而完善客戶服務。

我們尊重客戶私隱及知識產權。面對客戶的商業敏感資料，我們會要求員工妥善處理，不會轉售圖利，以免為客人招來不必要的損失。報告期間，本集團未出現因客戶私隱外漏或其他服務問題而造成的客戶損失，亦未有接獲客戶因服務質素欠佳而提出的投訴及賠償要求。

Environmental, Social and Governance Report

環境、社會及管治報告

Anti-corruption

The Group has always maintained a “good faith” business, striving for create a clean working atmosphere, requiring directors and all employees to strictly comply with the relevant legal norms and ethical standards. The Group has an internal audit team and an audit committee and appoints external lawyers and auditors to comply with the corporate governance and disclosure requirements of the Hong Kong Stock Exchange for listed companies. We will regularly review the internal governance mechanism to improve our governance level.

For the day-to-day business operations, the Group will not allow any corruption and fraud. All relevant provisions on anti-corruption, anti-bribery and conflicts of interest have been set out in the Code of Conduct for Employees to ensure that employees are in compliance with the law at work. The Group provides employees with information on anti-corruption on a regularly basis to enhance their awareness of corruption and develop good professional conduct. If any corruption or fraud is found, we will conduct investigation promptly and report the same to the manager.

The board of directors plays a vital role in anti-corruption and can challenge all the operating and management conduct of the Group. In the financial aspect, the directors are under absolute supervision to prevent the occurrence of various disciplinary actions. The management prevents the occurrence of corruption in accordance with the corporate process based on the authority given by the board of directors. During the Reporting Period, there were no cases of corruption, bribery, extortion, fraud and money laundering against the Group or its employees.

SOCIAL LEVEL – COMMUNITY INVOLVEMENT

The Group attaches importance to building a harmonious corporate and community relationship with its communities through active participation in the activities of its communities. We held discussions with the community’s main staff from time to time to understand local community’s perception of our corporate. We will integrate the views of community stakeholders we acquired into our daily operation with a view to getting on harmonious with the community.

The Group is actively engaged in the promotion of corporate social responsibility within the enterprise, organizing or participating in appropriate community activities, enabling employees to personally contribute to the community and enhance their community awareness. We hope to support targeted poverty alleviation objects through different activities, so as to improve the living, learning and working environment of our community.

反貪污

本集團一直秉持「誠信」經營，致力營造廉潔的工作氛圍，要求董事及所有員工嚴格遵守相關法律規範和道德準則。本集團設有內部審計組及審核委員會，並聘請外部律師及審計師以符合港交所對上市公司的企業管治及披露要求。我們更會定期檢討內部管治機制，以提高我們的管治水平。

日常業務經營方面，本集團不會容許任何貪污及詐騙行為。所有相關的反腐敗、反賄賂及利益衝突等條文已詳細列明於員工守則內，確保員工於工作時符合法例，並嚴格遵守。本集團定期向員工提供有關反貪污的資訊，提升員工的反貪意識，擁有良好的專業操守。如發現任何貪污或詐騙事件，我們會即時進行調查，並向管理人員匯報。

董事會對反貪污發揮至關重要的作用，對本集團的一切經營管理行為都可提出質疑。財務方面，對董事完全透明防止各類違紀行為的放生。而各管理層根據董事會賦予的權限，按照公司流程杜絕貪污行為的發生。報告期間，沒有針對本集團或員工的貪污、賄賂、勒索、欺詐及洗黑錢案件。

社會層面 – 社區參與

本集團重視與所在社區建立和諧共融的企業和社區關係，通過積極參與所在社區的活動。我們不定期與社區主要人員座談，瞭解社區當地對企業的感官。我們獲得社區相關人士的意見後，會將之融入日常營運的方針，希望做到企業與社區共融。

本集團積極研究於企業內宣揚企業社會責任，組織或參與合適的社區活動，讓員工親身回饋社區，提升員工的社區意識。我們希望藉著不同的活動，支援定點扶貧對象，改善社區生活、學習及工作環境。

Independent Auditor's Report

獨立核數師報告



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

To the members of
North Mining Shares Company Limited
(Incorporated in Bermuda with limited liability)

致：北方礦業股份有限公司
列位股東
(於百慕達註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of North Mining Shares Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 56 to 154, which comprise the consolidated statement of financial position as at 31 December 2016, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

本核數師已完成審核列載於第56至154頁北方礦業股份有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，包括於二零一六年十二月三十一日之綜合財務狀況報表與截至該日止年度之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。

本核數師認為，綜合財務報表根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一六年十二月三十一日之綜合財務狀況及其於截至當日止年度之綜合財務績效及其綜合現金流量表，並遵照香港公司條例之披露規定適當編製。

意見基準

本核數師乃按照香港會計師公會所頒佈之香港核數準則(「香港核數準則」)進行審核工作。本核數師於該等準則項下之責任進一步描述於本核數師報告中「核數師對綜合財務報表審核之責任」一節。根據香港會計師公會之「專業會計師道德守則」(「守則」)，本核數師獨立於 貴集團，且本核數師已根據守則履行其他道德責任。本核數師認為，本核數師已獲得之審核證據乃屬充分及適當，可提供意見基準。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 關鍵審核事項

關鍵審核事項

關鍵審核事項為本核數師認為審核截至二零一六年十二月三十一日止年度之綜合財務報表時乃屬最重要之該等事項。本核數師審核整體綜合財務報表時已解決該等事項，且於形成本核數師之意見時，本核數師並無提供有關該等事項之單獨意見。

How the matter was addressed in our audit 本核數師之審核如何解決該事項

Impairment assessment of property, plant and equipment and mining rights 物業、廠房及設備以及採礦權之減值評估

The Group's principal activity was engaged in the production and sales of molybdenum concentrate in the PRC which accounted for over 90% of the Group's total revenue. The Group owns an operating molybdenum mine located in the Shaanxi Province, the PRC ("Molybdenum Mine") where the molybdenum concentrates were produced.

貴集團之主要業務為於中國從事鉬精礦生產及銷售，佔貴集團總收入之90%以上。貴集團擁有一個位於中國陝西省之經營性鉬礦（「鉬礦」），鉬精礦於該鉬礦生產。

For the purpose of impairment assessment, the mining rights together with the property, plant and equipment relating to the Molybdenum Mine were allocated to the cash-generating units for mining segment ("Mine CGU").

就減值評估而言，採礦權連同與鉬礦有關之物業、廠房及設備乃分配予採礦分部之現金產生單位（「礦山現金產生單位」）。

The Group had engaged an independent external valuer ("Valuer") to assist the management in estimating the recoverable amount of the Mine CGU which requires significant judgement and assumption to be made by the management.

貴集團已委聘外界獨立估值師（「估值師」）協助管理層估計礦山現金產生單位之可收回金額，需要管理層作出重大判斷及假設。

Our audit procedures to address the impairment assessment of property, plant and equipment and mining rights included the following:

本核數師解決物業、廠房及設備以及採礦權之減值評估之程序包括以下各項：

- We assessed the management's identification of Mine CGU based on our understanding of the Group's operation.
- 本核數師基於本核數師對貴集團業務的理解評估管理層對礦山現金產生單位之識別。
- We evaluated the competence, capabilities and objectivity of the Valuer in estimating the recoverable amount of the Mine CGU.
- 本核數師於估計礦山現金產生單位之可收回金額時對估值師之技能、能力及客觀性進行評估。
- We obtained the cash flow forecast in determining the Mine CGU ("Forecast") prepared by the management and discussed with the Valuer and management to assess the methodology applied and reasonableness of the assumptions used for the preparation of the Forecast, including but not limited to the estimated reserves of minerals, sales volume, unit selling price, production costs, operating expenses and discount rate.
- 本核數師於釐定礦山現金產生單位時獲得管理層編製之現金流量預測（「預測」），並與估值師及管理層討論以評估為編製預測所應用方法及所採用假設的合理性，包括但不限於礦物質的估計儲量、銷量、單位售價、生產成本、經營支出及貼現率。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

We had identified the impairment assessment of property, plant and equipment and mining rights relating to the Mine CGU as a key audit matter because amounts involved were significant and significant management judgements were required to develop key assumptions.

本核數師已將與礦山現金產生單位有關的物業、廠房及設備以及採礦權的減值評估確定為關鍵審核事項，因為所涉及的金額乃屬重大且形成關鍵假設需要重大管理層判斷。

How the matter was addressed in our audit

本核數師之審核如何解決該事項

- We compared the Forecast with reference to the historical performance to identify any material change and assess the reasonableness of the Forecast.
- 本核數師參照歷史績效對預測進行對比，以識別任何重大變動並評估預測的合理性。
- We examined the source data used and input applied in arriving the Forecast and the recoverable amounts of the Mine CGU.
- 本核數師對得出預測及礦山現金產生單位可收回金額時所採用的源數據及應用的輸入數據進行審查。
- We checked the mathematical accuracy for the calculation of the recoverable amount of the Mine CGU.
- 本核數師對礦山現金產生單位可收回金額計算的數學準確性進行檢查。
- We performed a sensitivity analysis on key assumptions used in the Forecast by applying higher discount rate and lower revenue growth rate.
- 本核數師透過應用較高的貼現率及較低的收入增長率對關鍵假設進行敏感度分析。

Other information included in the annual report

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

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

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

年報所載其他資料

貴公司董事對其他資料負責。其他資料包括年報中載有的資料，但不包括綜合財務報表及本核數師的相關報告。

本核數師有關綜合財務報表的意見並無涵蓋其他資料，且本核數師並無表達任何形式的保證結論。

就本核數師對綜合財務報表之審核而言，本核數師的責任為閱覽其他資料且於如此行事時考慮其他資料是否與綜合財務報表或本核數師於審核時獲得的知識嚴重不符或在其他方面存在重大錯誤陳述。倘基於本核數師已進行的工作，本核數師的結論為本其他資料存在重大錯誤陳述，則本核數師須報告該事實。就此而言，本核數師並無任何事項需要報告。

Independent Auditor's Report

獨立核數師報告

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

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

The audit committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

董事對綜合財務報表的責任以及就管治承擔的責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製此等真實公平之綜合財務報表，以及董事認為必要之內部監控，以使綜合財務報表之編製不存在由於欺詐或錯誤而導致之重大錯誤陳述。

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

審核委員會負責監督貴集團的財務報告流程。

核數師就審核綜合財務報表須承擔的責任

本核數師的目標是合理確定整體上綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述並發出包含本核數師(作為一個整體)根據協定的委聘條款向閣下提出意見的核數師報告，且不會用於其他用途。本核數師不會就本報告內容對任何其他人士承擔責任或接受義務。合理保證乃屬高層次的保證，但不能擔保根據香港核數準則進行的審核在某一重大錯誤陳述存在時總能發現重大錯誤陳述。錯誤陳述可源於欺詐或錯誤，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，被視為重大錯誤陳述。

Independent Auditor's Report

獨立核數師報告

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

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

本核數師根據香港核數準則進行審核的工作之一，是運用專業判斷，在整個審核過程中保持職業懷疑態度。本核數師亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯報風險，因應這些風險設計及執行審核程序，獲得充足及適當的審核憑證為本核數師的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯報風險比未能發現由於錯誤而導致的重大錯報風險更高。
- 了解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對 貴集團的內部控制的有效性發表意見。
- 評估所用會計政策是否恰當，以及董事所作出的會計估算和相關披露是否合理。
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有對 貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘若我們總結認為有重大不確定因素，我們需要在核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們的結論是基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致 貴集團不再具有持續經營的能力。
- 評估綜合財務報表的整體列報、架構和內容，包括披露資料，以及綜合財務報表是否已公平地反映及列報相關交易及事項。
- 就 貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。我們須負責指導、監督和執行 貴集團的審核工作。我們須為我們的審核意見承擔全部責任。

Independent Auditor's Report

獨立核數師報告

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Siu Jimmy with practising certificate number P05898.

我們就審核工作的計劃範圍和時間、在審核過程中的主要發現，包括內部控制的重大缺失及其他事項與審核委員會進行溝通。

我們亦向審核委員會作出聲明，確認我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響核數師獨立性的關係和其他事宜以及適用的相關保障措施，與審核委員會進行溝通。

我們通過與審核委員會溝通，確定那些是本期綜合財務報表審核工作的最重要事項，即關鍵審核事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

出具本獨立核數師報告的審核項目董事為Siu Jimmy，執業證書編號為P05898。

Elite Partners CPA Limited

Certified Public Accountants

Hong Kong, 29 March 2017

10/F., 8 Observatory Road,
Tsimshatsui, Hong Kong

開元信德會計師事務所有限公司

執業會計師

香港，二零一七年三月二十九日

香港尖沙咀
天文臺道8號10樓

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收益	5(a)	256,004	245,969
Cost of sales	銷售成本		(219,986)	(225,774)
Gross profit	毛利		36,018	20,195
Other income	其他收入	5(b)	67,297	85,439
Other gains and losses	其他收益及虧損	6	(53,829)	(822,932)
Administrative expenses	行政支出		(131,672)	(101,405)
Other operating expenses	其他經營開支		(248,007)	-
Loss from operations	經營虧損		(330,193)	(818,703)
Finance costs	融資成本	8	(39,724)	(16,949)
Loss before income tax	除所得稅前虧損	9	(369,917)	(835,652)
Taxation	稅項	12	9,521	125,690
Loss for the year	本年度虧損		(360,396)	(709,962)
Attributable to:	應佔：			
Owners of the Company	本公司擁有人		(324,425)	(436,220)
Non-controlling interests	非控股權益		(35,971)	(273,742)
Loss for the year	本年度虧損		(360,396)	(709,962)
Other comprehensive loss (Net of tax effect):	其他全面虧損 (扣除稅項影響)：			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>	<i>於往後重新分類或可能重新分類 至損益之項目：</i>			
Exchange differences arising from translation of foreign subsidiaries	換算海外附屬公司產生 之匯兌差額		(132,506)	(270,782)
Other comprehensive loss for the year	本年度其他全面虧損		(132,506)	(270,782)
Total comprehensive loss for the year	本年度全面虧損總額		(492,902)	(980,744)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		Notes 附註		
Attributable to:	應佔：			
Owners of the Company	本公司擁有人		(445,322)	(707,001)
Non-controlling interests	非控股權益		(47,580)	(273,743)
			(492,902)	(980,744)
Loss per share	每股虧損			
— Basic, HK cents	— 基本，港仙	14(a)	(1.63)	(2.49)
— Diluted, HK cents	— 攤薄，港仙	14(b)	(1.63)	(2.49)

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2016 於二零一六年十二月三十一日

			31 December 2016 二零一六年 十二月三十一日	31 December 2015 二零一五年 十二月三十一日
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
ASSETS	資產			
Non-Current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	495,555	545,198
Prepaid lease payments	預付租賃款項	16	52,750	62,128
Mining rights	採礦權	17	996,303	1,104,387
Goodwill	商譽	18	13,403	13,403
Investment deposits	投資按金	19	600,000	-
Prepayment for acquisition of subsidiaries	收購附屬公司的預付款	20	845,712	-
Loan receivables	應收貸款	21	-	191,068
			3,003,723	1,916,184
Current Assets	流動資產			
Other financial assets	其他財務資產	22	300,000	1,045,628
Inventories	存貨	23	413,824	411,032
Investment deposits	投資按金	19	-	458,252
Trade and bill receivables	應收賬款及票據	24	8,052	16,318
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	25	356,854	374,381
Tax recoverable	可收回稅項		-	15,225
Cash and cash equivalents	現金及現金等價物		596,003	225,362
			1,674,733	2,546,198
Total Assets	資產總值		4,678,456	4,462,382
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	26	344,921	318,441
Reserves	儲備		2,994,363	3,222,263
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,339,284	3,540,704
Non-controlling interests	非控股權益		86,946	134,526
Total Equity	權益總額		3,426,230	3,675,230

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2016 於二零一六年十二月三十一日

			31 December 2016 二零一六年 十二月三十一日	31 December 2015 二零一五年 十二月三十一日
		Notes 附註	HK\$'000 千港元	HK\$'000 千港元
LIABILITIES	負債			
Non-Current Liabilities	非流動負債			
Convertible bonds	可換股債券	27	340,471	–
Deferred tax liabilities	遞延稅項負債	28	273,112	301,801
			613,583	301,801
Current Liabilities	流動負債			
Trade and bill payables	應付賬款及票據	29	70,599	76,663
Other payables and accruals	其他應付款及應計費用	31	95,677	188,117
Bank loans and other borrowings	銀行貸款及其他借貸	32	361,167	100,908
Provision for environmental and resources tax	環保及資源稅撥備	30	88,666	95,534
Tax payables	應付稅項		22,534	24,129
			638,643	485,351
Total Liabilities	負債總額		1,252,226	787,152
Total Equity and Liabilities	權益及負債總額		4,678,456	4,462,382
Net Current Assets	流動資產淨值		1,036,090	2,060,847
Total Assets Less Current Liabilities	資產總值減流動負債		4,039,813	3,977,031
Net Assets	資產淨值		3,426,230	3,675,230

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 March 2017 and signed on its behalf by:

綜合財務報表經董事會於二零一七年三月二十九日批准及授權刊發，並由下列人士代其簽署：

Yang Ying Min

楊英民
Director
董事

Qian Yi Dong

錢一棟
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital	Share premium	Contributed surplus	Capital reserve	Convertible bond reserves	Statutory reserve	Exchange reserve	(Accumulated losses)/ Retained earnings	Subtotal	Non-controlling interests	Total equity
		股本	股份溢價	實繳盈餘	資本儲備	可換股債券儲備	法定儲備	匯兌儲備	保留溢利	小計	非控股權益	權益總額
		HK\$'000	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	千港元
At 1 January 2015	於二零一五年一月一日	265,641	3,283,205	31,350	(894)	-	12,677	300,887	22,839	3,915,705	408,269	4,323,974
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(270,782)	(436,219)	(707,001)	(273,743)	(980,744)
Placing of shares	配售股份	46,400	185,600	-	-	-	-	-	-	232,000	-	232,000
Issue of consideration shares	發行代價股份	6,400	93,600	-	-	-	-	-	-	100,000	-	100,000
At 31 December 2015 and at 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	318,441	3,562,405	31,350	(894)	-	12,677	30,105	(413,380)	3,540,704	134,526	3,675,230
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(120,897)	(324,425)	(445,322)	(47,580)	(492,902)
Issuance of convertible bonds	發行可換股債券	-	-	-	-	8,902	-	-	-	8,902	-	8,902
Subscription of shares	認購股份	26,480	208,520	-	-	-	-	-	-	235,000	-	235,000
At 31 December 2016	於二零一六年十二月三十一日	344,921	3,770,925	31,350	(894)	8,902	12,677	(90,792)	(737,805)	3,339,284	86,946	3,426,230

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cash flows from operating activities	經營活動產生之現金流量		
Loss from operations	經營虧損	(330,193)	(818,703)
Imputed interest income arising from promissory notes	承兌票據產生之估算利息收入	(54,372)	(69,745)
Loan interest income	貸款利息收入	(5,085)	(15,360)
Bank interest income	銀行利息收入	(7,840)	(18)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	18,876	19,113
Amortisation of prepaid lease payments	預付租賃款項攤銷	5,595	5,953
Amortisation of mining right	採礦權攤銷	38,101	130,852
Written down of inventories	撇減存貨	-	8,416
Impairment loss for mining right	採礦權減值虧損	-	465,033
Impairment loss on other receivables	其他應收款項減值虧損	-	19,661
Impairment loss for property, plant and equipment	物業、廠房及設備減值虧損	-	253,772
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	55	-
Operating loss before working capital changes	營運資金變動前之經營虧損	(334,863)	(1,026)
Decrease in inventories	存貨減少	(30,853)	(285,842)
Decrease/(Increase) in trade and bill receivables, prepayments, deposits and other receivables	應收賬款及票據、預付款、按金及其他應收款減少/(增加)	15,404	(151,302)
Decrease in trade and bill payables, other payables and accruals	應付賬款及票據、其他應付款及應計款項減少	(85,257)	(60,131)
Cash used in operating activities	經營活動所用之現金	(435,569)	(498,301)
Tax paid	已付稅項	(26)	(8,380)
Net cash used in operating activities	經營活動動用之現金淨額	(435,595)	(506,681)
Cash flows from investing activities	投資活動產生之現金流量		
Interest income received	已收利息收入	12,925	18
Purchase of items of property, plant and equipment and addition to properties under development	購入物業、廠房及設備項目以及添置發展中物業	(4,011)	(237,849)
Net cash outflow for acquisition of a subsidiary	收購一家附屬公司的現金流出淨額	-	(88,895)
Received from settlement of loan receivable	已收應收貸款結算	178,671	-
Refund of deposit for investments	退回投資按金	450,672	-
Received from settlement of promissory notes	已收承兌票據償結算	200,000	822,478
Prepayments for acquisition of subsidiaries	收購附屬公司的預付款	(845,712)	-
Net cash (used in)/generated from investing activities	投資結算(所用)/所得之現金淨額	(7,455)	495,752

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cash flows from financing activities	融資活動產生之現金流量		
Interest expense paid	已付利息開支	(39,189)	(16,949)
Proceed from bank loans	銀行貸款所得款項	361,689	44,279
Repayment of loans	償還貸款	(98,776)	(107,723)
Net cash inflow from issuance of convertible bonds	發行可換股債券之現金流入淨額	348,838	-
Proceeds from issuance of shares	發行股份所得款項	235,000	232,000
Net cash inflow from financing activities	融資活動產生之現金流入淨額	807,562	151,607
Net increase in cash and cash equivalents	現金及現金等價物之增加淨額	364,512	140,678
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	225,362	102,238
Effect of foreign exchange rate changes, net	外幣匯率變動之影響，淨額	6,129	(17,554)
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	596,003	225,362
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘之分析		
Cash and bank balances	現金及銀行結餘	596,003	225,362

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

1. GENERAL INFORMATION

North Mining Shares Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liabilities. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is located at Rooms 1505–7, 15/F., Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (the “Group”) are mining operation, property leasing and property management operation.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

In the opinion of the directors, the ultimate and immediate holding company of the Company is China Wan Tai Group Limited, which was incorporated in Hong Kong.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. These amendments have been applied by the Group for the first time in the current year unless otherwise specified. The impact of these amendments are described below.

1. 一般資料

北方礦業股份有限公司(「本公司」)於百慕達註冊成立為獲豁免之有限公司。本公司註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。本公司之主要營業地點位於香港灣仔港灣道6–8號瑞安中心15樓1505–7室。本公司股份在香港聯合交易所有限公司(「聯交所」)上市。

本公司之主要業務為投資控股。本公司及其附屬公司(「本集團」)之主要業務為採礦業務、物業租賃業務及物業管理業務。

綜合財務報表以港元呈列，而港元與本公司之功能貨幣相同。

董事認為，本公司之最終及直接控股公司為中國萬泰集團有限公司，該公司在香港註冊成立。

2. 採納新訂及經修訂香港財務報告準則

2.1 初步應用香港財務報告準則

於本年度，本集團已應用由香港會計師公會(「香港會計師公會」)頒佈之於二零一六年一月一日或之後開始的會計期間強制生效之若干香港財務報告準則修訂本。除另有說明外，本集團已於本年度首次應用該等修訂本。該等修訂本的影響描述如下：

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 Initial application of Hong Kong Financial Reporting Standards (Continued)

(a) Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments mainly clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The Company is not an investment entity. Also, given that the Company is a listed entity, the consolidation exception set out in the amendments will not be applicable to the Company and hence the application of these amendments has had no impact on the Group's consolidated financial statements.

(b) Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards should be applied. The amendments also require that a joint operator to disclose the relevant information required by HKFRS 3 and other standards for business combinations. The amendments require prospective application; prospectively in annual periods beginning on or after 1 January 2016. The Group did not have any such transactions in the current year and hence the application of these amendments has had no impact on the Group's consolidated financial statements.

2. 採納新訂及經修訂香港財務報告準則(續)

2.1 初步應用香港財務報告準則(續)

(a) 香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號投資實體：應用綜合例外情況(修訂本)

該修訂本主要澄清屬投資實體附屬公司的母公司實體豁免編製綜合財務報表，即使投資實體根據香港財務報告準則第10號按公平值計量其所有附屬公司。本公司並非投資實體。同時，鑒於本公司為上市實體，該修訂本所載綜合例外不適用於本公司，因此應用該等修訂本不會對本集團的綜合財務報表造成影響。

(b) 香港財務報告準則第11號(修訂本)收購合資經營權益的會計

修訂本就如何為收購合資經營構成業務(定義見香港財務報告準則第3號業務合併)作會計處理提供指引。特別是，修訂本規定，香港財務報告準則第3號的業務合併會計處理的有關原則及其他準則應予以應用。修訂本亦要求合資經營者須披露香港財務報告準則第3號及業務合併的其他準則規定的有關資料。修訂本要求前瞻應用；應用於二零一六年一月一日或之後開始之年度期間。本集團於目前年度並無任何該等交易，因此應用該等修訂本對本集團的綜合財務報告概無影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 Initial application of Hong Kong Financial Reporting Standards (Continued)

(c) Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material (even if the HKFRS contains a list of specific requirements or describes them as minimum requirements). The amendments also give guidance on the bases of aggregating and disaggregating information for disclosure purposes. The amendments emphasize that an entity should consider whether to provide additional disclosures when compliance with the specific requirements in HKFRSs is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. Furthermore, the amendments require that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

2. 採納新訂及經修訂香港財務報告準則(續)

2.1 初步應用香港財務報告準則(續)

(c) 香港會計準則第1號披露計劃(修訂本)

該修訂本澄清倘披露之資料並不重要，則實體毋須按香港財務報告準則規定提供具體披露(即使香港財務報告準則載有一系列特定要求或描述彼等為最低要求)。該修訂本亦就披露目的匯總及分析資料的基準提供指引。該修訂本強調，倘在符合香港財務報告準則之具體要求下仍不足以讓使用財務報表之人士理解特定交易、其他事件及狀況對實體之財務狀況及財務表現之影響，則實體亦須考慮應否披露額外的資料。再者，修訂本要求由本集團產生的實體分佔聯營公司或合營企業的其他全面收益須使用權益法分別呈列，並根據其他香港財務報告準則獨立呈列分佔：(i) 隨後將不會重新分類至損益的項目；及(ii) 當符合特定條件時隨後將重新分類至損益的項目。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 Initial application of Hong Kong Financial Reporting Standards (Continued)

(d) Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue-based amortisation is not an appropriate basis for amortisation of an intangible asset. The amendments states that such a presumption can only be rebutted in the following two limited circumstances:

- when the intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

With regard to the Group's property, plant and equipment and intangible assets, the Group did not use revenue-based depreciation method and hence the amendments have not had any impact on the Group's financial position and financial performance. Rather, the Group has been using the straight-line method and unit of production method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively.

(e) Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments define a bearer plant that is a living plant that:

- (a) is used in the production or supply of agricultural produce;

2. 採納新訂及經修訂香港財務報告準則(續)

2.1 初步應用香港財務報告準則(續)

(d) 香港會計準則第16號及香港會計準則第38號(修訂本)澄清折舊及攤銷的可接受方法

香港會計準則第16號(修訂本)禁止實體就物業、廠房及設備使用以收益為基礎的折舊方式。香港會計準則第38號(修訂本)引入可推翻的假設，指收益為基礎的攤銷並非無形資產攤銷的合適基準。修訂本訂明此項假設僅可於下列兩項有限情況下被推翻：

- 當無形資產以計量收益的方式列賬；或
- 當其能顯示無形資產的經濟利益的收益與耗用有緊密關聯。

就本集團的物業、廠房及設備及無形資產，本集團並無使用收益為基礎的折舊方式，因此修訂本並無影響本集團的財務狀況及財務表現。相反，本集團已使用直線法及生產單位法分別為其物業、廠房及設備，及無形資產進行折舊及攤銷。

(e) 香港會計準則第16號及香港會計準則第41號(修訂本)農業：生產性植物

修訂本定義生產性植物為存活的植物：

- (a) 用於農作物的生產或供應；

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 Initial application of Hong Kong Financial Reporting Standards (Continued)

(e) Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants (Continued)

- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce except for incidental scrap sales.

The amendments require that biological assets that meet the definition of a bearer plant should be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

(f) Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarized below.

Firstly, the amendments to HKFRS 5 introduce specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in HKFRS 5 regarding the change of sale plan do not apply.

2. 採納新訂及經修訂香港財務報告準則(續)

2.1 初步應用香港財務報告準則(續)

(e) 香港會計準則第16號及香港會計準則第41號(修訂本)農業：生產性植物(續)

- (b) 預期可帶來多於一個時期的產物；及
- (c) 不大可能會當作農作物銷售，惟偶然的廢料銷售除外。

修訂本要求符合生產性植物定義的生物資產須根據香港會計準則第16號而非香港會計準則第41號入賬列作物業、廠房及設備。種植生產性植物所得產品繼續根據香港會計準則第41號入賬。

應用該等修訂本對本集團的綜合財務報告概無影響，因本集團概無從事農業活動。

(f) 二零一二年至二零一四年週期的香港財務報告準則的年度改進

香港財務報告準則二零一二年至二零一四年週期的年度改進包括對若干香港財務報告準則作出的多項修訂，其概述如下。

首先，香港財務報告準則第5號(修訂本)引入對實體將資產(或出售組別)從持作出售重新分類為持作向擁有人分銷(反之亦然)的具體指引。修訂本闡明該變動應視為原出售計劃的延續，因此香港財務報告準則第5號內有關銷售計劃變動的規定並不適用。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 Initial application of Hong Kong Financial Reporting Standards (Continued)

(f) Annual Improvements to HKFRSs 2012–2014 Cycle (Continued)

Secondly, the amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

Thirdly, the amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's consolidated financial statements.

2. 採納新訂及經修訂香港財務報告準則(續)

2.1 初步應用香港財務報告準則(續)

(f) 二零一二年至二零一四年週期的香港財務報告準則的年度改進(續)

第二，香港財務報告準則第7號(修訂本)的額外指引澄清服務合約於資產轉移中是否持續牽涉(就有關資產轉移所要求的披露而言)。

第三，香港會計準則第19號(修訂本)澄清用於折現退休後福利責任的比率應參考優質企業債券於報告期末的市場收益釐定。應以將予支付福利的幣種的匯率評估優質企業債券的市場交投活躍度。若該優質企業債券並無該幣種的交投活躍市場，應採用以該幣種計值的政府債券於報告期末的市場收益代替。

應用該等修訂本對本集團的綜合財務報告概無影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.2 Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2016 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2016.

HKFRSs 9	Financial instruments ¹
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKAS 2	Classification and measurement of Share-based Payment Transactions ¹
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 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

- ¹ Changes effective for annual periods beginning on or after 1 January 2018
- ² Changes effective for annual periods beginning on or after 1 January 2019
- ³ Changes effective for annual periods beginning on or after a date to be determined
- ⁴ Effective for annual periods beginning on or after 1 January 2017

The Group anticipates that the application of the above new or amended standards have no material impact on the results and the financial position of the Group.

2. 採納新訂及經修訂香港財務報告準則(續)

2.2 已頒佈但尚未生效之香港財務報告準則

於編製本集團截至二零一六年十二月三十一日止年度之綜合財務報表時並無應用以下於該日已頒佈之香港財務報告準則，此乃由於該等香港財務報告準則於二零一六年一月一日開始之年度期間仍未生效。

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號 及香港財務報告準則 第15號(修訂本)	客戶合約所得收入 ¹
香港財務報告準則第16號	租賃 ²
香港會計準則第2號 (修訂本)	以股份為基礎付款之交易 之分類及計量 ¹
香港財務報告準則第10號 及香港會計準則第28號 (修訂本)	投資者與其聯營公司或 合營企業間資產出售 或投入 ³
香港會計準則第7號 (修訂本)	披露計劃 ⁴
香港會計準則第12號 (修訂本)	就未變現虧損確認遞延 稅項資產 ⁴

- ¹ 變動自二零一八年一月一日或之後開始的年度期間生效
- ² 變動自二零一九年一月一日或之後開始的年度期間生效
- ³ 變動自待定期日或之後開始的年度期間生效
- ⁴ 於二零一七年一月一日或之後開始的年度期間生效

本集團預計應用上述新訂或經修訂準則對本集團業績及財務狀況並無重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in the HKAS 2 or value in use in HKAS 36.

3. 重大會計政策概要

3.1 編製基準

此等綜合財務報表乃根據香港會計師公會頒佈之所有適用香港財務報告準則(此統稱包括所有適用之各項香港財務報告準則、香港會計準則及詮釋)、香港普遍採納之會計原則及香港公司條例的披露規定而編製。該等綜合財務報表亦符合香港聯合交易所有限公司證券上市規則(「上市規則」)之適用披露條文。

綜合財務報表按照歷史成本基準編製。歷史成本一般基於換取資產而支付代價之公平值。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。就計量及/或在該等綜合財務報表披露目的而釐定之公平值乃按此一基準釐定，惟屬於香港財務報告準則第2號範圍內之股份付款交易、屬於香港會計準則第17號範圍內之租賃交易，以及與公平值類似但並非公平值之計量(如香港會計準則第2號之可變現淨值或香港會計準則第36號之使用價值)除外。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is posed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relevant to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. 重大會計政策概要(續)

3.2 綜合基準

綜合財務報表包括本公司和本公司及
其附屬公司所控制實體(包括結構性
實體)之財務報表,倘本公司擁有以
下權利,即構成控制權:

- 對被投資方之權力;
- 其參與被投資方之營運而獲得
各樣回報或獲得回報之權利;
及
- 對被投資方行使其權力以影響
其回報能力。

倘事實及情況表明上述控制權三項中
一項或以上發生變動,本公司會重新
評估是否對被投資方擁有控制權。

倘本集團於被投資方之投票權不足以
佔大多數,則當投票權足以賦予其實
際能力以單方面指揮被投資方之相關
活動時,即擁有對被投資方之權力。
本集團於評估本集團於被投資方之投
票權是否足以賦予其權力時考慮所有
相關事實及情況,包括:

- 相對其他投票權持有人所持投
票權之數量及分散情況,本集
團持有之投票權數量;
- 本集團、其他投票權持有人或
其他人士持有之潛在投票權;
- 其他合約安排產生之權利;及
- 需要作出決定時,本集團目前
能夠或不能指揮相關活動之任
何額外事實及情況(包括於過
往股東大會之投票模式)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's entity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. 重大會計政策概要(續)

3.2 綜合基準(續)

本集團於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收益及支出，自本集團獲得附屬公司控制權當日起至本集團失去其控制權當日止，計入綜合損益及其他全面收益表內。

損益及其他全面收益的各個部分乃歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益產生虧絀結餘。

綜合附屬公司資產淨值內之非控股權益與本集團實體分開列賬。資產淨值內之非控股權益包括該等權益於原業務合併日期之數額及少數股東應佔該合併日期以來之股權變動。倘少數股東之虧損超出於附屬公司股權之少數股東權益，差額會在本集團之權益中作出扣撥，惟少數股東需承擔具約束力責任及可以其他投資補足虧損者除外。

如必要，將對附屬公司的財務報表作出調整，以使其會計政策與本集團的會計政策一致。

集團內公司間交易之一切有關資產及負債、收益、支出及現金流量均於綜合賬目時全數抵銷。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. 重大會計政策概要 (續)

3.3 業務合併

收購業務採用收購法入賬。業務合併之轉讓代價按公平值計量，而計算方法為本集團所轉讓之資產之收購日期公平值、本集團向被收購方前擁有人承擔之負債及本集團就交換被收購方控制權而發行之股本工具之總和。收購相關費用一般於產生時在損益確認。

於收購日期，所收購可識別資產及所承擔負債乃於收購日期按公平值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排之相關負債或資產分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與被收購方之股份付款交易有關或以本集團之股份付款交易取代被收購方之股份付款交易有關之負債或股本工具，乃於收購日期按香港財務報告準則第2號*股份付款*計量；及
- 根據香港財務報告準則第5號*持作出售之非流動資產及已終止經營業務*分類為持作出售之資產(或出售組別)按該準則計量。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combination (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

3. 重大會計政策概要(續)

3.3 業務合併(續)

商譽以所轉讓之代價、於被收購方之任何非控股權益所佔金額及收購方以往持有之被收購方股本權益之公平值(如有)之總和,超出所收購可識別資產及所承擔負債於收購日期之淨值之差額計量。倘經過評估後,所收購可識別資產與所承擔負債於收購日期之淨值高於轉讓之代價、非控股權益於被收購方應佔金額以及收購方以往持有被收購方股權之公平值(如有)之總和,則差額即時於損益內確認為議價收購收益。

屬現時擁有權權益且於清盤時賦予其持有人按比例分佔實體資產淨值之非控股權益,可初步按公平值或非控股權益應佔被收購方可識別資產淨值之已確認金額比例計量。計量方法乃按個別交易基準選取。

倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債,或然代價乃按其收購日期公平值計量並被視為於業務合併中所轉撥代價之一部分。或然代價之公平值變動如符合資格作出計量期間調整,則會追溯調整,並就商譽或議價收購收益作出相應調整。計量期間調整為於計量期間內就於收購日期存在之事實及情況獲得之其他資料而作出之調整。計量期間自收購日期起計不超過一年。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combination (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. 重大會計政策概要 (續)

3.3 業務合併(續)

不符合資格作出計量期間調整之或然代價公平值變動之隨後入賬取決於或然代價之分類方式。分類為權益之或然代價並無於隨後報告日期重新計量，而其後結算於權益內入賬。分類為資產或負債之或然代價根據香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產(視適用情況而定)於隨後報告日期重新計量，而相應收益或虧損則於損益確認。

倘業務合併分階段完成，本集團先前於被收購方持有之股本權益按於收購日期(即本集團取得控制權當日)之公平值重新計量，而所產生之收益或虧損(如有)則於損益確認。過往於收購日期前於其他全面收益確認之被收購方權益所產生款額乃重新分類至損益(倘有關處理方法適用於出售權益)。

先前所持有股本權益之價值變動於其他全面收益中確認及於收購日期前在權益中累計，並於本集團取得被收購方之控制權時重新分類至損益。

倘業務合併之初步會計處理於合併發生之報告期間結算日尚未完成，則本集團會報告未完成會計處理項目之臨時數額。該等臨時數額會於計量期間(見上文)予以調整，或確認額外資產或負債，以反映於收購日期已存在而據所知可能影響該日已確認款額之事實與情況所取得之新資訊。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Business combination (Continued)

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

3.4 Goodwill

Goodwill arising on acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost at the date of acquisition of the business less accumulated impairment losses, if any.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

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

3. 重大會計政策概要(續)

3.3 業務合併(續)

當且僅當或然代價可能及可以可靠計量時，方會確認或然代價。或然代價之後續調整確認並於收購成本扣除。

分階段進行之業務合併乃分步入賬，每步均會確認商譽。任何額外收購並無影響先前已確認之商譽。

3.4 商譽

收購業務所產生之商譽，指收購成本超過本集團於收購當日應佔有關業務可識別資產、負債及或然負債公平值之權益之差額。有關商譽乃按收購業務當日之成本減任何累計減值虧損(如有)列賬。

收購業務所產生之資本化商譽於綜合財務狀況報表內分開列賬。

就減值測試而言，商譽被分配予本集團各個現金產生單位或現金產生單位組別，預期該等單位或單位組別將受惠於合併之協同效益。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro rata based in the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

3.5 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 重大會計政策概要 (續)

3.4 商譽 (續)

已獲分配商譽之現金產生單位每年或於有跡象顯示單位可能出現減值時更頻密進行減值測試。當現金產生單位之可收回金額低於其賬面值，則減值虧損會首先分配，以削減分配到該單位之任何商譽之賬面值，然後再根據單位內各項資產之賬面值按比例分配到單位內其他資產。商譽之任何減值虧損直接於損益確認。就商譽確認之減值虧損於往後期間不予撥回。

於出售相關現金產生單位時，在計算出售之盈虧時會計入應佔商譽金額。

3.5 金融工具

當一間集團公司訂立工具合約條文，則確認財務資產及財務負債。

財務資產及財務負債初步按公平值計量。收購或發行財務資產及財務負債（按公平值計入損益之財務資產及財務負債除外）直接產生之交易成本乃於初步確認時加入財務資產或財務負債之公平值，或從財務資產或財務負債之公平值扣除（倘適用）。收購按公平值計入損益之財務資產或財務負債直接產生之交易成本即時於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchase or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised in profit or loss on an effective interest basis other than those financial assets classified as at fair value through profit or loss.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(a) 財務資產

本集團將其財務資產分類如下：按公平值計入損益之財務資產、持至到期日之投資、可供出售財務資產及貸款與應收款。有關分類乃視乎財務資產之性質及用途而定，並於初步確認時釐定。財務資產之所有之一般買賣按交易日期基準確認及終止確認。一般買賣指須於市場規例或慣例設定之時限內交付資產之財務資產買賣。

(i) 實際利息法

實際利息法乃計算財務資產攤銷成本及有關期間內分配利息收入之方法。實際利率乃準確地將預期債項工具可使用年期或(如適用)更短期間估計未來所收現金(包括實際利率組成部分之所有已付或已收定點費用、交易成本及其他溢價或折讓)折現至初始確認時之賬面淨值所用利率。

利息收入按實際利息基準於損益確認(分類為按公平值計入損益之財務資產除外)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss and all derivatives other than hedging instruments.

Financial assets are classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

(ii) *按公平值計入損益之財務資產*

按公平值計入損益之財務資產包括持作買賣之財務資產、於初步確認時指定為按公平值計入損益之財務資產及所有衍生工具(對沖工具除外)。

於以下情況下，財務資產乃歸類為持作買賣：

- 主要為於短期內出售而購入；
- 於初步確認時為本集團集中管理之已識別金融工具組合之一部分，且近期有實際跡象顯示該等工具將於短期內獲利；或
- 為並非指定且為有效對沖工具之衍生工具。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at fair value through profit or loss.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(a) 財務資產(續)

(ii) 按公平值計入損益之財務資產(續)

倘出現下列情況，則持作買賣之財務資產以外之財務資產，可於初步確認時指定為按公平價計入損益：

- 有關指定撇銷或大幅減低計量或確認可能出現不一致之情況；或
- 財務資產組成財務資產或財務負債或兩者之部分，並根據本集團既定風險管理或投資策略，按公平值基準管理及評估其表現，而分類資料則按該基準由內部提供；或
- 其構成包含一種或以上嵌入衍生工具之合約其中部分，而香港會計準則第39號金融工具：確認及計量允許整份合併合約將指定為按公平值計入損益。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) *Financial assets at fair value through profit or loss (Continued)*

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the other gain and losses line item.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

(ii) 按公平值計入損益之財務資產 (續)

按公平值計入損益之財務資產乃按公平值計量，而重新計量所產生之任何收益或虧損於產生期間直接於損益內確認。於損益內確認之收益或虧損淨額包括就財務資產賺取之任何股息或利息，並計入其他收益及虧損之項目。

(iii) 持至到期日投資

持至到期日投資為本集團管理層有明確意圖與能力持至到期日且回收金額固定或可確定之非衍生財務資產。持至到期日投資其後以實際利率法按攤銷成本扣除任何減值虧損計量。攤銷成本經計及任何收購折讓或溢價後計算，包括屬於實際利率及交易成本組成部分之費用。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-for-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(a) 財務資產(續)

(iv) 可供出售財務資產

可供出售財務資產為被指定為可供出售或未有歸入為按公平值計入損益之財務資產、貸款及應收款或持至到期日投資之非衍生工具。

本集團所持分類為可供出售財務資產並於活躍市場買賣之股本及債務證券於各報告期間結算日按公平值計量。與採用實際利率法計量之利息收入及可供出售股本投資之股息相關之可供出售貨幣財務資產之賬面值變動於損益確認。可供出售財務資產賬面值之其他變動於其他全面收益內確認，並於投資重估儲備內累計。投資被出售或確定出現減值時，先前於投資重估儲備累計之累計收益或虧損重新分類至損益。

以外幣計值之可供出售貨幣財務資產之公平值於報告期間結算日以該外幣釐定並以現行匯率換算。於損益內確認之外匯收益及虧損按貨幣資產之攤銷成本釐定。其他外匯收益及虧損於其他全面收益內確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Available-for-sale financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

(v) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. 重大會計政策概要 (續)

3.5 金融工具(續)

(a) 財務資產(續)

(iv) 可供出售財務資產(續)

就並無活躍市場之市價報價及其公平值未能可靠計算之可供出售股本投資，以及與該等無報價股本工具有關並須以交付該等工具結算之衍生工具而言，該等可供出售之股本投資及衍生工具乃於報告期間結算日按成本值減任何已識別減值虧損計算。

當本集團有權收取股息時，可供出售股本投資之股息會於損益確認。

(v) 貸款及應收款

貸款及應收款為附帶固定或可釐定付款且並無在活躍市場報價之非衍生財務資產。貸款及應收款其後採用實際利息法按經攤銷成本減任何減值虧損計量。經攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率及交易成本組成部分之各項費用。

除利息確認影響甚微之短期應收款項外，利息收入按實際利率確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(vi) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(vii) Impairment of financial assets

At each end of reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(a) 財務資產(續)

(vi) 終止確認

當從資產收取現金流量之合約權利屆滿時，或已轉讓財務資產而與資產所有權有關之絕大部分風險及報酬已轉讓至另一實體時，則會終止確認該項財務資產。如本集團既無轉讓亦不保留所有權之絕大部分風險及報酬，並繼續控制已轉讓資產，則本集團會確認於資產所保留權益及可能須支付金額之相關負債。如本集團保留所轉讓財務資產所有權之絕大部分風險及報酬，則本集團會就已收取之所得款項繼續確認財務資產及確認有抵押借貸。

(vii) 財務資產減值

於各報告期間結算日會檢討財務資產(按公平值計入損益者除外)，以釐定是否有任何客觀減值證據。

就可供出售股本投資而言，倘證券之公平值大幅或持續下降至低於其成本，則該下降視為減值之客觀證據。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(vii) Impairment of financial assets

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the debtor will enter bankruptcy or other financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

(vii) 財務資產減值

個別財務資產之客觀減值證據包括本集團注意到下列一項或多項虧損事件之可觀察數據：

- 發行人或交易對手面對重大財務困難；或
- 違反合約，例如拖欠或延遲償還利息或本金款項；或
- 債務人可能將會破產或進行其他財務重組；或
- 該財務資產之活躍市場因財政困難而消失。

就若干類別之財務資產（如應收賬款）而言，即使資產評估為不會個別減值，其亦會整體作減值評估。應收款項組合出現減值之客觀證據可包括本集團過往收款經驗、組合內延遲還款之次數超過平均信貸期增加、以及拖欠應收款項與國家或地方經濟狀況出現明顯變動有關。

就按攤銷成本列賬之財務資產而言，已確認減值虧損之金額為資產之賬面值與以財務資產原實際利率折現估計未來現金流量現值間之差額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(vii) Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(a) 財務資產(續)

(vii) 財務資產減值(續)

就以成本列賬之財務資產而言，計量減值虧損之金額為資產賬面值與以類似財務資產現時市場回報率折讓後之估計未來現金流量現值之差額。該減值虧損不可於往後期間撥回。

財務資產之賬面值直接透過所有財務資產之減值虧損減少，惟應收賬款除外，其賬面值透過使用撥備賬減少。倘應收賬款被視為不可收回，則於撥備賬撇銷。其後收回先前已撇銷之數額計入撥備賬。撥備賬賬面值之變動於損益確認。

倘有客觀證據證明以攤銷成本計值之貸款及應收款或持至到期日投資已出現減值虧損，則按資產之賬面值與估算未來現金流量(不包括尚未產生之未來信貸虧損)按財務資產之原訂實際利率(即在初步確認時使用之實際利率)貼現之現值之間差額確認虧損金額。虧損金額乃於出現減值之期間於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(a) Financial assets (Continued)

(vii) Impairment of financial assets (Continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(b) Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liabilities and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own instruments.

3. 重大會計政策概要 (續)

3.5 金融工具(續)

(a) 財務資產(續)

(vii) 財務資產減值(續)

倘減值虧損金額於往後期間有所減少，而有關減幅可客觀地與確認減值後發生之事件有關，則撥回先前確認之減值虧損，惟不得導致財務資產賬面值超過如無於撥回減值當日確認減值之原有經攤銷成本。撥回金額於撥回之期間在損益確認。

(b) 財務負債及本集團發行之股本工具

債項及股本工具乃根據合約安排之實際性質及按財務負債及股本工具之定義分類為財務負債或權益。

(i) 股本工具

股本工具乃證明某實體之資產於減除所有負債後之剩餘權益之任何合約。本集團發行之股本工具於收取所得款項時被確認(扣除直接發行成本)。

購回本公司本身之股本工具乃於權益中確認及扣除。概無就購買、出售、發行或註銷本公司本身工具而於損益確認任何收益或虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(b) Financial liabilities and equity instruments issued by the Group (Continued)

(ii) Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured.

In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium and share capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(b) 財務負債及本集團發行之股本工具(續)

(ii) 複合工具

本集團發行之複合工具之組成部分乃根據合約安排之實際性質分別歸類為財務負債及權益。於發行日期，負債部分之公平值乃採用當時有關同類非可換股工具之市場利率作出估算。有關金額乃採用實際利率法按攤銷成本基準入賬列作一項負債，直至於換股時或工具到期日被註銷為止。權益部分乃按自整體複合工具公平值減去負債部分之金額計算。此賬項乃於權益項下確認(經計及所得稅影響)，且不會於其後重新估量。

此外，分類作權益之換股期權將一直保留於權益內，直至該換股期權獲行使為止，在此情況下，權益內確認之結餘將轉入股份溢價及股本。倘換股期股於可換股票據到期日仍未獲行使，則權益內確認之結餘將轉入保留盈利。換股期權獲兌換或到期時將不會於損益內確認任何收益或虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(b) Financial liabilities and equity instruments issued by the Group (Continued)

(iii) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised in profit or loss on an effective interest basis.

(iv) *Financial liabilities*

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. 重大會計政策概要 (續)

3.5 金融工具(續)

(b) 財務負債及本集團發行之股本工具(續)

(iii) *實際利率法*

實際利率法乃計算財務負債攤銷成本及相關期內分配利息開支之方法。實際利率乃準確地將預期債項工具年期或(如適用)較短期間估計未來所收現金(包括實際利率組成部分之所有已付或已收定點費用、交易成本及其他溢價或折讓)貼現至初始確認時之賬面淨值所用利率。

利息開支按實際利率基準於損益確認。

(iv) *財務負債*

財務負債乃歸類為按公平值計入損益之財務負債或其他財務負債。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(b) Financial liabilities and equity instruments issued by the Group (Continued)

(v) *Financial liabilities at fair value through profit or loss (“Financial liabilities at FVTPL”)*

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages tighter and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise.

3. 重大會計政策概要(續)

3.5 金融工具(續)

(b) 財務負債及本集團發行之股本工具(續)

(v) 按公平值計入損益之財務負債(「按公平值計入損益之財務負債」)

若財務負債乃持作買賣或被指定為按公平值計入損益，則歸類為按公平值計入損益之財務負債。

於下列情況下，財務負債乃歸類為持作買賣：

- 主要為於短期內購回而購入；
- 於首次確認時為本集團進行集中管理之已識別金融工具組合之一部分，且近期有實際跡象顯示該等工具將於短期內獲利；或
- 為並非指定及實際為對沖工具之衍生工具。

按公平值計入損益之財務負債按公平值計量，而重新計量所產生收益或虧損乃於產生之期間內直接在損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments (Continued)

(b) Financial liabilities and equity instruments issued by the Group (Continued)

(vi) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(vii) Derecognition

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 重大會計政策概要 (續)

3.5 金融工具(續)

(b) 財務負債及本集團發行之股本工具(續)

(vi) 其他財務負債

包括借貸之其他財務負債(扣除交易成本)初步按公平值計量。

其他財務負債其後以實際利率法按攤銷成本計量，其利息開支按實際收益基準確認。

除非本集團有無條件權利將負債延後至報告期間結算日起計最少12個月後清償，否則借貸乃分類為流動負債。

(vii) 終止確認

財務負債於相關合約所指定責任解除、取消或到期時終止確認。已終止確認之財務負債之賬面值與所付及應付代價間之差額於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight line method, over their estimated useful lives. The principal annual rates are as follows:

Mining structure and building, plant and machinery	20 years
Leasehold improvement	3 to 5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3 to 5 years

The gain or loss arising from disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3. 重大會計政策概要(續)

3.6 物業、廠房及設備

物業、廠房及設備乃以成本減去累計折舊及任何減值虧損入賬。成本包括收購有關項目直接應佔之開支。

資產之成本包括購買價及任何將資產達致營運狀況及運送至作擬定用途地點之直接應計成本。物業、廠房及設備運作後產生之支出，如維修保養費，一般於產生之期間自損益支銷。倘能清楚顯示有關支出導致使用該物業、廠房及設備項目預期將獲得之日後經濟利益有所增加，則有關支出將撥充資本，作為該項資產之額外成本。

折舊是以直線法按物業、廠房及設備之估計可使用年期撇銷其成本值提撥。主要折舊年率如下：

採礦結構及建築、廠房及機器	20年
租賃物業裝修	3至5年
傢俬、裝置及設備	5年
汽車	3至5年

出售資產產生之收益或虧損按出售所得款項與資產之賬面值兩者間之差額釐定，並於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leasehold interests in land

Leasehold interests in land are classified as operating leases and presented as “prepaid lease payments” in the consolidated statement of financial position when all the risks and rewards incidental to ownership are not substantially transferred to the Group. Leasehold interests in land are amortised in the profit or loss on a straight-line basis over the period of the lease or when there is impairment, the impairment is recognised in the profit or loss.

3.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated profit or loss and other comprehensive income.

3.9 Mining rights

Mining rights acquired separately are initially measured at cost. Mining rights are reclassified from exploration and evaluation assets at the carrying amount when the technical feasibility and commercial viability of extracting mineral resources are demonstrable. Mining rights with finite useful lives are carried at costs less accumulated amortisation and any identified impairment loss. Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the mineral mines.

3. 重大會計政策概要 (續)

3.7 土地之租賃權益

當擁有權的所有風險及回報並未實質上轉移予本集團，土地之租賃權益分類為經營租賃，並於綜合財務狀況報表內列為「預付租賃款項」。土地之租賃權益於租期內以直線法於損益攤銷，或當有減值時，減值於損益確認。

3.8 應收賬款及其他應收款

應收賬款及其他應收款初步按公平值確認，其後則以實際利率法按攤銷成本扣除減值撥備計量。如有客觀證據顯示本集團無法按照應收款之原有條款收回所有欠款，則須為應收賬款及其他應收款作出減值撥備。撥備金額為資產賬面值與估計未來現金流量按實際利率折算之現值兩者間之差額，並於綜合損益及其他全面收益表確認。

3.9 採礦權

分開收購之採礦權初步按成本值計量。採礦權乃於可證實開採礦產資源於技術及商業上屬可行時，按賬面值自勘探及評估資產中重新分類。有明確使用年期之採礦權乃按成本減累計攤銷及任何已識別減值虧損入賬。有明確使用年期之採礦權之攤銷乃使用生產單位法按實際產量除礦產之預期已證實及可能總儲量撥備。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Current assets and current liabilities

Current assets are expected to be realised within twelve months of the end of reporting period or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the end of reporting period or in the normal course of the Group's operating cycle.

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3.13 Impairment of other assets

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

- Property, plant and equipment
- Prepaid lease payments
- Mining rights

3. 重大會計政策概要(續)

3.10 流動資產及流動負債

流動資產預期將於報告期間結算日後十二個月內或本集團一般經營週期中變現。流動負債預期將於報告期間結算日後十二個月內或本集團之一般經營週期中清償。

3.11 存貨

存貨按成本及可變現淨值中之較低者列賬。成本以加權平均成本法計算。

3.12 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款、其他原本到期日為三個月或以內之短期高流通性投資以及銀行透支。銀行透支於綜合財務狀況報表內流動負債項下之借貸列示。

3.13 其他資產減值

於各報告期間結算日時均會審閱內部及外部資料，以衡量下列資產有否可能出現減值或(商譽除外)過往確認之減值虧損不再存在或可能已經減少：

- 物業、廠房及設備
- 預付租賃款項
- 採礦權

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for 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.

— Calculation of recoverable amount

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

— Recognition of impairment loss

An impairment loss is recognised in profit or loss whenever 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 amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

3. 重大會計政策概要 (續)

3.13 其他資產減值 (續)

倘出現任何有關跡象，則估計資產之可收回金額。此外，就尚未供使用之無形資產及擁有無限使用年期之無形資產而言，不論有否出現任何減值跡象，其可收回金額每年均會作出估計。

— 計算可收回金額

資產之可收回金額以其公平值扣除銷售成本與使用價值兩者中之較高者為準。在評估使用價值時，會使用足以反映目前市場所評估貨幣時間價值及該資產獨有風險除稅前貼現率，以將估計未來現金流量貼現至其現值。倘資產並無產生大致上獨立於其他資產之現金流入，則以能獨立產生現金流入之最小資產組別(即現金產生單位)釐定可收回金額。

— 確認減值虧損

當資產之賬面值或其所屬之現金產生單位超過其可收回金額時，須於損益確認減值虧損。就現金產生單位確認之減值虧損首先予以分配，以減低分配至現金產生單位(或一組單位)之任何商譽賬面值，其後再按比例減低該單位(或一組單位)內其他資產之賬面值，惟資產之賬面值不可減至低於其個別公平值減出售成本或使用價值(如可確定)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Impairment of other assets (Continued)

— Reversals of impairment losses

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

3.14 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

— Sales of molybdenum concentrate, sulfuric acid and mineral resources

Sales of molybdenum concentrate, sulfuric acid and mineral resources are measured at the fair value of the consideration received or receivable and represents amounts of goods sold in the normal course of business, net of sales related tax. Sales of goods are recognised when goods are delivered and title has passed.

— Rental income from operating lease

Rental income receivable under operating leases is recognised in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised as an integral part of the aggregate lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

3. 重大會計政策概要(續)

3.13 其他資產減值(續)

— 減值虧損撥回

就商譽以外之資產而言，倘用於釐定可收回金額之估計出現有利變動，則減值虧損予以撥回。商譽之減值虧損不予撥回。減值虧損撥回限於該資產在過往年度並無確認減值虧損下之賬面值。減值虧損撥回在確認撥回之年度計入損益表。

3.14 收益確認

收益乃於本集團可取得經濟收益且收益能夠可靠計算時，按照以下基準確認：

— 銷售鉬精粉、硫酸及礦物資源

銷售鉬精粉、硫酸及礦物資源乃按已收或應收代價之公平值計量，即於一般日常業務過程中出售商品金額扣除銷售相關稅項。銷售商品乃於貨品交付及所有權轉移時確認。

— 經營租賃之租金收入

根據經營租賃應收之租金收入於租賃期間內以相等數額在各會計期間確認。已授出之租金優惠確認為應收租金總額之一部分。或然租金於其產生時之會計期間確認為收入。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition (Continued)

— **Interest income and property management income**

Interest income from bank deposits and loans receivable are accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable. Property management income is recognised when the services are rendered.

3.15 Foreign currencies

(i) **Functional and presentation currency**

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

(ii) **Transaction and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

3. 重大會計政策概要 (續)

3.14 收益確認 (續)

— 利息收入及物業管理收入

銀行存款及應收貸款之利息收入根據未償還本金額及適用利率按時間比例累計。物業管理收入於提供有關服務時確認入賬。

3.15 外幣

(i) 功能及呈列貨幣

本集團各實體之財務報表所包含之項目均以該實體營運所在之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表以本公司之功能及呈列貨幣港元呈列。

(ii) 交易及結餘

外幣交易均按交易當日之現行匯率換算為功能貨幣。於該等交易結算時及按年終匯率換算外幣計值之貨幣性資產及負債所產生之外匯收益及虧損，均於綜合損益及其他全面收益表確認，惟於權益遞延作為合資格現金流量對沖或合資格投資淨額對沖除外。

非貨幣性項目(如按公平值計入損益之股本工具)之匯兌差額列報為公平值收益或虧損之一部分。歸類為可供出售財務資產之股本等非貨幣性項目之匯兌差額計入權益之公平值儲備。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Foreign currencies (Continued)

(iii) Group companies

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

- (1) assets and liabilities for each financial position presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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

3. 重大會計政策概要(續)

3.15 外幣(續)

(iii) 集團公司

功能貨幣與呈列貨幣不同之所有集團實體(各實體均無惡性通貨膨脹經濟地區之貨幣)之業績及財務狀況均按以下方式換算為呈列貨幣:

- (1) 各財務狀況報表中列示之資產及負債均以資產負債表結算日之收市匯率換算;
- (2) 各損益表中列示之收入及開支按平均匯率換算(除非該平均匯率未能大致合理反映各交易日期現行匯率之累計影響,否則收入及開支以各交易日期之匯率換算);及
- (3) 所有所產生之匯兌差額於權益內獨立確認。

於綜合入賬時,換算海外實體投資淨額以及借貸及指定作為該等投資之對沖之其他貨幣工具時所產生之匯兌差額,均計入股東權益。當出售海外業務時,該等匯兌差額於綜合收益表內確認為出售收益或虧損之一部分。

購入海外實體所產生之商譽及公平值調整視為該海外實體之資產及負債,並按收市匯率換算。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.17 Stripping costs

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset and is accounted for as an addition to, or an enhancement of, the 'Mining Infrastructure' in the statement of financial position if the following criteria are met:

- (a) it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- (b) the entity can identify the component of the ore body for which access has been improved; and
- (c) the costs relating to the stripping activity associated with that component can be measured reliably.

Other production stripping costs are charged to the profit or loss as operating costs as they are incurred.

3. 重大會計政策概要 (續)

3.16 租賃

倘租賃之條款將所有權之絕大部分風險及回報轉嫁予承租人，有關租賃歸類為融資租賃。所有其他租賃則歸類為經營租賃。

本集團作為承租人

根據經營租賃應付之租金按直線法於有關租賃年期在損益支銷。作為訂立經營租賃優惠之已收及應收利益按直線法於租期內確認為租金開支扣減。

3.17 剝採成本

生產階段所產生的剝採成本一般視為會帶來兩大利益，即生產庫存或改善日後擬開採礦石之通道。倘該等利益以期內所生產的存貨形式實現，則生產剝採成本乃列賬為該等存貨的生產成本的一部份。

倘該等利益以改善日後開採礦石之通道的形式實現，則如果符合以下標準，該等成本乃確認作剝採活動資產並作為財務狀況表「開採基礎設施」添置或增強列賬：

- (a) 與剝採活動相關的未來經濟利益(有所改善的礦體通道)可能將流入實體；
- (b) 實體能夠識別通道得到改善之礦體之成份；及
- (c) 與該成份相關剝採活動有關的成本能夠可靠計量。

其他生產剝採成本於產生時作為營運成本自損益扣除。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Stripping costs (Continued)

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is subsequently depreciated using the unit of production basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 重大會計政策概要(續)

3.17 剝採成本(續)

剝採活動資產初步按成本計量，其乃按為改善識別礦體組成通道進行剝採活動所產生直接成本加間接成本應佔直接分配計算。

倘生產存貨之成本及剝採活動資產非可單獨識別，則於生產存貨及剝採活動資產間採用相關生產措施以分配生產剝採成本。該生產措施乃計算識別礦體組成及用作識別已進行額外活動產生未來利益之程度。本集團利用所提取廢棄物預計量與各組成礦產給定量之實際量進行比較。

剝採活動資產乃於其後使用生產單位基準按因剝採活動而更容易開採之已識別礦體組成部份年期折舊。剝採資產其後按成本減折舊及任何減值虧損計量。

3.18 借貸成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售之資產)的借款成本，加入該等資產之成本內，直至資產大致上備妥供其預定用途或銷售為止。就特定借貸而言，因有待合資格資產之支出而臨時投資賺取之投資收入，應自合資格資本化之借貸成本中扣除。

所有其他借貸成本在所產生之期間內於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the state-managed retirement benefits schemes for the employees of the Group's overseas entities are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income as incurred.
- (iii) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.
- (iv) The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting condition) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

3.20 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit is the profit for the year, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable.

3. 重大會計政策概要 (續)

3.19 僱員福利

- (i) 薪金、年終花紅、有薪年假、度假旅費津貼及本集團非貨幣利益之成本，於本集團僱員提供相關服務之年度內計算。於遞延付款或結算且影響重大時，該等款額按現值列賬。
- (ii) 根據香港強制性公積金計劃條例之規定對強制性公積金所作出供款以及為本集團海外實體之僱員而設之國家管理退休福利計劃所作出供款，於產生時在綜合損益及其他全面收益表確認為支銷。
- (iii) 本集團於明確就終止僱用作出承擔或因在一項實際上不可能撤回的詳細正式計劃下僱員自願離職而提供利益及僅在此情況下，方始確認離職福利。
- (iv) 本集團向若干董事及僱員發行以權益結算股份付款。以權益結算股份付款乃按股本工具於授出日期之公平值計量，惟並無市場歸屬條件之影響除外。公平值乃於以權益結算股份付款之授出日期釐定，並根據本集團預測最終歸屬股份按歸屬期以直線法基準支銷。

3.20 稅項

所得稅開支指即期應付稅項及遞延稅項之總額。

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利乃根據稅務機構所訂規則釐定年內產生應付所得稅之溢利。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Taxation (Continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or gain on bargain purchase) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3.21 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of a provision is the present value at the end of reporting period of the expenditures expected to be required to settle the obligation.

3. 重大會計政策概要(續)

3.20 稅項(續)

遞延稅項乃就財務報表之資產及負債賬面值與計算應課稅溢利所用相應稅基間之差額預期應付或可收回之稅項，按資產負債表負債法入賬。遞延稅項負債一般就一切應課稅暫時差額予以確認，而遞延稅項資產則在應課稅溢利將可用作扣減暫時差額時予以確認。倘暫時差額由商譽(或議價收購收益)或由於初步確認一項對應課稅溢利或會計溢利並無影響之交易之其他資產及負債(業務合併除外)而產生，有關資產及負債不會予以確認。

遞延稅項負債就於附屬公司及聯營公司之投資所產生應課稅暫時差額予以確認，惟倘本公司可控制暫時差額之撥回及暫時差額於可預見將來不會撥回則除外。

遞延稅項資產之賬面值於各報告期間結算日檢討，並於應課稅溢利不足以用作撥回所有或部分資產之情況下減少。

遞延稅項按預計清償負債或變現資產之年內適用之稅率計算。遞延稅項於損益扣除或計入，惟倘遞延稅項與直接於權益扣除或直接計入權益項目有關時，則同樣於權益處理。

3.21 撥備

當本集團因過往事件導致承擔現有法定或推定責任，且可能日後須動用資源以履行責任，並能夠可靠衡量所承擔數額時，則須確認撥備。如款額之時間價值有重大影響力，撥備款項為於報告期間結算日預期因履行責任所需付出開支之現值。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3.23 Related parties

For the purposes of these consolidated financial statements, related parties include a person and an entity as defined below:

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group;
 - (c) is a member of the key management personnel of the Company or of a parent of the Company.

3. 重大會計政策概要 (續)

3.22 或然負債及或然資產

或然負債乃因過往事件可能承擔之責任，其存在須視乎將來會否發生一件或以上非本集團所能完全控制之不明朗事件方可確認。或然負債亦可能因毋須動用經濟資源或無法可靠衡量所承擔責任而並無確認過往事件而產生之現有責任。或然負債不予確認，惟於財務報表附註披露。當動用資源之可能性有變導致可能需要動用資源，則將確認為一項撥備。

或然資產乃因過往事件可能獲得之資產，其存在須視乎將來會否發生一件或以上非本集團所能完全控制之不明朗事件方可確認。或然資產不予確認，惟於可能獲取經濟利益時會在財務報表附註披露。當大致上確認可獲取經濟利益，則會確認資產。

3.23 有關連人士

就該等綜合財務報表而言，關連人士包括下文所界定之個人或實體：

- (i) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
 - (a) 控制或共同控制本集團；
 - (b) 對本集團有重大影響；
 - (c) 為本公司或本公司母公司之主要管理層人員。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Related parties (Continued)

- (ii) An entity is related to the Group (reporting entity) if any of the following conditions applies:
 - (a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
 - (c) both entities are joint ventures of a third entity;
 - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan;
 - (f) the entity is controlled or jointly controlled by a person identified in (i);
 - (g) a person identified in (i)(a) has significant voting power in the entity;
 - (h) the entity, or any member of a group of which it is a part, provides key management personal services to the Group or to the parent of the Group.

3. 重大會計政策概要(續)

3.23 有關連人士(續)

- (ii) 倘符合下列任何條件，即實體與本集團(報告實體)有關連：
 - (a) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)；
 - (b) 一間實體為另一實體之聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)；
 - (c) 兩間實體均為同一第三方之合營企業；
 - (d) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司；
 - (e) 實體為本公司或與本公司有關連之實體就僱員利益設立之離職福利計劃。倘報告實體本身為該計劃，提供資助之僱主亦與計劃有關連；
 - (f) 實體受(i)所識別人士控制或受共同控制；
 - (g) 於(i)(a)所識別人士對實體有重大投票權；
 - (h) 該實體，或其所屬集團的任何成員公司，向本集團或本集團的母公司提供主要管理層人員服務。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Useful life of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

4.2 Amortisation and impairment of mining rights

Mining rights are amortised using the unit of production method based on the actual production volume over the estimated total proved and probable reserve of the molybdenum mines.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgment and decision based on available geological, geophysical engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgments in estimating the total proved and probable reserves of the molybdenum mines. If the quantities of reserves are different from current estimates, it will result in significant changes to amortisation of mining rights and affect the recoverable amount of exploration and evaluation, from which a material loss may arise.

4. 主要會計估計及判斷

本公司會根據過往經驗及其他因素持續評估估計與判斷，包括在有關情況下對未來事件相信為合理之預測。

本集團對未來作出估計及假設，顧名思義，所得出會計估計很少會與相關實際結果相同。很大機會導致須對下個財政年度之資產及負債賬面值作出重大調整之估計及假設討論如下。

4.1 物業、廠房及設備之可使用年期

本集團估計物業、廠房及設備之可使用年期，以釐定所記錄之折舊開支金額。本集團於購入資產時根據以往經驗、預期用途、資產之耗損以及因市場需求改變或運用資產提供服務而產生之技術過時而估計可使用年期。本集團亦每年作出檢討，衡量對可使用年期所作假設是否仍然有效。

4.2 採礦權攤銷及減值

採礦權乃使用生產單位法按實際產量除鉬礦之估計證實及可能總儲量攤銷。

估計儲量之過程有固有之不明朗因素及複雜情況。其需要根據可取得的地質、地球物理、工程及經濟數據作出重要判斷及決定。該等估計可能會隨著可以取得持續開發及生產表現之額外數據及由於影響礦物價格及成本之經濟狀況變動而出現大幅變動。估計儲量乃根據現時之生產預測、價格及經濟狀況而作出。董事於估計鉬礦之證實及可能總儲量時作出判斷。倘儲量之數量與目前之估計不同，將會導致採礦權之攤銷出現重大變動，並會對勘探及評估之可收回金額構成影響，因而可能導致產生重大虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Amortisation and impairment of mining rights (Continued)

The carrying amounts of mining rights are reviewed for impairment assessment when events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amounts of mining rights, or where appropriate, the cash-generating-units to which they belong, are calculated as the higher of its fair values less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating-units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

4.3 Impairment of loans and receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the consolidated statement of profit or loss and other comprehensive income. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

4.4 Net realisable values of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the end of the reporting period.

4. 主要會計估計及判斷(續)

4.2 採礦權攤銷及減值(續)

當出現任何事件或情況發生變化，顯示採礦權之賬面值無法根據本節相關部分所披露會計政策進行收回時，本公司會對採礦權之賬面值進行減值評估檢討。採礦權或其所屬的現金產生單位(如適用)之可收回金額按其公平值扣除銷售成本與使用價值之較高者計算。估計使用價值需要本集團估計來自現金產生單位之未來現金流量，以及選擇合適貼現率以計算該等現金流量之現值。

4.3 貸款及應收款減值

本集團定期檢討應收貿易賬款之賬齡，以確保可收回應收賬款結餘，並可於協定之信貸期屆滿後立即採取跟進行動。然而，本集團收款不時會出現延誤。當貿易應收賬款結餘之可收回機會存疑，本集團會根據客戶之信貸狀況、應收賬款結餘之賬齡分析及撇賬記錄，計提呆壞賬特別撥備。若干應收款可能初步確認為可收回，但其後可能無法收回，故須於綜合損益及其他全面收益表內撇銷相關應收款。如並無計提撥備之應收賬款之收回機會出現變動，可能會對本集團之經營業績構成影響。

4.4 存貨之可變現淨值

存貨之可變現淨值為日常業務過程中之估計售價，扣除完成估計成本及銷售開支。該等估計乃基於現行市況及過往出售類似性質產品之經驗。可能因競爭對手因應嚴峻之市場週期採取之行動而發生重大變動。管理層會於報告期間結算日重新評估有關估計。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.5 Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
(a) Revenue:	(a) 收益：		
Sales of molybdenum concentrate	銷售鋁精粉	248,311	238,225
Property management fee income	物業管理費收入	7,693	7,744
		256,004	245,969
(b) Other income:	(b) 其他收入：		
Bank interest income	銀行利息收入	7,840	18
Imputed interest on promissory notes	承兌票據產生之估算利息	54,372	69,745
Loan interest income	貸款利息收入	5,085	15,360
Sundry income	雜項收入	-	316
		67,297	85,439

4. 主要會計估計及判斷 (續)

4.5 所得稅及遞延稅項

本集團須支付不同司法權區之所得稅。於釐定所得稅撥備金額時需要作出重大判斷。於日常業務過程中，可能出現多項涉及未能確切釐定最終稅項之交易及計算。倘該等事項之最終稅務結果與最初記錄者不同，有關差異將影響作出決定期間之所得稅及遞延稅項撥備。

當管理層認為可能有暫時差額或稅務虧損用以抵銷未來應課稅溢利時，則會確認與該等暫時差額或稅務虧損相關之遞延稅項資產。實際應用之結果或會有所不同。

5. 收益及其他收入

本集團收益以及其他收入之分析如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
(a) Revenue:		
Sales of molybdenum concentrate	248,311	238,225
Property management fee income	7,693	7,744
	256,004	245,969
(b) Other income:		
Bank interest income	7,840	18
Imputed interest on promissory notes	54,372	69,745
Loan interest income	5,085	15,360
Sundry income	-	316
	67,297	85,439

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. OTHER GAINS AND LOSSES

6. 其他收益及虧損

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Amortisation of prepaid lease payments	預付租賃款項攤銷	(5,595)	(5,953)
Amortisation of mining rights	採礦權攤銷	(38,101)	(130,852)
Impairment loss on mining rights	採礦權減值虧損	-	(465,033)
Impairment loss on other receivables	其他應收款之減值虧損	(10,078)	(19,661)
Impairment loss on property, plant and equipment	物業、廠房及設備減值虧損	-	(253,772)
Written down of inventories	存貨撇減	-	(8,416)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(55)	-
Gain on disposal of contingent assets	處置或然資產之收益	-	60,755
		(53,829)	(822,932)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION

Operating segments has been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance.

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- | | |
|------------------------------------|--|
| (a) Mining operation: | — Exploration of mineral mines
— Exploitation of molybdenum mines
— Trading of mineral resources |
| (b) Property leasing operation: | The leasing of commercial premises |
| (c) Property management operation: | Provision of management service to commercial premises |

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Information regarding the above segment is reported below.

7. 分類資料

本集團乃按本集團組成元素有關之內部報告基準識別經營分類。該等內部報告由主要營運決策者為將資源分配至分類及評估其表現之目的而定期審閱。

就管理目的而言，本集團之架構按其產品與服務分為各業務單位，並有三個可報告經營分類，載述如下：

- | | |
|-------------|---------------------------------|
| (a) 採礦業務： | — 勘探礦物礦場
— 開採鉬礦場
— 買賣礦產資源 |
| (b) 物業租賃業務： | 出租商用物業 |
| (c) 物業管理業務： | 向商用物業提供管理服務 |

管理層按個別基準監察其業務單位之經營業績，以決定資源分配及評估表現。分類表現乃按經營溢利或虧損評估，並按與綜合財務報表內之經營溢利或虧損相符一致之基準計量。有關上述分類之資料報告如下。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7.1 Operating segment information

Segment revenue and results
For the year ended 31 December 2016

7. 分類資料(續)

7.1 經營分類資料

分類收益及業績
截至二零一六年十二月三十一日止年
度

		Mining operation 採礦業務				Total 總計 HK\$'000 千港元
		Property leasing ² 物業租賃 ² HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining exploitation ³ 礦業開採 ³ HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元	
Revenue	收益					
Segment revenue	分類收益	-	7,693	235,591	12,720	256,004
Results ¹	業績 ¹					
Segment results	分類業績	-	(9)	(42,294)	(292)	(42,595)
Unallocated corporate income	未分配公司收入					67,297
Unallocated corporate expenses	未分配公司開支					(385,094)
Loss before income tax	除所得稅前虧損					(360,392)
Income tax	所得稅					(4)
Loss for the year	本年度虧損					(360,396)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7.1 Operating segment information (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2015

		Mining operation 採礦業務				Total 總計 HK\$'000 千港元
		Property leasing 物業租賃 HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining exploitation 礦業開採 HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元	
Revenue	收益					
Segment revenue	分類收益	-	7,744	238,225	-	245,969
Results ¹	業績 ¹					
Segment results	分類業績	-	66	(784,629)	-	(784,563)
Unallocated corporate income	未分配公司收入					85,439
Unallocated corporate expenses	未分配公司開支					(10,822)
Loss before income tax	除所得稅前虧損					(709,946)
Income tax	所得稅					(16)
Loss for the year	本年度虧損					(709,962)

1. 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. Segment result represents the profit earned by each segment without allocation of corporate income and expenses, central administrative expenses, directors' salaries and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

2. For the years ended 31 December 2016 and 2015, there were no segment result for property leasing operation.

3. For the year ended 31 December 2016, segment results for mining exploitation included amortisation of mining rights of approximately HK\$38,101,000 (2015: approximately HK\$130,852,000), and reversal of deferred tax liabilities of approximately HK\$9,525,000 (2015: approximately HK\$125,706,000) and operating expenses which are directly related to the reportable segment.

7. 分類資料(續)

7.1 經營分類資料(續)

分類收益及業績(續)

截至二零一五年十二月三十一日止年度

		Mining operation 採礦業務				Total 總計 HK\$'000 千港元
		Property leasing 物業租賃 HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining exploitation 礦業開採 HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元	
Revenue	收益					
Segment revenue	分類收益	-	7,744	238,225	-	245,969
Results ¹	業績 ¹					
Segment results	分類業績	-	66	(784,629)	-	(784,563)
Unallocated corporate income	未分配公司收入					85,439
Unallocated corporate expenses	未分配公司開支					(10,822)
Loss before income tax	除所得稅前虧損					(709,946)
Income tax	所得稅					(16)
Loss for the year	本年度虧損					(709,962)

1. 收入及開支參考可報告分類產生之銷售額及開支，或有關分類應佔資產折舊或攤銷所產生者分配至可報告分類。分類業績指在未分配公司收入及開支、中央行政費用、董事薪金及融資成本之情況下各分類所賺取溢利。此為向主要營運決策者呈報以分配資源及評估表現之計量。

2. 截至二零一六年及二零一五年十二月三十一日止年度，並無物業租賃業務之分類業績。

3. 截至二零一六年十二月三十一日止年度，礦業開採業務之分類業績包括採礦權攤銷約38,101,000港元(二零一五年：約130,852,000港元)及撥回遞延稅項負債約9,525,000港元(二零一五年：約125,706,000港元)及與該可報告分類直接相關之經營支出。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7.1 Operating segment information (Continued)

Segment assets and liabilities

		Property leasing 物業租賃 HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining operation 採礦業務		Others 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				Mining exploitation 礦業開採 HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元		
As at 31 December 2016	於二零一六年 十二月三十一日						
Segment assets	分類資產	-	1,440	1,559,742	389,271	2,728,003	4,678,456
Segment liabilities	分類負債	-	991	625,748	13,112	612,375	1,252,226
As at 31 December 2015	於二零一五年 十二月三十一日						
Segment assets	分類資產	-	460	1,288,140	-	3,173,782	4,462,382
Segment liabilities	分類負債	-	799	781,149	-	5,204	787,152

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, intangible assets and assets used jointly reportable segments which are classified as "Others" in segment assets.
- all liabilities are allocated to reportable segments other than liabilities for which reportable segments are jointly liable and classified as "Others" in segment liabilities.

就監控分類表現及分類間資源分配而言：

- 所有資產均分配至可報告分類（商譽、無形資產及可報告分類共同使用之資產分類至「其他」分類資產則除外）。
- 所有負債均分配至可報告分類（可報告分類共同承擔之負債分類至「其他」分類負債則除外）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7.1 Operating segment information (Continued)

Other segment information

		Property leasing 物業租賃 HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining operation 採礦業務		Others 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				Mining exploitation 礦業開採 HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元		
As at 31 December 2016	於二零一六年 十二月三十一日						
Depreciation and amortisation	折舊及攤銷	-	4	57,083	4	5,481	62,572
Impairment loss recognised during the year	年內已確認減值虧損	-	-	726	-	9,352	10,078
Capital expenditures	資本開支	-	4	3,982	24	-	4,010
As at 31 December 2015	於二零一五年 十二月三十一日						
Depreciation and amortisation	折舊及攤銷	-	6	150,077	-	5,835	155,918
Impairment loss recognised during the year	年內已確認減值虧損	-	-	727,044	-	11,422	738,466
Capital expenditures	資本開支	-	-	35,854	-	-	35,854

7.2 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's current and non-current assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the segment assets is based on the physical location of the asset, in the case of mining rights, the location of the operation to which they are allocated.

7. 分類資料(續)

7.1 經營分類資料(續)

其他分類資料

		Property leasing 物業租賃 HK\$'000 千港元	Property management 物業管理 HK\$'000 千港元	Mining operation 採礦業務		Others 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
				Mining exploitation 礦業開採 HK\$'000 千港元	Trading of mineral resources 買賣礦產資源 HK\$'000 千港元		
As at 31 December 2016	於二零一六年 十二月三十一日						
Depreciation and amortisation	折舊及攤銷	-	4	57,083	4	5,481	62,572
Impairment loss recognised during the year	年內已確認減值虧損	-	-	726	-	9,352	10,078
Capital expenditures	資本開支	-	4	3,982	24	-	4,010
As at 31 December 2015	於二零一五年 十二月三十一日						
Depreciation and amortisation	折舊及攤銷	-	6	150,077	-	5,835	155,918
Impairment loss recognised during the year	年內已確認減值虧損	-	-	727,044	-	11,422	738,466
Capital expenditures	資本開支	-	-	35,854	-	-	35,854

7.2 地區資料

下表載列有關(i)本集團來自外界客戶之收益；及(ii)本集團之流動及非流動資產所在地區之資料。客戶所在地區按所提供服務或送達貨物之地點劃分。分類資產所在地區按資產實際所在地點劃分，而採礦權則按業務所在地點劃分。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

7.2 Geographical information (Continued)

The Group's operations are located in the following geographical areas. The following table provides an analysis of the Group's revenue from external customers and assets by geographical location:

		Segment revenue from external customers 來自外界客戶之分類收益		Segment assets 分類資產	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Overseas	海外	2,997	-	-	-
Hong Kong	香港	-	-	928,326	1,363,503
The PRC	中國	253,007	245,969	3,750,130	3,098,879
		256,004	245,969	4,678,456	4,462,382

7.3 Information about major customers

The following is an analysis of revenue from customers contributing over 10% of total revenue.

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Customer A	客戶 A	N/A ¹ 不適用 ¹	52,198
Customer B	客戶 B	76,054	35,668
Customer C	客戶 C	N/A ¹ 不適用 ¹	29,832
Customer D	客戶 D	25,065	N/A 不適用

Note:

- The corresponding revenue did not contribute over 10% to the total sales of the Company.

Except for the customers stated above, there is no other single customer contributing over 10% of total revenue.

7. 分類資料 (續)

7.2 地區資料 (續)

本集團之業務位於以下地區。下表載列本集團按地區劃分之外界客戶收益及資產分析：

7.3 有關主要客戶之資料

以下為來自貢獻總收益10%以上的客戶的收益分析：

附註：

- 相應收益並無對本公司總銷售額貢獻10%以上。

除上文所述的客戶外，並無其他單一客戶對總收益貢獻10%以上。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. FINANCE COSTS

8. 融資成本

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Interest on bank loans and other borrowings wholly repayable within five years	須於五年內悉數償還之銀行貸款及其他借貸之利息	39,189	16,949
Imputed interest on convertible bonds	可換股債券估算利息	535	–
		39,724	16,949

9. LOSS BEFORE INCOME TAX

9. 除所得稅前虧損

Loss before income tax is arrived at after charging:

除所得稅前虧損經扣除以下項目後釐定：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Auditors' remuneration	核數師酬金	900	900
Cost of inventories expensed	存貨成本支出	213,608	219,556
Depreciation of property, plant and equipment	物業、廠房及設備折舊	18,876	19,113
Staff costs (including directors' remuneration)	員工成本(包括董事酬金)		
– Wages and salaries	– 工資及薪金	14,573	16,213
– Retirement benefits contributions	– 退休福利供款	750	889
Stripping costs ¹	剝採成本 ¹	175,336	–
Operating lease payments in respect of offices premises ²	辦公室物業之經營租賃款項 ²	6,382	2,200

Notes:

附註：

¹ Amounts included in other operating expenses.

¹ 其他經營開支中包括的金額。

² Amounts included in administrative expenses.

² 行政支出中包括的金額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to the Listing Rules and Section 383(1) of the Hong Kong Companies Ordinance, is as follows:

10. 董事酬金

根據上市規則及香港公司條例第383(1)條披露之董事酬金如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fees:	袍金：		
Executive directors	執行董事	-	-
Independent non-executive directors	獨立非執行董事	300	342
		300	342
Other emoluments:	其他酬金：		
Executive directors:	執行董事：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,075	1,463
Contributions to pension schemes	退休金計劃供款	16	33
Independent non-executive directors:	獨立非執行董事：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	-	-
		1,091	1,496
		1,391	1,838

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2016 and 2015, no emolument was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Director has waived any emolument during the year (2015: Nil).

10. 董事酬金(續)

截至二零一六年及二零一五年十二月三十一日止年度，本集團並無向本公司董事支付任何酬金作為促使加盟本集團或在加入時支付之款項或作為離職補償。年內概無董事放棄任何酬金(二零一五年：無)。

		Fees		Salaries and other benefits		Retirement benefit scheme contributions		Total	
		袍金		薪金及其他福利		退休福利計劃供款		合計	
		2016	2015	2016	2015	2016	2015	2016	2015
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		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
Executive directors	執行董事								
Gao Yuan Xing ¹	高源興 ¹	-	-	5	655	-	19	5	674
Qian Yi Dong	錢一棟	-	-	350	328	16	14	366	342
Zhang Jia Kun	張家坤	-	-	-	-	-	-	-	-
Yang Ying Min ²	楊英民 ²	-	-	480	240	-	-	480	240
Li Li Juan ²	李麗娟 ²	-	-	240	240	-	-	240	240
Chen Jian Bao ³	陳建寶 ³	-	-	-	-	-	-	-	-
		-	-	1,075	1,463	16	33	1,091	1,496
Independent non-executive directors	獨立非執行董事								
Mu Xiangming ⁴	穆向明 ⁴	-	100	-	-	-	-	-	100
Cheng Chak Ho	鄭澤豪	100	100	-	-	-	-	100	100
Lo Wa Kei Roy ⁴	盧華基 ⁴	-	142	-	-	-	-	-	142
William Fong ⁵	方偉濂 ⁵	100	-	-	-	-	-	100	-
Leung Kar Fai ⁶	梁嘉輝 ⁶	100	-	-	-	-	-	100	-
		300	342	-	-	-	-	300	342

¹ Gao Yuan Xing resigned as executive director on 4 January 2016.

² Yang Ying Min and Li Li Juan were appointed as executive directors on 25 August 2014.

³ Chen Jian Bao was appointed as executive director on 28 April 2015 and resigned on 31 August 2015.

⁴ Mu Xiangming and Lo Wa Kei Roy resigned as independent non-executive directors on 24 November 2015.

⁵ William Fong was appointed as independent non-executive director on 15 October 2015.

⁶ Leung Kar Fai was appointed as independent non-executive director on 24 November 2015.

¹ 高源興於二零一六年一月四日辭任執行董事。

² 楊英民及李麗娟於二零一四年八月二十五日獲委任執行董事。

³ 陳建寶於二零一五年四月二十八日獲委任執行董事，但於二零一五年八月三十一日辭任。

⁴ 穆向明及盧華基於二零一五年十一月二十四日辭任獨立非執行董事。

⁵ 方偉濂於二零一五年十月十五日獲委任獨立非執行董事。

⁶ 梁嘉輝於二零一五年十一月二十四日獲委任獨立非執行董事。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2016 and 2015, remunerations of all directors of the Company fall within HK\$Nil to HK\$1,000,000.

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2015: Nil).

Salaries, allowance and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

11. EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included two (2015: two) directors, details for whose remuneration are set out in Note 10 above. Details of the remuneration of the remaining three (2015: three) highest paid, non-director employees are as follows:

Salaries and other benefits	薪金及其他福利
Mandatory provident fund contribution	強制性公積金供款

For the years ended 31 December 2016 and 2015, remunerations of highest paid, non-director employees fall within HK\$Nil to HK\$1,000,000.

Retirement benefit scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately.

10. 董事酬金 (續)

截至二零一六年及二零一五年十二月三十一日止年度，本公司全體董事之酬金介乎零港元至1,000,000港元之範圍內。

年內概無任何董事作出放棄或同意放棄酬金之安排(二零一五年：無)。

向或為執行董事支付的工資、津貼及實物福利一般為就該等人士與本公司及其附屬公司的事務管理有關的其他服務支付或應收的薪酬。

11. 僱員薪酬

年內五名最高薪酬員工包括兩名(二零一五年：兩名)董事，彼等之酬金詳情載於上文附註10。餘下三名(二零一五年：三名)非董事最高薪酬員工之酬金詳情如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	1,339	1,854
Mandatory provident fund contribution	強制性公積金供款	48	51
		1,387	1,905

截至二零一六年及二零一五年十二月三十一日止年度，非董事最高薪酬員工之酬金範圍介乎零港元至1,000,000港元之間。

退休福利計劃

本集團根據香港法例第485章強制性公積金計劃條例為受香港僱傭條例管轄之僱員實施強制性公積金計劃(「強積金計劃」)。強積金計劃乃一項由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及其僱員各須按僱員有關收入之5%向計劃供款，惟每月有關收入之上限為30,000港元。向該計劃作出之供款即時歸屬。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. EMPLOYEES' EMOLUMENTS (Continued)

Retirement benefit scheme (Continued)

The employees of the Company's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or postretirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represent for the entire pension obligations payable to retired employees.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong and the PRC. In the opinion of the Directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2016 (2015: Nil) in respect of the retirement of its employees.

Share-based payment transactions

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 May 2011 and will remain in force for a period of 10 years from that date. The purpose of the Scheme is to enable the Company to grant options to the Eligible Persons (as defined under the Scheme) as incentive or reward for their contribution to the growth of the Group or Invested Entities (as defined under the Scheme) and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Persons.

No share option had been granted, exercised, lapsed or was cancelled during the year ended 31 December 2016 (2015: Nil).

11. 僱員薪酬(續)

退休福利計劃(續)

本公司於中國附屬公司之僱員乃中國有關地方政府機關所執行國家資助退休福利計劃之成員。附屬公司須按其僱員之基本薪金之若干百分比向退休福利計劃供款，而除年度供款外，再無責任支付實際退休金或退休後福利。國家資助退休福利計劃負責向退休僱員支付全部退休金。

本集團並無為其於香港及中國境外之附屬公司之僱員設立任何其他退休金計劃。本公司董事認為，於二零一六年十二月三十一日，本集團並無就僱員退休承擔任何重大或然負債(二零一五年：無)。

股份付款交易

本公司根據於二零一一年五月二十五日通過之決議案採納購股權計劃(「計劃」)，計劃將於採納日期起計十年期間內維持有效。計劃旨在讓本公司可向合資格人士(定義見計劃)授出購股權，作為激勵或獎勵彼等對本集團或被投資實體(定義見計劃)發展作出貢獻，並為本集團提供更靈活的途徑以獎勵、酬報、補償及/或提供福利予合資格人士。

截至二零一六年十二月三十一日止年度，概無購股權獲授出、行使、失效或註銷(二零一五年：無)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made since the Group incurred taxation losses for the year. Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

12. 所得稅開支

由於本集團年內錄得稅項虧損，故並無就香港利得稅計提撥備。其他地區之應課稅溢利稅項已根據現行法例、詮釋及慣例按現行稅率計算。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current tax:	即期稅項：		
PRC corporate income tax	中國企業所得稅	4	16
Hong Kong Profits Tax	香港利得稅	-	-
Deferred tax	遞延稅項	(9,525)	(125,706)
		(9,521)	(125,690)

A reconciliation of the tax expense applicable to loss before income tax using the statutory rates for the tax jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

適用於本公司及其附屬公司於所在稅務司法權區按法定稅率計算之除所得稅前虧損稅項開支對賬如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損	(369,917)	(835,652)
Tax at the statutory tax rates	按法定稅率計算之稅項	(91,138)	(207,496)
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(13,341)	(33,543)
Tax effect of expense not deductible for tax purpose	不可扣稅開支之稅務影響	90,585	230,004
Tax effect of temporary difference	暫時差額之稅務影響	(9,525)	(125,706)
Tax effect of unrecognised tax losses	未確認稅務虧損之稅務影響	13,898	11,051
Tax credit for the year	本年度之稅項抵免	(9,521)	(125,690)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2016 (2015: Nil).

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share amount is based on the net loss for the year of approximately HK\$324,425,000 (2015: approximately of HK\$436,220,000) attributable to equity holders of the Company, and weighted average of 19,952,491,299 (2015: 17,497,137,256) ordinary shares in issue during the year.

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015. The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share during the year ended 31 December 2016.

13. 股息

董事不建議就截至二零一六年十二月三十一日止年度派付任何末期股息(二零一五年：無)。

14. 每股虧損

(a) 每股基本虧損

每股基本虧損乃根據本公司權益持有人應佔本年度虧損淨額約324,425,000港元(二零一五年：約436,220,000港元)及年內已發行普通股加權平均數19,952,491,299股(二零一五年：17,497,137,256股)計算。

(b) 每股攤薄虧損

截至二零一五年十二月三十一日止年度，本集團並無具潛在攤薄效應之已發行普通股。計算每股攤薄虧損並無假設轉換本公司尚未償還可換股債券，乃由於其假設行使將導致截至二零一六年十二月三十一日止年度的每股虧損減少。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Mining structure and buildings 採礦結構 及建築	Plant and Machinery 廠房及機器	Leasehold improvement 租賃物業 裝修	Furniture & Fixtures Motor Vehicle 傢俬、 裝置及汽車	Construction in progress 在建工程	Total 合計
		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
Cost	成本						
At 1 January 2015	於二零一五年一月一日	220,273	146,337	536	22,803	382,723	772,672
Additions	添置	211	31	-	24	237,583	237,849
Acquisition of subsidiary	收購附屬公司	-	39,074	-	-	-	39,074
Exchange adjustment	匯兌調整	(12,135)	(9,616)	-	(891)	(30,545)	(53,187)
At 31 Dec 2015 and 1 Jan 2016	於二零一五年十二月三十一日 及二零一六年一月一日	208,349	175,826	536	21,936	589,761	996,408
Additions	添置	54	21	-	28	3,908	4,011
Disposals	出售	-	-	-	(1,095)	-	(1,095)
Exchange adjustment	匯兌調整	(13,527)	(11,414)	-	(946)	(25,869)	(51,756)
At 31 December 2016	於二零一六年十二月三十一日	194,876	164,433	536	19,923	567,800	947,568
Accumulated depreciation	累計折舊						
At 1 January 2015	於二零一五年一月一日	66,130	113,897	536	19,251	-	199,814
Charge for the year	年內扣除	10,414	7,640	-	1,059	-	19,113
Impairment loss recognised	已確認減值虧損	29,962	19,816	-	1,998	201,996	253,772
Exchange adjustment	匯兌調整	(5,250)	(7,365)	-	(816)	(8,058)	(21,489)
At 31 Dec 2015 and 1 Jan 2016	於二零一五年十二月三十一日 及二零一六年一月一日	101,256	133,988	536	21,492	193,938	451,210
Charge for the year	年內扣除	9,790	8,757	-	329	-	18,876
Disposals	出售	-	-	-	(1,040)	-	(1,040)
Exchange adjustment	匯兌調整	(7,011)	(9,089)	-	(933)	-	(17,033)
At 31 December 2016	於二零一六年十二月三十一日	104,035	133,656	536	19,848	193,938	452,013
Carrying amount	賬面值						
At 31 December 2016	於二零一六年十二月三十一日	90,841	30,777	-	75	373,862	495,555
At 31 December 2015	於二零一五年十二月三十一日	107,093	41,838	-	444	395,823	545,198

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (a) As at 31 December 2015 and 2016, the Group's property, plant and equipment were allocated to the Mining CGU.

As at 31 December 2016, the Group determined the recoverable amounts of Mining CGU based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management covering a 5-year period, and at a discount rate of 12% (2015: 13%) for Mining CGU with reference to the valuation performed by an independent external valuer as at 31 December 2016. No impairment is considered necessary to provide as the recoverable amount were higher than the Mining CGU (2015: HK\$253,772,000).

16. PREPAID LEASE PAYMENTS

Prepaid lease payments represent cost paid for medium-term leasehold land in the PRC. The costs are amortised over the leasehold period of 15 years and 45 years respectively.

15. 物業、廠房及設備(續)

附註：

- (a) 於二零一五年及二零一六年十二月三十一日，本集團之物業、廠房及設備分配予礦山現金產生單位。

於二零一六年十二月三十一日，本集團按使用中價值計算釐定採礦現金產生單位之可收回金額。有關計算使用基於管理層批准的五年期財務預算的現金流預測，就採礦現金產生單位按12%（二零一五年：13%）貼現率，並參考獨立外部估值師於二零一六年十二月三十一日所作估值。由於可收回金額高於採礦現金產生單位，故認為並無必要作出減值計量（二零一五年：253,772,000港元）。

16. 預付租賃款項

預付租賃款項指就位於中國之中期租賃土地所支付成本。有關成本分別按租賃期15及45年攤銷。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Net carrying amount	賬面淨值		
At 1 January	於一月一日	62,128	71,796
Amortisation	攤銷	(5,595)	(5,953)
Exchange adjustments	匯兌調整	(3,783)	(3,715)
At 31 December	於十二月三十一日	52,750	62,128

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. MINING RIGHTS

17. 採礦權

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Costs:	成本：		
At 1 January	於一月一日	3,311,386	3,504,302
Exchange adjustments	匯兌調整	(214,950)	(192,916)
At 31 December	於十二月三十一日	3,096,436	3,311,386
Accumulated amortisation and impairment loss:	累計攤銷及減值虧損：		
At 1 January	於一月一日	2,206,999	1,730,127
Amortisation provided for the year	本年度攤銷撥備	38,101	130,852
Impairment loss provided for the year	本年度減值虧損撥備	-	465,033
Exchange adjustments	匯兌調整	(144,967)	(119,013)
At 31 December	於十二月三十一日	2,100,133	2,206,999
Carrying amount:	賬面值：		
At 31 December	於十二月三十一日	996,303	1,104,387

The Group had an exploitation rights in respect of a molybdenum mine located at Xi Ban Cha Gou, Huanglongpu Village, Shimen Town, Luonan County, Shaanxi Province, the PRC ("Shaanxi Molybdenum Mine") issued by Land and Resources Bureau of Shaanxi Province, the PRC. The exploitation rights were allocated to the Group's Mining CGU.

As at 31 December 2016 and 2015, the Group determined the recoverable amounts of Mining CGU based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management covering a 5-year period, and at a discount rate of 12% (2015: 13%) with reference to the valuation performed by an independent external valuer as at 31 December 2016. As the recoverable amount of the Mining CGU over the carrying amount, no impairment loss was recognised as at 31 December 2016 (2015: HK\$465,033,000).

本集團擁有中國陝西省國土資源廳就位於中國陝西省洛南縣石門鎮黃龍鋪村西板岔溝之鉬礦(「陝西鉬礦」)所發出之採礦權。採礦權分配予本集團礦山現金產生單位。

於二零一六年及二零一五年十二月三十一日，本集團按可使用價值計算釐定礦山現金產生單位之可收回金額。有關計算使用了基於管理層批准的涵蓋五年期之財務預算案，按12%（二零一五年：13%）貼現率的現金流量，並參考獨立外部估值師於二零一六年十二月三十一日所作估值。由於礦山之現金產生單位之可收回金額高於其賬面值，故於二零一六年十二月三十一日概無確認減值虧損（二零一五年：465,033,000港元）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. GOODWILL

18. 商譽

		HK\$'000 千港元
Cost:	成本：	
At 1 January 2015	於二零一五年一月一日	-
Acquisition of a subsidiary	收購一家附屬公司	13,403
At 31 December 2015 and at 1 January 2016 and at 31 December 2016	於二零一五年十二月三十一日及 於二零一六年一月一日及 於二零一六年十二月三十一日	13,403

During the year ended 31 December 2015, the Group acquired a subsidiary from independent third party at total cash consideration of RMB70,000,000 (approximately HK\$89,172,000). The principal activity of the subsidiary is mainly engaged in processing of molybdenum minerals services in the PRC.

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount was determined based on value in use calculation. That calculation used cash flows projections based on financial budgets as approved by management covering a 5-year period, and at a discount rate of 12% (2015: 13%). The directors determined that no impairment of goodwill is necessary as at 31 December 2016 (2015: Nil).

截至二零一五年十二月三十一日止年度，本集團按總現金代價人民幣70,000,000元（約89,172,000港元）向獨立第三方收購了一家附屬公司。該附屬公司主要於中國從事鉬礦加工服務。

本集團於各報告期末進行商譽減值測試。於評估商譽減值時，可收回金額根據使用價值計算釐定。該計算採用基於管理層所批准涵蓋5年期及貼現率為12%（二零一五年：13%）的財務預算的現金流預測。董事釐定，商譽於二零一六年十二月三十一日並無必要減值（二零一五年：零）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. INVESTMENT DEPOSITS

As at 31 December 2016

During the year ended 31 December 2011, the Group entered into a subscription agreement with Shaanxi Ding Jin Mining Company Limited (“Ding Jin”), pursuant to which the Group is eligible to subscribe for the promissory notes issued by Ding Jin. The principal amount of the promissory notes was HK\$500 million and carried at interest of HK\$100 million payable on the maturity date, which is 5 years from subscription. The promissory note is secured by an iron mine indirectly owned as to 96% by Ding Jin (“Iron Mine”). Pursuant to the subscription agreement, the Group has the right to acquire the Iron Mine should the subscriber failed the settlement of the promissory note to the Group. The Iron Mine is located at Zi Yang Xian, An Kang City, Shan Xi Province, the PRC and covering approximately 13.54km².

During the year ended 31 December 2016, the Group discussed with Ding Jin to consider the potential possibility to acquire the Iron Mine held by Ding Jin given the condition that (i) Ding Jin obtained all the necessary approval documents to operate the Iron Mine, including but not limited to the exploitation right and environment approval issued by the relevant PRC authorities; and (ii) the satisfaction of due diligence performed by the Group’s mining team, in particular the evaluation of reserve of the Iron Mine. Accordingly, the Group and Ding Jin agreed two years period for both parties to satisfy the conditions layout by the Group. The consideration will be based on the valuation to be performed by an independent valuer upon the completion of the conditions, however, the principal amounts of the promissory note together with the interests owned by Ding Jin to the Group will be used as part of the consideration for the acquisition of the Iron Mine in future, but will be refundable to the Group in the case that the conditions not met. Accordingly, the carrying amounts of promissory note receivable of HK\$600,000,000 were classified as investment deposits as at 31 December 2016.

19. 投資按金

於二零一六年十二月三十一日

截至二零一一年十二月三十一日止年度，本集團與陝西鼎金礦業有限公司（「鼎金」）訂立認購協議，據此，本集團可認購鼎金所發行之承兌票據。承兌票據本金額為500,000,000港元，並附帶100,000,000港元利息，須於到期日（即自認購起計滿五年當日）償付。承兌票據由鼎金間接擁有96%的鐵礦（「鐵礦」）擔保。根據認購協議，倘認購人未能向本集團結算承兌票據，則本集團有權收購鐵礦。鐵礦位於中國陝西省安康市紫陽縣，覆蓋面積約為13.54平方公里。

於截至二零一六年十二月三十一日止年度內，考慮到以下條件，本集團與鼎金討論以考慮收購鼎金持有的鐵礦的潛在可能性：(i) 鼎金獲得經營鐵礦的所有必要的批准文件，包括但不限於中國的相關主管部門下發的採礦權及環境批文；及(ii) 滿足本集團採礦團隊進行的盡職調查，尤其是評估鐵礦的儲量。因此，本集團及鼎金同意雙方於兩年期間內滿足本集團的條件佈局。代價將基於獨立估值師於條件完成後進行的估值，然而，承兌票據的本金額連同鼎金擁有的支付予本集團的利息將用作日後收購鐵礦的代價的一部分，但倘未滿足條件，將可向本集團退還。因此，於二零一六年十二月三十一日，應收承兌票據的賬面值600,000,000港元分類為投資按金。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. INVESTMENT DEPOSITS (Continued)

As at 31 December 2015

- (i) Refundable investment deposits of approximately HK\$358,252,000 (RMB300,000,000) in respect of a possible acquisition of a potassium mine located in Shangluo City, Luo Nan Xian, Shaanxi Province, the PRC. On 31 August 2015, the Group has terminated the acquisition and the vendor had refunded the investment deposit in the amount of RMB300,000,000 to the Group during the year ended 31 December 2016.
- (ii) During the year ended 31 December 2015, the Group paid an investment deposit of HK\$100,000,000 in relation to the acquisition of 65% equity interest of Shanghai Hua Tun Financial Information Service Company Limited. On 15 December 2015, the Group has terminated the acquisition. During the year ended 31 December 2016, the investment deposits of HK\$100,000,000 had been refunded to the Group.

20. PREPAYMENT FOR ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2016, the Group entered into a sale and purchase agreement with two independent third parties for the acquisition of 65% equity interests in Wealth Pioneer Group Limited and its subsidiaries ("Target Group"), at the consideration of HK\$900 million. The principal asset of the Target Group is the Potassium Feldspar Mine located in Shaanxi Province, the PRC. As at 31 December 2016, the Group settled approximately HK\$845.7 million for the consideration. The acquisition was completed on 19 January 2017.

21. LOAN RECEIVABLE

19. 投資按金(續)

於二零一五年十二月三十一日

- (i) 與潛在收購位於中國陝西省商洛市洛南縣的鉀礦有關的可退還的投資按金約358,252,000港元(人民幣300,000,000元)。於二零一五年八月三十一日,本集團已終止收購事項且賣方已於截至二零一六年十二月三十一日止年度內向本集團退還投資按金人民幣300,000,000元。
- (ii) 於截至二零一五年十二月三十一日止年度內,本集團就收購上海華豚金融信息服務有限公司65%的股權支付投資按金100,000,000港元。於二零一五年十二月十五日,本集團已終止收購事項。於截至二零一六年十二月三十一日止年度內,投資按金100,000,000港元已退還給本集團。

20. 收購附屬公司的預付款

於截至二零一六年十二月三十一日止年度內,本集團就按900,000,000港元的代價收購Wealth Pioneer Group Limited及其附屬公司(「目標集團」)65%的股權與兩個獨立第三方訂立買賣協議。目標集團的主要資產為位於中國陝西省的鉀長石礦。於二零一六年十二月三十一日,本集團就代價結算約845,700,000港元。收購事項於二零一七年一月十九日完成。

21. 應收貸款

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current fixed rate loan receivable 非即期固定利率應收貸款	-	191,068

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. LOAN RECEIVABLE (Continued)

During the year ended 31 December 2014, the Group entered into a loan agreement with 上海華豚金融信息服務有限公司(“華豚”) to provide a loan with the principle amount of RMB160,000,000, carried at interest rate of 5% per annum, payable semi-annually and matures in 2 years on 1 December 2016. On 1 December 2015, the Group and 華豚 mutually agreed to extend the maturity date of the loan for further 2 years to 1 December 2018. The loan had been fully settled during the year ended 31 December 2016.

21. 應收貸款

截至二零一四年十二月三十一日止年度，本集團與上海華豚金融信息服務有限公司(「華豚」)訂立一項貸款協議，提供本金額為人民幣160,000,000元的貸款，按年利率5%計息，每半年付息，於兩年內於二零一六年十二月一日到期。於二零一五年十二月一日，本集團及華豚相互協定延長貸款的到期日兩年至二零一八年十二月一日。貸款於截至二零一六年十二月三十一日止年度已全數償還。

22. OTHER FINANCIAL ASSETS

22. 其他財務資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Analysed as:	分析如下：		
Ding Jin Promissory Note	鼎金承兌票據	-	571,378
Bai Shan Promissory Note	白山承兌票據	300,000	474,250
		300,000	1,045,628

Other financial assets represent present value of promissory notes receivables, details of which are set out below:

其他財務資產指應收承兌票據之現值，詳情載列如下：

Ding Jin Promissory Note

During the year ended 31 December 2011, the Group entered into a subscription agreement with Shaanxi Ding Jin Mining Company Limited (“Ding Jin”), the Issuer, pursuant to which the Group is eligible to subscribe for the promissory notes issued by Ding Jin. The principal amount of the promissory notes was HK\$500 million and carried at interest of HK\$100 million, payable on the maturity date, which is 5 years from subscription. The promissory note has been classified as investment deposits as disclosed in note 19 to the consolidated financial statements.

鼎金承兌票據

截至二零一一年十二月三十一日止年度，本集團與陝西鼎金礦業有限公司(「鼎金」)(作為發行人)訂立一份認購協議，據此，本集團可認購鼎金所發行之承兌票據。承兌票據本金額為500,000,000港元，附帶利息100,000,000港元，須於認購當日起計五年之到期日償付。按綜合財務報表附註19所披露，承兌票據已分類為投資按金。

Bai Shan Promissory Note

During the year ended 31 December 2013, the Group has disposed 25% equity interest in Rui Sui Kuang Ye Company Limited in return for a promissory note receivable with a face value of HK\$500 million. The maturity date is 3 years from the issue date of the promissory notes. During the year ended 31 December 2016, HK\$200 million was settled and the remaining balance will be settled within one year.

白山承兌票據

截至二零一三年十二月三十一日止年度，本集團已出售瑞穗礦業有限公司之25%股本權益，以換取面值為500,000,000港元之應收承兌票據。承兌票據到期日為發行日期起計三年。於截至二零一六年十二月三十一日止年度內，200,000,000港元已結算及餘額將於一年內結算。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. INVENTORIES

23. 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Raw material	原材料	13,481	9,118
Work in progress	在製品	2,355	2,039
Finished goods	製成品	397,988	399,875
		413,824	411,032

The cost of inventories recognised as expense during the year in respect of mining operation was approximately HK\$213,608,000 (2015: HK\$219,556,000). No written down of inventories was recognised in profit or loss for the year ended 31 December 2016 (2015: HK\$8,416,000).

年內就採礦業務確認為支出之存貨成本約為213,608,000港元(二零一五年: 219,556,000港元)。截至二零一六年十二月三十一日止年度,概無於損益內確認存貨撇減(二零一五年: 8,416,000港元)。

24. TRADE AND BILL RECEIVABLES

24. 應收賬款及票據

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade and bill receivables	應收賬款及票據	8,052	16,318

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

於報告期間結算日,應收賬款及票據按發票日期之賬齡分析如下:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
0-30 days	0-30日	3,583	9,133
31-60 days	31-60日	-	479
61-90 days	61-90日	-	-
91-180 days	91-180日	4,469	1,927
Over 180 days but within one year	逾180日但於一年內	-	4,779
		8,052	16,318

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

24. TRADE AND BILL RECEIVABLES (Continued)

The aging of trade and bill receivables which are past due but not impaired are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
31-60 days	31-60 日	-	479
61-90 days	61-90 日	-	-
91-180 days	91-180 日	4,469	1,927
Over 180 days but within one year	逾 180 日但於一年內	-	4,779
		4,469	7,185

For the year ended 31 December 2016, trade debtors that were not impaired nor past due related to customers for whom there was no recent history of default. Based on historical experience, management believe that no impairment loss shall be recognised as there has not been a significant change in credit quality and the balances are still considered recoverable (2015: Nil).

The directors consider that the fair values of trade receivables were not materially different from their carrying value because these amounts have short maturity period on their inception.

For the Group's mining operation, sales of molybdenum concentrates are largely on cash basis with no credit terms being granted to customers, except for sizable customers with good credit history, the Group will allow a credit term not more than 30 days.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2016, included in balance of prepayments, deposits and other receivables were (i) trading deposits of approximately HK\$ 159,404,000 (2015: Nil) for purchase of molybdenum concentrate; and (ii) loan receivables amounted to approximately HK\$161,915,000 (RMB145,000,000) (2015: HK\$173,154,000 (RMB145,000,000)) granted to the non-controlling shareholders of Jiu Long Kuang Ye, a principal subsidiary of the Group operating in exploitation of molybdenum mine. The loan receivables were secured by the non-controlling shareholders' respective shareholdings in Jiu Long Kuang Ye, carried at an interest rate of 3% per annum and recoverable in one year.

24. 應收賬款及票據(續)

已逾期但無減值之應收賬款及票據賬齡如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
31-60 日	-	479
61-90 日	-	-
91-180 日	4,469	1,927
逾 180 日但於一年內	-	4,779
	4,469	7,185

截至二零一六年十二月三十一日止年度，並無減值亦無逾期之應收貿易賬款乃涉及近期並無拖欠記錄之客戶。根據過往經驗，由於信貸質素並無出現重大變動，且結餘仍被視為可收回，故管理層認為毋須確認減值虧損(二零一五年：無)。

董事認為，應收賬款之公平值與其賬面值之間並無重大差異，此乃由於該等金額於產生時期限短暫。

就本集團之採礦業務而言，銷售鉬精粉大多以現金進行，並無給予客戶任何信貸期，惟本集團會給予擁有良好信貸記錄之大客戶不超過30日信貸期。

25. 預付款項、按金及其他應收款

於二零一六年十二月三十一日，(i)購買鉬精粉交易按金約159,404,000港元(二零一五年：無)；及(ii)向本集團主要附屬公司九龍礦業(該公司從事開採鉬礦場)之非控股股東授出之應收貸款約161,915,000港元(人民幣145,000,000元)(二零一五年：173,154,000港元(人民幣145,000,000元))已計入預付款項、按金及其他應收款。應收貸款由非控股股東於九龍礦業之各自股權作抵押，年利率為3%，可於一年內收回。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. SHARE CAPITAL

26. 股本

		Number of shares	Nominal value
	Notes 附註	股份數目 '000 千股	HK\$'000 千港元
Authorised:			
Ordinary shares of HK\$0.016 each			
At 1 January 2015, at 31 December 2015, at 1 January 2016 and 31 December 2016			
	法定：		
	每股面值0.016港元之普通股		
	於二零一五年一月一日、		
	於二零一五年十二月		
	三十一日、於二零一六年		
	一月一日及於二零一六年		
	十二月三十一日	31,250,000	500,000
Issued and fully paid:			
At 1 January 2015		16,602,616	265,641
Issuance of consideration shares	(a)	400,000	6,400
Placing of shares	(b)	2,900,000	46,400
	已發行及繳足：		
	於二零一五年一月一日		
	發行代價股份		
	配售股份		
At 31 December 2015 and at 1 January 2016			
	於二零一五年十二月三十一日		
	及二零一六年一月一日		
Issuance of subscription shares	(c)	19,902,616	318,441
	發行認購股份	1,654,930	26,480
At 31 December 2016		21,557,546	344,921
	於二零一六年十二月三十一日		

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. SHARE CAPITAL (Continued)

The movements in the Company's share capital are summarised as follows:

- (a) On 24 July 2015, the Company entered into an acquisition agreement with the vendor, pursuant to which the Company conditionally agreed to acquire 65% equity interest of a target company from vendor at a total consideration of HK\$949,800,000.

The consideration shall be satisfied by the Company in the following manner:

- (i) HK\$100,000,000 shall be paid by way of issue and allotment of 400,000,000 consideration shares at the issue price within 10 business days upon the signing of the acquisition agreement; and
- (ii) HK\$849,800,000 shall be paid by way of issue of the promissory note upon the completion.

On 31 July 2015, 400,000,000 consideration shares at the issue price HK\$0.25 were issued to the vendor.

- (b) On 2 September 2015, the Company and Driven Innovation Limited, the placee, entered into the placing agreement pursuant to which the Company has conditionally agreed to allot and issue, and the placee has conditionally agreed to subscribe for 2,900,000,000 placing shares at a price of HK\$0.08 each. The Placing was completed on 17 September 2015.

26. 股本(續)

本公司股本變動概述如下：

- (a) 於二零一五年七月二十四日，本公司與賣方訂立收購協議，據此，本公司有條件同意向賣方收購目標公司之65%股權，總代價為949,800,000港元。

代價將由本公司以下列方式支付：

- (i) 100,000,000港元於簽訂收購協議後十個營業日內透過按發行價發行及配發400,000,000股代價股份之方式支付；及
- (ii) 849,800,000港元於完成時透過發行承兌票據之方式支付。

於二零一五年七月三十一日，按發行價0.25港元向賣方發行400,000,000股代價股份。

- (b) 於二零一五年九月二日，本公司與承配人Driven Innovation Limited訂立配售協議，據此，本公司有條件同意配發及發行，而承配人有條件同意按每股0.08港元之價格認購2,900,000,000股配售股份。配售事項於二零一五年九月十七日完成。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. SHARE CAPITAL (Continued)

The movements in the Company's share capital are summarised as follows: (Continued)

- (c) On 8 December 2016, the Company entered into a share subscription agreement pursuant to which the share subscriber has agreed to subscribe and the Company has agreed to issue and allot for up to 1,654,929,577 new shares at the subscription price of HK\$0.142 per subscription share. The share subscription was completed on 29 December 2016 and the subscription shares were fully subscribed. 1,654,929,577 ordinary share was issued by the Company upon the completion of the subscription and the net proceeds received from the subscription was approximately HK\$235 million and will be used for general working capital of the Group and/or financing any future acquisitions.

All new shares issued ranked pari passu with the existing shares in all respects.

27. CONVERTIBLE BONDS

Non-current liabilities component:

Convertible bonds with principal amount of:	本金額如下的可換股債券：		
HK\$250,000,000 (CB A)	250,000,000 港元(可換股債券A)	243,838	—
HK\$98,838,000 (CB B)	98,838,000 港元(可換股債券B)	96,633	—
		340,471	—

26. 股本(續)

本公司股本變動概述如下：(續)

- (c) 於二零一六年十二月八日，本公司訂立股份認購協議，據此，股份認購人已同意認購且本公司已同意發行及配發多達1,654,929,577股新股份，認購價為每股認購股份0.142港元。股份認購於二零一六年十二月二十九日完成，且認購股份獲悉數認購。完成認購事項後，本公司發行1,654,929,577股普通股，且自認購事項收取的所得款項淨額約為235,000,000港元並將用於本集團的一般營運資本及／或為日後的任何收購事項提供資金。

所有已發行新股份與現有股份於各方面均享有同等地位。

27. 可換股債券

非流動負債部分：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	243,838	—
	96,633	—
	340,471	—

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

27. CONVERTIBLE BONDS (Continued)

On 21 December 2016 and 29 December 2016, the Company issued unsecured convertible bonds with principal amount of HK\$98,828,000 (the "CB B") and HK\$250,000,000 (the "CB A") respectively ("CBs"). The maturity date of the CBs are two years from the issuance date. The CBs carrying interest at 10% per annum and payables arrears at first anniversary and upon its maturity dates. The CBs holders have the rights to convert the CBs into ordinary shares of the Company at any time and from time to time between the date of issue of the CBs and up to respectively maturity date, at the initial conversion price of HK\$0.15, subject to adjustment as set out and in accordance with the terms and conditions in the instrument constituting the CBs.

The fair values of the liability component and the equity conversion component were determined at the issuance of the convertible bonds. The fair value of the liability component, include in non-current financial liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity. The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

		CB A 可換股債券A HK\$'000 千港元	CB B 可換股債券B HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	-	-	-
Proceeds from issue	發行所得款項	250,000	98,838	348,838
Equity components	股權部分	(6,380)	(2,522)	(8,902)
Liability components	負債部分	243,620	96,316	339,936
Imputed interest charged	估算利息開支	218	317	535
As at 31 December 2016	於二零一六年十二月三十一日	243,838	96,633	340,471

Interest expenses on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 11.5% to the liability component.

27. 可換股債券 (續)

二零一六年十二月二十一日及二零一六年十二月二十九日，本公司分別發行本金額為98,828,000港元(「可換股債券B」)及250,000,000港元(「可換股債券A」)之無抵押可換股債券(「可換股債券」)。可換股債券自發行日期起為期兩年。可換股債券按年利率10%計息，且須於第一週年及到期日支付。於可換股債券發行日期至相關到期日止期間，可換股債券之持有人有權隨時及不時按初步換股價0.15港元將可換股債券轉換為本公司之普通股，惟可按可換股債券之文據所載內容及條款及條件作出調整。

負債部分及權益轉換部分的公平值於可換股債券發行時釐定。負債部分的公平值(計入非流動財務負債)採用等值非可換股債券的市場利率計算。剩餘金額(為權益轉換部分的價值)計入股東權益。於綜合財務狀況表確認的可換股債券乃按以下方式計算：

採用實際利息法透過對負債部分應用11.5%的實際利率計算與可換股債券有關的利息支出。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. DEFERRED TAX LIABILITIES

28. 遞延稅項負債

		Mining rights 採礦權 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	447,107
Credit to profit or loss	計入損益	(125,706)
Exchange adjustments	匯兌調整	(19,600)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及 於二零一六年一月一日	301,801
Credit to profit or loss	計入損益	(9,525)
Exchange adjustments	匯兌調整	(19,164)
At 31 December 2016	於二零一六年十二月三十一日	273,112

The Group did not have any significant unprovided deferred tax liabilities at 31 December 2016 (2015: Nil).

於二零一六年十二月三十一日，本集團概無任何重大未撥備遞延稅項負債(二零一五年：無)。

29. TRADE AND BILL PAYABLES

29. 應付賬款及票據

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
0-30 days	0-30日	3,490	6,699
31-60 days	31-60日	694	396
61-90 days	61-90日	971	103
91-180 days	91-180日	388	1,076
Over 180 days but within one year	逾180日但於一年內	65,056	68,389
		70,599	76,663

The directors consider that the carrying amounts of trade and bill payables approximate to their fair values at the end of reporting period.

董事認為應付賬款及票據的賬面值與其於報告期間結算日之公平值相若。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. PROVISION FOR ENVIRONMENTAL AND RESOURCES TAX

30. 環保及資源稅撥備

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Environmental and resources tax	環保及資源稅	88,666	95,534

As at 31 December 2016, a subsidiary of the Group was subject to payment of the environmental and resources tax imposed by the local authorities in the amount of approximately HK\$88,666,000 (RMB80,000,000) (2015: HK\$95,534,000 (RMB80,000,000)) arising upon renewal of its mining license.

於二零一六年十二月三十一日，當地政府機關要求本集團一間附屬公司須於重續其採礦牌照時，支付環保及資源稅約88,666,000港元(人民幣80,000,000元)(二零一五年：95,534,000港元(人民幣80,000,000元))。

31. OTHER PAYABLES AND ACCRUALS

All of the Group's other payables and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

Included in other payables and accruals are amounts of HK\$22,802,000 (2015: HK\$52,527,000) due to the minority shareholders and directors of the Group's subsidiary which are unsecured, carried at interest rate of 12% per annum and repayment on demand.

The directors consider that the carrying amounts of other payables and accruals approximate to their fair values at the end of reporting period.

31. 其他應付款及應計費用

本集團所有其他應付款及應計費用預期將於一年內清還或確認為收入，或須按要求償還。

其他應付款項及應計費用包括應付本集團附屬公司少數權益股東及董事款項22,802,000港元(二零一五年：52,527,000港元)，該款項乃屬無抵押，按每年12%的利率計息且一經要求即須償還。

董事認為其他應付款及應計費用之賬面值與其於報告期間結算日之公平值相若。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

32. BANK LOANS AND OTHER BORROWINGS

32. 銀行貸款及其他借款

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Interest bearing bank loans, secured and other borrowings	計息有抵押銀行貸款及其他借款	361,167	100,908

As at 31 December 2016, the Group's interest bearing bank loans were carried at effective interest rates from 10.8% to 12% per annum and were secured by (i) guarantees from a subsidiary of the Group and the subsidiary's minority shareholders; and (ii) guarantee from the ultimate control party.

於二零一六年十二月三十一日，本集團計息銀行貸款之實際年利率介乎10.8%至12%，以(i)本集團附屬公司及附屬公司之少數權益股東之擔保；及(ii)最終控制方之擔保作抵押。

As at 31 December 2015, the Group's interest bearing bank loans were carried at effective interest rates from 7.2% to 9.5% per annum and were secured by (i) a guarantee from an independent insurance company; (ii) the molybdenum concentrate as included in inventories; (iii) guarantees from a subsidiary of the Group and the subsidiary's minority shareholders; and (iv) personal guarantee from the subsidiary's minority shareholders.

於二零一五年十二月三十一日，本集團計息銀行貸款之實際年利率為7.2%至9.5%，以(i)一家獨立保險公司之擔保；(ii)存貨中之鉬精粉；(iii)本集團附屬公司及附屬公司之少數權益股東之擔保；及(iv)附屬公司之少數權益股東之個人擔保作抵押。

33. OPERATING LEASE COMMITMENTS

33. 經營租賃承擔

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於報告期間結算日，本集團有於下列期間到期之不可撤銷經營租賃未來最低租金付款之承擔：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	6,727	5,531
In the second to fifth years inclusive	第二至五年(包括首尾兩年)	10,411	13,315
After fifth years inclusive	五年後(含)	16,431	21,404
		33,569	40,250

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group has the following balances and transactions with related parties:

- (a) At the end of the reporting period, the Group entered into the following balances with related parties:

		Amounts due from related parties 應收有關連人士款項		Amounts due to related parties 應付有關連人士款項	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Related parties (note 31)	有關連人士(附註31)	-	-	22,802	52,527

The amounts outstanding are unsecured and will be settled in cash. No guarantee has been given or received. No expenses have been recognised in the period for bad or doubtful debts in respect of the amounts due from related parties.

(b) Compensation of key management personnel

Remuneration for key management personnel, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in notes 10 and 11 to the consolidated financial statements is follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	2,564	3,659
Mandatory Provident Fund contribution	強制性公積金供款	64	84
		2,628	3,743

34. 有關連人士交易

除於此等綜合財務報表其他部分所披露者外，本集團與有關連人士存有以下結餘及交易：

- (a) 於報告期間結算日，本集團與有關連人士存有下列結餘：

未償還款項為無抵押及將以現金償還。並無給予或獲得任何擔保。期內概無就應收有關連人士款項之呆壞賬確認開支。

(b) 主要管理人員之報酬

誠如綜合財務報表附註10及11所披露，主要管理人員之薪酬(包括付予本公司董事及若干最高薪酬僱員之款項)如下：

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2016, the Group did not have any material non-cash transactions. During the year ended 31 December 2015, the Group has entered into an acquisition agreement with a vendor, including in the consideration, an amount of HK\$100,000,000 was paid by way of issue and allotment of 400,000,000 consideration shares. The proposed acquisition was terminated by the parties. Please refer to the announcement dated on 15 December 2015 for further details.

36. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2016, the Group does not have any acquisition of subsidiary. During the year ended 31 December 2015, the Group acquired 100% equity interest in Luo Nan Xian Rong Sen Kuang Ye Company Limited ("Rong Sen") from an independent third party at a cash consideration of RMB70,000,000 (approximately equivalent to HK\$89,172,000).

The fair value of the identifiable assets and liabilities of Rong Sen as at date of acquisition were as follows:

35. 主要非現金交易

於截至二零一六年十二月三十一日止年度內，本集團並無任何重大非現金交易。截至二零一五年十二月三十一日止年度，本集團與一名賣方訂立了收購協議，代價中包括通過發行及配發400,000,000股代價股份支付100,000,000港元。建議收購事項由訂約各方終止。進一步詳情，請參閱日期為二零一五年十二月十五日的公佈。

36. 收購一家附屬公司

於截至二零一六年十二月三十一日止年度內，本集團並無對附屬公司的任何收購。於截至二零一五年十二月三十一日止年度內，本集團向一名獨立第三方收購了洛南縣榮森礦業有限責任公司（「榮森」）的100%股權，現金代價人民幣70,000,000元（約89,172,000港元）。

榮森於收購日期的可識別資產及負債公平值如下：

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	39,074
Cash and bank balances	現金及銀行結餘	277
Inventories	存貨	10,976
Other receivables	其他應收款項	58,623
Trade payables	應付賬款	(2,650)
Other payables	其他應付款項	(30,531)
		75,769
Goodwill	商譽	13,403
Total consideration	總代價	89,172
Cash consideration	現金代價	89,172
Cash and bank balances	現金及銀行結餘	(277)
Net cash outflow arising on acquisition	收購產生的現金流出淨額	88,895

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. ACQUISITION OF A SUBSIDIARY (Continued)

For the year ended 31 December 2015, included in the loss for the year was approximately HK\$2,507,000 attributable to Rong Sen. Had the acquisition been completed on 1 January 2015, total group's revenue and loss for the year ended 31 December 2015 would have been approximately HK\$262,978,000 and approximately HK\$710,260,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations, of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

36. 收購一家附屬公司(續)

截至二零一五年十二月三十一日止年度虧損包括榮森應佔的約2,507,000港元。倘收購於二零一五年一月一日完成，則截至二零一五年十二月三十一日止年度集團總收益將約為262,978,000港元，及虧損將約為710,260,000港元。備考資料僅供說明之用，並非必然是本集團在收購於二零一五年一月一日完成的情況下實際將予取得的收益及經營業績的指標，亦非擬作未來業績的預測。

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

37. 金融工具

金融工具類別

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Financial assets	財務資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款(包括現金及現金等價物)	2,706,621	2,001,505
Financial liabilities	財務負債		
Amortised cost	攤銷成本	867,914	365,688

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's treasury department, including the board of directors meets periodically to analyse and formulate strategies to manage and monitor the Group's exposure to variety of risk associate with financial instruments which arise from the Group's operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The business transactions of the Group conducted during the year were mainly denominated and settled in either RMB or HKD. The Group currently does not have hedging policy in respect of the foreign currency risk. However, management monitors the related foreign currency risk exposure closely and will consider hedging significant foreign currency risk exposure should the needs arise.

38. 風險管理目標及政策

本集團庫務部門(包括董事會)定期舉行會議,以分析及制定策略管理及監管有關本集團營運及投資業務所產生金融工具之相關風險。一般而言,本集團就其風險管理採取審慎策略,確保適時有效地實行適當措施。該等風險包括市場風險(包括貨幣風險、利率風險及其他價格風險)、信貸風險及流動資金風險。

(a) 市場風險

(i) 外匯風險

本集團於年內進行之業務交易主要以人民幣或港元計值及結算。本集團現時並無有關外幣風險之對沖政策。然而,管理層密切監控所面臨之有關外幣風險,並考慮在必要時對沖重大外幣風險。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Based on the market condition at end of reporting period, the Group determined that it is reasonably possible for RMB to strengthen/weaken by 10% against HKD in the coming twelve months (2015: 10%). Hence, 10% are the sensitivity rates used in the current year when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and based on the assumption that other variables are held constant. A positive number below indicates an increase in profit or equity where RMB strengthens 10% against HKD. For a 10% weakening of RMB against HKD, there would be a comparable impact on the profit or equity, and the balances below would be negative.

38. 風險管理目標及政策(續)

(a) 市場風險(續)

(i) 外匯風險(續)

基於報告期間結算日時之市況，本集團認為人民幣兌港元可能於未來十二個月升值／貶值10%（二零一五年：10%）。因此，本年度向主要管理人員內部匯報外匯風險時所採用之敏感度為10%，代表管理層對匯率可能出現變動作出之合理評估。此項敏感度分析包括以外幣為單位之未結付貨幣項目，假設其他因素維持不變。下列正數數字指當人民幣兌港元升值10%時溢利或權益之增加。當人民幣兌港元貶值10%，溢利或權益將會受到之影響程度相若，而下列結餘將為負數。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Profit or loss ¹	溢利或虧損 ¹	25,221	67,339
Equity ²	權益 ²	216,675	185,496

Notes:

- (1) This is mainly attributable to the exposure outstanding on receivable and payable denominated in RMB at the end of the reporting period.
- (2) This is mainly attributable to the reserves which are denominated in RMB included in equity at the end of the reporting period.
- (3) In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

附註：

- (1) 主要來自於報告期間結算日就以人民幣計值之應收款及應付款面對之風險。
- (2) 主要來自於報告期間結算日以人民幣計值並計入權益之儲備。
- (3) 管理層認為，敏感度分析不代表內在外匯風險，原因是於報告期間結算日所面對之風險並不反映年內所面對風險。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rate except for bank borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2015: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2016 would decrease/increase by HK\$1,805,833 (2015: HK\$504,538). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. Changes in interest rates have no impact on other comprehensive income for the year ended 31 December 2016 (2015: Nil).

(iii) Other price risk

As at 31 December 2016, the Group did not exposed to equity price risks as the Group did not have any equity investments at the end of the reporting period.

38. 風險管理目標及政策(續)

(a) 市場風險(續)

(ii) 利率風險

由於本集團除銀行借款外並無重大數額之浮息財務資產及負債，故並無面對重大利率風險。下文所載敏感度分析乃根據報告期間結算日銀行借款之利率風險釐定。編製分析時，已假設於報告期間結算日尚未償還之金融工具金額於整年均未償還。向主要管理人員作出內部利率風險報告時使用利率之50個點子升跌，亦為管理層對利率可能出現之合理變動之評估。

倘利率升/跌50個點子(二零一五年：50個點子)，而所有其他因素維持不變，本集團於截至二零一六年十二月三十一日止年度之除稅後虧損將減少/增加1,805,833港元(二零一五年：504,538港元)。有關變動主要來自本集團面對浮息借款之利率風險。利率變動不會影響截至二零一六年十二月三十一日止年度之其他全面收益(二零一五年：無)。

(iii) 其他價格風險

於二零一六年十二月三十一日，由於本集團於報告期間結算日並無任何股本投資，故並無面對股本價格風險。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Credit risk on trade receivable is minimal because most of the transactions related to mining operation were made on cash basis with no credit term given to its customers, except for sizable customers and with good credit history with the Group.

Credit risk on cash and bank balances is mitigated as counterparties are banks or financial institutions with high credit rating which is issued by some international external rating agencies.

Credit risk of deposit and other receivables is significantly mitigated as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivables balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at 31 December 2016 and 2015, the Group has held collateral which are mining rights held by the counterparty, over its financial assets in respect of promissory notes receivables.

(c) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group has net current assets of approximately HK\$1,036,090,000 (2015: HK\$2,060,847,000) and net assets of approximately HK\$3,426,230,000 at 31 December 2015 (2015: HK\$3,675,230,000). In the opinion of directors, the Group's exposure to liquidity risk is limited.

38. 風險管理目標及政策(續)

(b) 信貸風險

於二零一六年十二月三十一日，本集團因對手方無法履行責任而導致本集團產生財務虧損之最大信貸風險，來自綜合財務狀況報表內所列已確認財務資產之個別賬面值。

應收賬款之信貸風險極低，原因為大部分有關採礦業務之交易均以現金進行，且並無給予客戶信貸期，惟與本集團有良好信貸記錄之大型客戶除外。

由於對手方為獲若干國際外部評級機構授予高信貸評級之銀行或金融機構，因此現金及銀行結餘之信貸風險得以減低。

本集團會對其債務人之財務狀況持續進行信貸評估，並嚴密監察應收款項結餘之賬齡，故按金及其他應收款之信貸風險得以大幅減低。如有拖欠餘款現象，本集團會採取跟進行動。此外，管理層會於報告期間結算日個別或整體檢討應收款項之可收回金額，以確保就不可收回金額計提足額減值虧損。於二零一六年及二零一五年十二月三十一日，本集團就承兌票據應收款持有財務資產抵押品，乃以對手方所持有採礦權作抵押。

(c) 流動資金風險

本集團之政策為定期監控其流動資金需求，確保維持充裕現金儲備，應付短期以至較長期之流動資金需求。於二零一五年十二月三十一日，本集團之流動資產淨值及資產淨值分別約為1,036,090,000港元(二零一五年：2,060,847,000港元)及約3,426,230,000港元(二零一五年：3,675,230,000港元)。董事認為，本集團面對之流動資金風險有限。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

The following table details the remaining contractual maturities at each of end of reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rate or, if floating based on current rates at end of reporting period) and the earliest date the Group may be required to pay:

2016

		Weighted average interest rate	On demand or less than 1 month	1-3 months	3 months to 1 year	Over 1 years	Total
		加權平均 利率	應要求或 於一個月內	一個月至 三個月	三個月至 一年	超過一年	合計
		%	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
Trade and bill payables	應付賬款及票據	-	70,599	-	-	-	70,599
Other payables and accruals	其他應付款及應計費用	-	95,677	-	-	-	95,677
Bank loans and other borrowings	銀行貸款及其他借貸	10.8-12	-	-	361,167	-	361,167
			166,276	-	361,167	-	527,443

38. 風險管理目標及政策 (續)

(c) 流動資金風險 (續)

下表詳列本集團非衍生財務負債於各報告期間結算日之尚餘合約到期情況，乃根據訂約未貼現現金流量(包括按訂約利率，或如屬浮息則按於報告期間結算日之當前利率計算之利息支出)及本集團可能需要付款之最早日期而得出：

二零一六年

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

2015

		Weighted average interest rate 加權平均 利率 %	On demand or less than 1 month 應要求或 於一個月內 HK\$'000 千港元	1-3 months 一個月至 三個月 HK\$'000 千港元	3 months to 1 year 三個月至 一年 HK\$'000 千港元	Over 1 years 超過一年 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Trade and bill payables	應付賬款及票據	-	76,663	-	-	-	76,663
Other payables and accruals	其他應付款及應計費用	-	135,590	52,527	-	-	188,117
Bank loans and other borrowings	銀行貸款及其他借貸	7.2-12	-	-	100,908	-	100,908
			212,253	52,527	100,908	-	365,688

(d) Fair value of financial instruments

The directors of the Company consider the fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts as stated in the consolidated statement of financial position.

38. 風險管理目標及政策(續)

(c) 流動資金風險(續)

二零一五年

(d) 金融工具之公平值

本公司董事認為，本集團財務資產及負債之公平值與其於綜合財務狀況報表內呈列之賬面值並無重大差異。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

39. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the Company. The primary objectives of the Group's capital management are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of the strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures, and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's total capital comprises all components of equity and net debt includes bank borrowing, trade and bill payables, other payables and accruals and convertible bonds, less cash and cash equivalents:

The Group's gearing ratio at 31 December 2016 and 2015 was as follows:

39. 資本管理

資本包括本公司權益持有人應佔之權益。本集團資本管理之主要目標為：

- (a) 確保本集團可持續經營，繼續為股東提供回報，為其他權益持有人創造利益；
- (b) 支持本集團穩定發展；及
- (c) 提供資本以加強本集團之風險管理能力。

本集團積極定期檢討及管理其資本架構，確保資本架構及股東回報達最佳水平，並計及本集團之未來資本需求及資本效益、現時及預計盈利能力、預計營運現金流量、預計資本開支以及預計策略投資機會。本集團並無採納任何正式股息政策。

本集團利用資本負債比率(即負債淨額除以總資本加債務淨額)監察資本狀況。本集團之總資本包含所有權益之組成部分，而負債淨額則包含銀行借款、應付賬款及票據、其他應付款及應計費用以及可換股債券，扣除現金及現金等價物。

本集團於二零一六年及二零一五年十二月三十一日之資本負債比率如下：

		Group 本集團	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Debts	負債	867,914	365,688
Cash and cash equivalents	現金及現金等價物	(596,003)	(225,362)
Net debts	負債淨額	271,911	140,326
Equity	權益	3,426,230	3,675,230
Gearing ratio	資產負債水平	7.94%	3.82%

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

40. 本公司財務狀況及儲備表

		31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
ASSETS	資產		
Non-Current Assets	非流動資產		
Interests in subsidiaries	於附屬公司之權益	462,576	2,149,829
Current Assets	流動資產		
Prepayments, deposits and other receivables	預付款、按金及其他應收款	689	744
Investment deposit	投資按金	-	100,000
Cash and cash equivalents	現金及現金等價物	251,865	1,305
		252,554	102,049
Total Assets	資產總值	715,130	2,251,878
EQUITY	權益		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	344,921	318,441
Reserves	儲備	(322,193)	1,931,506
Total Equities	權益總額	22,728	2,249,947
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Convertible notes	可換股票據	340,471	-
		340,471	-
Current Liabilities	流動負債		
Other payables and accruals	其他應付款及應計費用	1,931	1,931
Bank loans and other borrowings	銀行貸款及其他借款	350,000	-
		351,931	1,931
Total Liabilities	負債總額	692,402	1,931
Total Equities and Liabilities	權益及負債總額	715,130	2,251,878

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

40. 本公司財務狀況及儲備表(續)

		31 December 2016 二零一六年 十二月三十一日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
Net Current (Liabilities)/Assets	流動(負債)/資產淨額	(99,377)	100,118
Total Assets less Current Liabilities	資產總值減流動負債	363,199	2,249,947
Net Assets	資產淨值	22,728	2,249,947

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 29 March 2017 and signed on its behalf by:

本公司財務報表經董事會於二零一七年三月二十九日批准及授權刊發，並由下列人士代其簽署：

Yang Ying Min

楊英民

Director

董事

Qian Yi Dong

錢一棟

Director

董事

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

40. 本公司財務狀況及儲備表(續)

		Share capital	Share premium	Contribution surplus	Convertible bond reserves	Accumulated losses	Total
		股本	股份溢價	實繳盈餘	可換股債券儲備	累計虧損	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
At 1 January 2015	於二零一五年一月一日	265,641	3,283,205	115,615	-	(1,023,322)	2,641,139
Loss for the year	本年度虧損	-	-	-	-	(723,192)	(723,192)
Issuance of consideration shares	發行代價股份	6,400	93,600	-	-	-	100,000
Placing of shares	配售股份	46,400	185,600	-	-	-	232,000
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	318,441	3,562,405	115,615	-	(1,746,514)	2,249,947
Loss for the year	本年度虧損	-	-	-	-	(2,471,121)	(2,471,121)
Subscription of shares	認購股份	26,480	208,520	-	-	-	235,000
Issuance of convertible bonds	發行可換股債券	-	-	-	8,902	-	8,902
At 31 December 2016	於二零一六年十二月三十一日	344,921	3,770,925	115,615	8,902	(4,217,635)	22,728

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

41. PRINCIPALS SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地點	Registered capital/ issued capital 註冊資本/已發行股本	Percentage of equity interests attributable to the Company 本公司應佔股本權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Sun Man Tai International (B.V.I.) Limited	British Virgin Islands 英屬處女群島	Ordinary HK\$274,051 普通股 274,051 港元	100%	-	Investment holding 投資控股
Golden Finance Company Limited 金澤財務有限公司	Hong Kong 香港	Ordinary HK\$2,000,000 普通股 2,000,000 港元	-	100%	Investment holding 投資控股
Shanghai Yuan Bei Trading Limited 上海源北貿易有限公司	PRC 中國	Registered capital RMB30,000,000 註冊資本人民幣 30,000,000 元	-	100%	Investment holding 投資控股
BOC Mantai Property Management (Shanghai) Corporation Limited 中銀萬泰物業管理(上海)有限公司	PRC 中國	Registered capital US\$200,000 註冊資本 200,000 美元	-	100%	Properties management 物業管理
Shaanxi Province Luo Nan Xian Jiulong Kuangye Company Limited ("Jiulong Kuangye")	PRC	Registered capital RMB90,000,000	-	65%	Exploration and exploitation of molybdenum mines, sales of molybdenum concentrates
陝西省洛南縣九龍礦業有限公司 ("九龍礦業")	中國	註冊資本人民幣 90,000,000 元			勘探及開採鉛礦及銷售鉛精粉

The above list contains only particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

41. 主要附屬公司

本公司主要附屬公司之詳情如下：

前述清單僅載列主要影響本集團的業績、資產或負債的附屬公司詳情。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

42. MATERIAL NON-CONTROLLING INTERESTS

Included in the consolidated statement of profit or loss and other comprehensive income, the loss attributed to the total non-controlling interest for the year ended 31 December 2016 was approximately HK\$35,971,000 (2015: HK\$273,742,000), which was totally attributed to Jiulong Kuangye and its subsidiary. There are no transactions with non-controlling interests.

As at 31 December 2016 and 2015, the percentage of equity interests of Jiulong Kuangye held by non-controlling interests was 35%.

Summarised consolidated financial information for Jiulong Kuangye and its subsidiary are set out below:

Summarised consolidated statement of financial position of Jiulong Kuangye

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current assets	非流動資產	1,456,751	1,607,831
Current assets	流動資產	433,895	713,592
Total assets	總資產	1,890,646	2,321,423
Non-current liabilities	非流動負債	273,112	301,801
Current liabilities	流動負債	1,596,746	1,525,832
Total liabilities	總負債	1,869,858	1,827,633
Equity	權益	20,788	493,790

42. 重大非控股權益

綜合損益及其他全面收益表包括應佔截至二零一六年十二月三十一日止年度的非控股權益總額的虧損約為35,971,000港元(二零一五年: 273,742,000港元), 悉數歸屬於九龍礦業及其附屬公司。概無與非控股權益的交易。

於二零一六年及二零一五年十二月三十一日, 非控股權益持有九龍礦業的股權百分比為35%。

九龍礦業及其附屬公司的綜合財務資料概要載列如下:

九龍礦業的綜合財務狀況表概要

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

42. MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised statement of profit or loss and other comprehensive income of Jiulong Kuangye

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收益	235,065	238,225
Loss before income tax	所得稅前虧損	(112,301)	(907,828)
Taxation	稅項	9,525	125,706
Total comprehensive loss	全面虧損總額	(102,776)	(782,122)
Total comprehensive loss allocated to non-controlling interests	分配至非控股權益的全面虧損總額	(35,971)	(273,742)

42. 重大非控股權益 (續)

九龍礦業的損益及其他全面收益表概要

Summarised statement of cash flow of Jiulong Kuangye

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Net cash generated from operating activities	經營活動所得現金淨額	25,246	473,888
Net cash used in investing activities	投資活動所用現金淨額	(3,947)	(237,583)
Net cash used in financing activities	融資活動所用現金淨額	(105,277)	(80,393)
Net (decrease)/increase in cash	現金(減少)/增加淨額	(83,978)	155,912
Cash at beginning of the year	年初現金	149,090	4,369
Effect of foreign exchange rate changes, net	外匯匯率波動的影響·淨額	(61,260)	(11,191)
Cash at end of the year	年終現金	3,852	149,090

九龍礦業的現金流量表概要

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

43. EVENTS AFTER THE REPORTING PERIOD

On 29 December 2016, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 65% equity interests in Wealth Pioneer Group Limited and its subsidiaries (“Target Group”), at the consideration of HK\$900 million, which will be satisfied as to HK\$400 million by cash and HK\$500 million by issuance of promissory note. The principal asset of the Target Group is the Potassium Feldspar Mine located in Shaanxi Province, the PRC. The acquisition was completed on 19 January 2017.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 29 March 2017.

43. 報告期後事項

於二零一六年十二月二十九日，本集團與獨立第三方訂立買賣協議，以收購Wealth Pioneer Group Limited及其附屬公司（「目標集團」）65%的股權，代價為900,000,000港元，該代價將以現金形式支付400,000,000港元及透過發行承兌票據的方式支付500,000,000港元。目標集團的主要資產為位於中國陝西省的鉀長石礦。收購事項於二零一七年一月十九日完成。

44. 批准綜合財務報表

綜合財務報表於二零一七年三月二十九日獲董事會批准及授權刊發。

Summary of Financial Information

財務資料概要

RESULTS

業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Revenue	收益	256,004	245,969	454,948	158,524	369,702
(Loss)/Profit from operations	經營(虧損)/溢利	(330,193)	(818,703)	(232,703)	150,200	(1,046,833)
Finance costs	融資成本	(39,724)	(16,949)	(19,619)	(22,708)	(12,071)
Share of results of an associate	應佔聯營公司業績	-	-	-	(138)	(134)
(Loss)/Profit before tax	除稅前(虧損)/溢利	(369,917)	(835,652)	(252,322)	127,354	(1,059,038)
Taxation	稅項	9,521	125,690	36,392	19,758	90,492
(Loss)/Profit for the year	年度(虧損)/溢利	(360,396)	(709,962)	(215,930)	147,112	(968,546)
Attributable to:	應佔:					
Owners of the Company	本公司擁有人	(324,425)	(436,220)	(165,189)	194,012	(852,471)
Non-controlling interests	非控股權益	(35,971)	(273,742)	(50,741)	(46,900)	(116,075)
(Loss)/Profit for the year	年度(虧損)/溢利	(360,396)	(709,962)	(215,930)	147,112	(968,546)

Summary of Financial Information

財務資料概要

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於十二月三十一日				
		2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年	2012 二零一二年
		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
Total Assets	資產總值	4,678,456	4,462,382	5,369,011	4,894,754	4,926,155
Total Liabilities	負債總額	(1,252,226)	(787,152)	(1,045,037)	(1,290,414)	(1,652,615)
		3,426,230	3,675,630	4,323,974	3,604,340	3,273,540
Equity attributable to:	應佔權益：					
Owners of the Company	本公司擁有人	3,339,284	3,540,704	3,915,705	3,143,071	2,782,507
Non-controlling interests	非控股權益	86,946	134,526	408,269	461,269	491,033
		3,426,230	3,675,230	4,323,974	3,604,340	3,273,540



North Mining Shares Company Limited
北方礦業股份有限公司

